

To make the equity index annuity a security product would damage the ability of people who need this particular product to receive a fair representation of the product. It would first make thousands of current Life insurance representatives have to get securities licensed to continue selling the product. Most will not do so leaving the current clients that they have stranded. This rule has not been thought through with the clients' best interest in mind. If so the SEC would realize the need to keep this an insurance product which is already being regulated by the insurance departments in the various states. If we force thousands of life insurance representatives to get licensed what if they choose not to.

Many questions come to my attention in thinking of the client. 1. Are current insurance agents out of compliance for taking care of their current client base when they call and have questions about a product sold to them by their insurance agent but they are not securities licensed? 2. If the insurance agent is not securities licensed but continues in servicing their client and a registered representative files a complaint with the SEC because the insurance agent is discussing securities without a license how can you regulate that? 3. Should the thousands of clients that have billions of dollars in these products be penalized by having their friend and trusted advisor that is an insurance agent no longer be able to help them with their equity index annuity? 4. Will the SEC pay the surrender charges incurred by clients when a registered representative transfers them out of their current equity index annuity and into another product? 5. Will the SEC be able to monitor the activity of the sell of equity index annuities as it has shown it's lack of ability to look into it's current obligations. The headlines are evidence to this very fact! WALL STREET CRISIS! Where is the SEC now that everyone has made their money and left.

I have given you a few points of interest to me as an insurance agent however, from a taxpayer stand point the federal government has already stepped into the financial markets enough. I would like to keep this regulation on the state level ABSOLUTLY NOT ON a federal level.

It has been my experience in dealing with securities licensed people that the only thing that everyone needs is to put money in the market and securities. Any fixed annuity is almost below them when in fact often times people instruct them to give them a safe investment. Whoops! Insurance companies sell insurance products and broker/dealers sell securities products. This is not a time when we need to be arguing over what type of product should the equity index annuity be but whether or not the SEC a federal organization that cannot even handle it's current obligations be given authority to regulate even more that they cannot.

We have seen in the current crisis on Wall Street that securitization of everything is not always a good thing. Where was the SEC in regulating the recent explosion of securitized mortgage packages and derivatives that have rocked the financial system? This has come as close to anything before to repeating the Great Depression and the SEC had no idea what was going on. Had these particular products that were being packaged together not been securitized then perhaps there could have been some regulation on the part of the state insurance department or on the part of the banking community and mortgage community that were selling these mortgages and various types of credit derivatives. It is evident with the current crisis on Wall Street that the SEC should spend more time regulating Wall Street and leave the insurance products to the insurance companies.

I urge you to give careful consideration to this rule and see through the mere attempt at increasing the number of people paying fees to the SEC. The product is harmless in most cases to the investor. There have been abuses as there have been in the selling of mutual funds to investors who have said they do not want any risk. The SEC handles the registered representative that does wrong and the insurance departments are handling the insurance agents that do wrong.

Respectfully,

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ValuTeachers