

May 13, 2010

The Honorable Tom Harkin  
731 Hart Senate Office Building  
Washington, DC 20510

Dear Senator Harkin:

On behalf of the National Conference of Insurance Legislators (NCOIL), I write to voice strong support of SA 3920—your amendment to S. 3217, the *Restoring American Financial Stability Act of 2010*—to give states and territories explicit authority to regulate indexed annuities.

NCOIL applauds you, and Senators Ensign (R-NV), Grassley (R-IA), Johanns (R-NE), Leahy (D-VT), Mikulski (D-MD), and Nelson (D-NE), for reaffirming state-based insurance regulation—which continues to perform well even in this economic climate—in your proposed amendment. SA 3920, by nullifying Securities and Exchange Commission (SEC) Rule 151A, would bring clarity to a now uncertain annuities marketplace.

NCOIL supports the amendment's assertion that fixed-indexed annuity products are insurance products and should be regulated as such. They should not be regulated as securities by the SEC, as issuing companies—not consumers—bear the investment risks.

State legislators and regulators historically have addressed the sales, marketing, and suitability of annuity products and have made tremendous strides in educating and protecting consumers. NCOIL has endorsed an NAIC *Suitability in Annuity Transactions Model Regulation*, and we will continue to work with our regulators to ensure that state consumer protection practices remain an example for the financial services sector.

As an organization of state legislators devoted to sound insurance public policy, we believe that SEC Rule 151A interferes with state regulation, harms the insurance industry, reduces competition, restricts consumer choice, and creates unnecessary regulatory burdens.

As president of NCOIL, I again thank you for bringing forward SA 3920 to protect annuity policyholders by ensuring state regulation of fixed-indexed products. NCOIL, like you, continues to support experienced state oversight of this sophisticated insurance marketplace.

Sincerely,



Rep. Robert Damron (KY), NCOIL President

cc: United States Senate  
NCOIL Legislators

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