

TO: NAFA Members

FROM: NAFA Board of Directors

As you know, the Securities and Exchange Commission (SEC) recently published proposed rule 151A regarding planned regulations on index annuities. NAFA is opposed to the Rule because it proposes egregious and duplicative regulation that adversely impacts consumers who need and desire index annuities. We urge you to contact your U.S. Senators and Representatives to express your concerns with the proposed rule and the need to extend the severely limited comment period which is due to expire on September 11, 2008.

Even though the SEC is an independent government agency that can adopt rules without Congressional approval, Congress has considerable influence with the SEC. We need for Congress to express its deep concerns over both the substance of this proposal, the hasty manner in which it was formed and the limited time it has allowed for review and comment.

NAFA has drafted the paragraph below for you to use or you may draft your own. Just go to both websites listed below. And follow the instructions. If you do not know the names of your congressmen just click on your state at the House website or the "find your senators" link at the Senate website. Make sure your Senators and Representatives know how you feel and ask for more time to comment on the proposed rule to ensure the process is robust and thorough.

House - [http://www.house.gov/house/MemberWWW\\_by\\_State.shtml](http://www.house.gov/house/MemberWWW_by_State.shtml)

Senate - [http://www.senate.gov/general/contact\\_information/senators\\_cfm.cfm](http://www.senate.gov/general/contact_information/senators_cfm.cfm)

*I am writing as a concerned citizen regarding the SEC Proposed Rule 151A. As an insurance agent, I fully support my industry's efforts to ensure sales agents market and sell index annuity products ethically and meet all suitability and disclosure requirements. The proposed rule makes it clear that the SEC did not consider the unique aspects of index annuities that make them insurance products nor do they appear to be aware or informed about the existing and newly enacted state laws that protect consumers from unsuitable sales, prohibit fraudulent and misleading sales practices, require full disclosure and free return of unsuitable policies, provide non-forfeiture protection and minimum interest guarantees. The concern over inappropriate sales has been addressed by these regulations as well as by the evolution of products themselves which today generally have lower surrender charges and shorter surrender periods. Index annuities and the marketplace will continue to evolve to meet customer needs because it is good for the customer and good business.*

*With virtually no forewarning, the SEC unveiled this proposal on June 25<sup>th</sup> and has allowed only until September 10<sup>th</sup> for comments. This sudden action comes ten years after the SEC last reviewed this issue and the abbreviated comment period means that a proposal with profound effects on consumers, the insurance industry, and the entire financial services industry may be rushed to adoption without adequate opportunity to evaluate and address valid concerns. Justice and due process demand that a proposal of this magnitude with serious impact on both the economy and millions of Americans financial security not be rushed or adopted hastily. Please contact Chairman Cox immediately and request an extension of the comment period to December 12, 2008 (a mere 90 days) to adequately evaluate the proposed rule.*