



National Association of Insurance Commissioners

April 29, 2009

The Honorable Gregory W. Meeks  
2432 Rayburn House Office Building  
Washington, DC 20515

Dear Representative Meeks:

We are writing to convey the support of the National Association of Insurance Commissioners (NAIC) for your efforts to preserve state regulatory authority over indexed annuities in the Indexed Annuities and Insurance Products Classification Act of 2009. Your legislation, which would nullify the Securities and Exchange Commission's (SEC) rule 151A and clarify the scope of the exemption for annuities and insurance contracts from federal regulation, will help ensure that consumers continue to benefit from the vital consumer protections provided by state insurance regulators.

The NAIC represents the chief insurance regulators from the 50 states, the District of Columbia, and five U.S. territories, whose primary objectives are to protect consumers and promote healthy insurance markets. As regulators vigilantly working towards these goals, we strongly believe that this SEC rule is unnecessary and distracts from important ongoing efforts at the NAIC and in the states to address emerging issues concerning indexed annuities.

Rule 151A ignores the fact that, at their core, indexed annuities are insurance products that guarantee purchasers' principal and a minimum rate of return. Though poor index performance may reduce payments beyond the minimum rate of return, the fundamental risk lies with the company, not the consumer. For this reason, indexed annuities are fundamentally insurance products and should be regulated by state insurance regulators who can approve annuities contracts before they can be introduced to the market, monitor individuals involved with the sales and marketing of the annuities, and regulate the investments and financial strength of the issuing company. We believe that the uncertainties and ambiguities created by the new SEC regulatory scheme could greatly hinder these rigorous consumer protections.

Thank you for your efforts to ensure that states can continue to protect consumers of annuities. We look forward to working with you to enact this important piece of legislation.

Sincerely,

Roger Sevigny  
New Hampshire Insurance Commissioner  
NAIC President

Jane L. Cline  
West Virginia Insurance Commissioner  
NAIC President-Elect

Susan E. Voss  
Iowa Insurance Commissioner  
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