

NAFA Wire - July 11th 2008

NAFA is aware of the uncertainty and speculation that exists as a result of the SEC Release of 151A. We understand and appreciate your desire for immediate action. NAFA strongly disagrees with the SEC proposal and will pursue all available avenues of recourse. The SEC process for adopting this rule is as follows:

1. Release of the proposed Rule – Occurred on June 28th, 2008
2. Comment period for the proposed Rule – June 28th through September 10th, 2008
3. Once the comment period closes the SEC Commissioners vote on whether to adopt the proposed rule in its original form, to adopt a revised proposed rule or not to adopt the proposed rule.
4. If adopted, issuing insurance companies and sales agents would be required to comply with the registration requirements within the time frame specified by the rule. The proposed rule specifies a time frame of 12 months following adoption.
5. If adoption is unsatisfactory to any party, the adopted rule may be challenged via the judicial system

NAFA has always agreed with the *stated* motivation of the proposed rule which is to ensure consumer protection and enforce suitability standards for selling and buying fixed annuities. However, NAFA supports the many state regulators, insurance commissioners and insurance companies who have enacted and are enforcing suitability and disclosure standards, are monitoring product marketing and selling activities in their state, and continue to prosecute fraudulent, misleading or unsuitable practices or sales. NAFA and its member companies, as well as state insurance regulators, are committed to removing individuals and parties who violate the laws and requirements set forth by the laws. NAFA believes that it is important to the outcome to be fully engaged and committed to the process and to participate in all activities that will affect a positive outcome for all members of our industry and for consumers.

NAFA's Board of Directors will meet weekly to coordinate the following activities:

1. Hire a Public Relations firm and Legal firm with established Washington contacts and demonstrated performance in insurance regulatory/legislative matters, business and public affairs and market regulation/compliance. The firms will assist NAFA to:
 - Propose a complete withdrawal of the proposed Rule 151A
 - Develop NAFA's formal response to proposed Rule 151A
 - Penetrate the policy debate with key decision makers and legislators
 - Coordinate NAFA activities and communications with state regulators, ACLI, NAIC, NAIFA, NAILBA, American Academy of Actuaries, and Committee of Annuity Insurers
 - Escalate media campaign to promote the value of fixed annuities
2. Establish ongoing member communications via the web, teleconferences and blogs with information related to NAFA's ongoing activities
3. Utilize member carriers and their resources on communication, lobbying and legal activities. To accomplish this we will be pursuing legal and public relations assistance from our partnering associations, carriers and private firms as well as working with industry associations and NAFA members.

The value of the fixed indexed annuity - now more than ever in these turbulent economic times – is self-evident. If any of NAFA’s members need information to help communicate the value and benefits of a fixed annuity, please do not hesitate to visit www.nafa.us or www.fixedannuityinfor.com. Advisors and producers who have questions about their state’s suitability or disclosure regulations please call your insurance company or state insurance department. If you need help locating that contact information do not hesitate to call NAFA.

We are grateful for the financial support and participation of NAFA members and will continue to keep you informed. With the uncertainty of today’s economic outlook – the mortgage crisis, gas prices, auction-rate securities and stock market instability - selling the guaranteed insurance of fixed annuities could not be more important to your customers, clients, family and friends.

Fixed indexed annuities offer the guarantee of minimum interest and the opportunity for additional interest while also promising that owners cannot lose their principal or any prior interest. Visit www.nafaexpo.com for information on the NAFA Annuity Solutions Expo in Fort Myers, Florida where you will find the latest information on product, regulations and marketing!