

Here is a prime example of why Index Annuities need to be more stringently regulated. The following is a page from an annuity wholesalers monthly newsletter. I have been appaled at the box highlighted that lists their "Best of the Best" products, particularly their "Best Commissions" section. I am sure there are agent out there using that box to determine what products to sell to their cleints and prospects. The Best Bonus and Best Commissions products are all Index Annuities.

The surrender charges, as noted in this publication, for the Best Bonus products are 10 years + and MVA and 15 years respectively. In the Best Commissions section they are 13 years, 14 years, 10 years + MVA, 10 years + MVA, and 7 years. The argument that Index Annuities should not be considered a security because you cannot lose money is wholly dependant on when you need to remove funds from the account. Having to access funds in excess of the penalty free withdrawal (when the penalty exists for 10 years or more, including a possible reduction for the Market Value Adjustment) should like a loss to me. The excessive commissions and surrender periods have been allowed to continue under the current regulation and the insurance commissioners don't seem to want to do anything about that. Combine that with a formula that, as I have previously stated, exists in bonds and cd's that require a security license to offer make this product look and act like a security. The SEC already regulates variable annuities and life insurance, index products are not that dissimilar.

* Annuity Wholesalers' indentity has been removed.

portfolio  **FIXED INDEXED ANNUITY SALES GUIDE: REVISED 7/28/2008**

OM FINANCIAL LIFE INSURANCE CO.— A.M. BEST "A" • FITCH "A-" • MOODY'S "A3"											
PRODUCT TERM	MIN. PREM.	INTEREST CREDITING DETAILS — EFFECTIVE: 7/1/2008						DEATH BENEFIT	FREE PARTIAL W/D	STATES AVAILABLE EXCEPT	COMMISSION (ISSUE AGE)
		Method	Crediting Period	Current Adjustment			Worst Case Adjustment				
				Safety Index 4	Safety Index 7	Safety Index 10					
SAFETY INDEX 4 4-YEAR	NQ/Q - \$15K	Fixed Interest	4 YR 7 YR 10 YR	Rate: 4.05% <\$100K Rate: 3.75%	Rate: 4.30% <\$100K Rate: 4.00%	Rate: 4.30% <\$100K Rate: 4.00%	Rate: 3.00%	AV	10% of AV After 1YR	Safety Index 4 MD, NY, OR, PR, VT 3.00% (0-79) NQ/Q 1.50% (80-90) NQ/Q	
		S&P Mo. P2P	1 YR	Cap: 2.25% <\$100K Cap: 2.00%	Cap: 2.45% <\$100K Cap: 2.20%	Cap: 2.55% <\$100K Cap: 2.30%	Cap: 1.00%			TRAIL OPTIONS AVAILABLE	
SAFETY INDEX 7 7-YEAR	NQ/Q - \$15K	S&P Mo. Avg.	1 YR	Fee: 2.25% <\$100K Fee: 2.75%	Fee: 2.10% <\$100K Fee: 2.60%	Fee: 2.00% <\$100K Fee: 2.50%	Fee: 9.00%	AV	10% of AV After 1YR	Safety Index 7 MD, MN, NY, OR, PR, VT 6.00% (0-79) NQ/Q 3.00% (80-85) NQ/Q	
SAFETY INDEX 10 10-YEAR NON-MVA		S&P Mo. Avg.	1 YR	Cap: 9.50% <\$100K Cap: 8.00%	Cap: 10.00% <\$100K Cap: 8.50%	Cap: 10.75% <\$100K Cap: 9.25%	Cap: 3.00%			Safety Index 10 CT, MA, MD, MN, NY, OK, OR, PR, UT, VT, WA 7.00% (0-79) NQ/Q 3.50% (80-85) NQ/Q	
		S&P P2P	1 YR	Cap: 8.50% <\$100K Cap: 7.50%	Cap: 9.00% <\$100K Cap: 8.00%	Cap: 9.50% <\$100K Cap: 8.25%	Cap: 3.00%			TRAIL OPTIONS AVAILABLE	

"Best of the Best"

Best Rate Guarantee

RBC Insurance Guarantee Master 3+3 (MVA)	5.50% GTD for 3 Years!
American National Palladium MYG 6	4.75% GTD for 6 years!
American General AG Horizon Select 7	5.25% GTD for 7 Years!
Lincoln Financial New Directions 6	4.60% GTD for 6 years!

Best Bonus Annuities

American Investors Income Select Bonus	10.00% Premium Bonus (Years 1 – 2)
NWL® Ultra Future	10.00% Premium Bonus (Year 1)

Best Commissions

NWL Ultra Classic®	13.00% Commission**
OM Spectrum Choice Bonus	10.00% Commission**
RBC Choice 10	10.00% Commission**
American Investors Life Income Select Plus	8.50% Commission**