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NAIFA Disappointed by SEC Reclassifying Indexed Annuities as Securities

FALLS CHURCH, VA (December 17, 2008) — The National Association of Insurance and Financial Advisors (NAIFA) is disappointed by the action taken by the Securities and Exchange Commission (SEC) earlier today to adopt Rule 151A, which will classify most indexed annuities as securities. NAIFA is pleased that, in response to comments submitted by NAIFA and others, the SEC did indicate it was revising the text of the Rule to clarify that the Rule only applies to indexed annuities and not to other types of fixed annuities or insurance products.

Once Rule 151A goes into effect on January 12, 2001, the SEC and the Financial Industry Regulatory Authority (FINRA) will have authority over indexed annuity sales. Those who wish to market/sell indexed annuities will need a Series 6 or Series 7 securities license and be required to have indexed annuity sales supervised by a broker/dealer. An insurance producer license, by itself, will no longer be sufficient.

NAIFA acknowledges concerns raised about suitability and questionable marketing practices used in indexed annuity transactions, and strongly believes that people who engage in unscrupulous or misleading sales practices should be aggressively prosecuted and subject to appropriate and meaningful sanctions. However, NAIFA agrees with the dissenting opinion of Commissioner Paredes, who holds the view that annuities are outside the SEC's jurisdiction.

"Our position is that indexed annuities are being improperly classified as securities," says NAIFA President Cliff F. Wilson, CLU, ChFC, CLF, LUTCF. "It is important to preserve the broader principle that insurance products should be regulated by the appropriate insurance regulators."

About NAIFA: Founded in 1890 as the National Association of Life Underwriters, the **National Association of Insurance and Financial Advisors** comprises nearly 800 state and local associations representing the business interests of 60,000 members nationwide. Members focus their practices on one or more of the following: life insurance and annuities, health insurance and employee benefits, multiline, and financial advising and investments. NAIFA's mission is to advocate for a positive legislative and regulatory environment, enhance business and professional skills, and promote the ethical conduct of its members. Visit NAIFA's website at www.naifa.org.

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