

June 11, 2009

The Honorable Gregory W. Meeks  
2342 Rayburn House Office Building  
Washington, DC 20515

Dear Congressman Meeks:

On behalf of the National Conference of Insurance Legislators (NCOIL)—an organization of state legislators devoted to sound insurance public policy—I write to commend your introduction of H.R. 2733, the *Indexed Annuities and Insurance Products Classification Act of 2009*. The legislation reaffirms state-based insurance regulation—which has performed well for 150 years—and represents a common-sense, pro-consumer solution that can immediately bring clarity to a market made uncertain by Securities and Exchange Commission (SEC) Rule 151A.

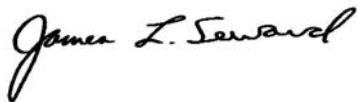
In line with NCOIL legislators' long-standing position on annuities, H.R. 2733 would confirm the authority of state insurance regulators over fixed-indexed annuity products and nullify Rule 151A. NCOIL strongly supports the bill's contention that fixed-indexed annuity products are a form of insurance—as the primary feature of the product is the safety of principal and associated investment risks are borne not by the consumer, but by the issuing company. Fixed-indexed annuities are not securities, and, thus, should not be regulated by the SEC.

We also share your concerns that the rule “interferes with State insurance regulation, harms the insurance industry, reduces competition, restricts consumer choice, [and] creates unnecessary and excessive regulatory burdens ...” We would add that 151A could also have the effect of leading to other products being inappropriately classified as securities—further clouding the annuities marketplace.

State insurance legislators and regulators—individually and collectively through NCOIL and the National Association of Insurance Commissioners (NAIC)—are working diligently to educate consumers about their retirement options and to ensure the suitability of annuity products. NCOIL has endorsed an NAIC *Suitability in Annuity Transactions Model Regulation*, and we will continue working with our regulatory colleagues to make certain that the states' first-rate consumer protection regime remains an example for the financial services sector.

As the President of NCOIL, I thank you for bringing forward legislation to protect annuity policyholders by ensuring state regulation of fixed-indexed products. NCOIL continues to support experienced state oversight of this sophisticated insurance marketplace.

Sincerely,



Sen. James Seward (NY)  
NCOIL President

cc: U.S. House Committee on Financial Services