

Please Co-Sponsor the Bill - I am contacting you to ask that you consider becoming a cosponsor of important legislation – being introduced by Congressman Greg Meeks – that would nullify a recently adopted SEC regulation that is bad for consumers and will seriously hurt my business. In the next few days, Congressman Meeks will be seeking co-sponsors for important legislation called the “Indexed Annuities and Insurance Products Act of 2009”. This legislation clarifies that Fixed Indexed Annuities are not securities ensuring that consumers continue to have access to fixed indexed annuities at a time they are needed most. Please contact Congressman Meeks office right away to let him know that you will sponsor and support this legislation.

Bad Bill at a Bad Time - Rule 151 will be bad for consumers, bad for the insurance industry, and bad for my business. Rule 151A could not come at a worse time. Rule 151A will reduce consumers' access to fixed indexed annuities. Under Rule 151A, fixed indexed annuities would become subject to SEC regulation and consumer could purchase them only from a broker-dealer. The availability of these products through insurance agents is a mature and established mechanism for consumers. Broker-dealers sold less than 2% of all fixed indexed annuity sales in 2008.

Rule 151A will severely impact my livelihood. It would force me to register as securities broker-dealer – a time consuming and expensive process that provides no additional expertise about annuities. Rule 151A provides no additional consumer protection. My business is struggling just like everyone else. 151A would force me to restructure, face significant new regulatory costs and burdens and possibly lay off employees.

Rule 151A is highly disruptive to insurance companies and it would force companies to develop new products and marketing systems, establish new distribution and create new business infrastructures which will undoubtedly result in loss of jobs and revenues.

Fixed Indexed Annuities are Not Securities - Fixed index annuities are insurance products that protect consumers. Fixed indexed annuities guarantee that the consumer will receive the premiums paid and guarantee the interest credited. Once the interest is credited the value of the annuity will not be reduced due to the market. In addition, under state insurance regulation, insurers are required to credit a minimum guaranteed interest rate. State insurance regulation also requires insurers to maintain assets that will ensure the payment of these guaranteed benefits. Moreover, the state insurance regulation requires these assets to be invested in conservative securities, providing further protection to consumers that they will receive their guaranteed benefits. These protections simply do not exist with security products.

Fixed Indexed Annuities are Good for Consumers - Fixed indexed annuities provide consumers important financial benefits. Fixed indexed annuities provide consumers with guaranteed income. Through the guarantees, fixed indexed annuities promise to pay the consumers' premiums and a minimum interest, while allowing modest benefit from positive market changes. Thousands of consumers rely on indexed annuities to plan for their future, for income, and to pass on wealth to their loved ones.

NAFA Key Messages/Talking Points

Our industry wants satisfied customer - It's why the industry has made customer satisfaction a priority. Indexed annuity carriers require thorough suitability review procedures, open and transparent disclosure of product features and in a free-look period during which time consumers can return unsuitable or unwanted purchases.

State insurance departments effectively police index annuity sales - State insurance regulators are charged with the responsibility of protecting the interests of insurance consumers. State insurance departments exercise great power over carriers, possessing sole final determination of insurance company licensing, product approval and marketing. This high degree of existing oversight, regulation, and enforcement ability – or “big stick” – effectively compels compliance with standards for marketing conduct and other related downstream practices.