

Fischer+Christoff

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August 4, 2008

Secretary
Securities & Exchange Commission
100 F Street NE
Washington, DC 20549-1090

RECEIVED
AUG 11 2008
OFFICE OF THE SECRETARY

RE: File Number S7-14-08, Proposed rule making on Indexed Annuities

Dear Sirs:

With respect to the above rule making, based on our experiences as Insurance Brokers, Investment Advisor Representatives, Retirement Planners, and in dealing with hundreds of investors, we wish to present the following observations:

Regarding the issue of index annuities being regulated as securities, "the old adage that if it walks like a duck, quacks like a duck and poops like a duck, it is a duck" then Indexed Annuities are clearly a securities and must be regulated as such. Indexed Annuities are using a "security index" to sell another investment. All the fancy loop holes only create more investors who believe that by investing in an Indexed Annuity they will be obtaining the gains of investing without risk. This is what makes it so very dangerous to allow Indexed Annuities to be sold without the protection of securities regulations. Sales persons are selling a "Free Lunch" without the clients understanding the risk and the long term obligation they are being asked to make. To those that will make the argument that the insurance company "takes all the risk", Insurance Companies do go bankrupt. In the current time of bank failures, it is foolish for investment and insurance professionals to imply that "nothing can" go wrong and that Insurance Companies assume all the risk of being an investor. Even if Insurance Companies did "take all the risk", then that is a disclosure item and it should be so stated in the documents for all to determine if they find that believable.

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Based on our work with investors, we have found most have the belief that they will obtain the gains of investing in an Index such as the S&P 500 without potential loss. Furthermore, we do not believe that regulations can change these beliefs. The sales persons and Insurance Companies that offer Indexed Annuities must clearly, strongly and without reservation state the purpose of annuities. This must include the benefits, risks and financial obligations to all potential investors. Therefore, we would recommend the following section to appear on the cover page of every Indexed Annuity policy, on the 1st page of every Indexed Annuity policy application and on the 1st page of every Indexed Annuity sales literature. In addition we recommend that the representative present a copy of their Errors and Omissions Insurance Declaration page to the proposed purchaser no later than the date the contract is delivered.

"Plain Talk About Indexed Annuities:

Purpose: The purpose of all annuities is to provide for an income that you cannot out live. Until that time, the money you place into XYZ Indexed Annuity from ABC Insurance Company will participate in ___% of the increase in the S&P 500 Index. Furthermore, if the S&P 500 index should decline, your account will not be reduced. Changes in the S&P 500 Index are measured < insert the measuring period used by this annuity> and are subject to a maximum of ___% per year. ***These strategies do not guarantee a positive return in this annuity or of the S & P 500 Index.***

Compensation: There is no deduction in the value of your XYZ Indexed Annuity for the sales commissions paid to the representative. However, sales persons are compensated at ___ <insert rate> % of your investment and additional compensation, including such perks as travel awards for themselves and others, may be earned but will not exceed an additional ___% of your initial investment.

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Guarantees: All stated or implied guarantees or representations are clearly listed on pages ___ of the contract and in the sales literature. Sales person are not authorized to make additions or modification to the above noted representations. **The “claim paying ability” of ABC Insurance Company is the only source of any and all representations.** As of < enter date> ABC Insurance Company has been rated < enter claims paying ability> by < enter name of rating company> and as of <insert date> ABC Insurance Company has sold <\$ enter dollar amount> of Equity Indexes Annuities plus an additional <\$ enter amount> of other annuities and insurance that are covered by the same claims paying ability.

Long Term Obligation of at least 8 years: The money you place into the XYZ Indexed Annuity is a long term investment. To have no surrender charges, your money must remain in this Annuity for at least 8 <insert the numbers of years that surrender charges exist> years. At the time of partial or total surrender, there will be ordinary taxes and possibly a 10% tax penalty due if under the age of 59 ½. Please consult with your tax advisor. **Annuities are not a TAX FREE investments but rather a tax delayed investment.”**

One reason why, in our view that Indexed Annuities are so “over sold” is that the compensation to the salesperson is far too great. The total compensation paid to a salesperson should not exceed that of a Class “C” mutual fund, 1%.

Investors are so willing to make an investment in Indexed Annuities because of their belief that all persons who sell investments, insurance and/or investment advice have the best interest of the purchaser at heart. Everyone in the financial service business unfortunately knows this is not true. Again changing the purchasers and investors beliefs is an impossible task. The only way for the SEC to do its job is to require that all salespersons be fiduciaries and must by law put the best interest of their clients first. The current system of different standards for

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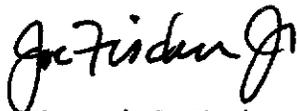
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different salespersons is akin to requiring some lawyers to pass just half of the bar exam.

To those that will scream that we cannot afford more regulation, let's be clear. The current cost of non-regulation of the mortgage markets and the resulting melt down of the housing and mortgage markets is billions and billions and billions of dollars. Which would have been cheaper, the clear regulation of the mortgage markets or the current melt down of banks, financial institutions and the destruction of countless families' lives? Welcome to the age of financial TOUGH LOVE.

DISCLOSURE: As of this time, Fischer + Christoff have not found the need to use Indexed Annuities in our practice. The opinions in this letter are those solely of Fischer + Christoff.

Respectfully,



Joseph E. Fischer, Jr.



David Christoff

CC: Robin Carnahan, Secretary of State, State of Missouri
Matt Kitz, Commissioner, Securities Division, State of Missouri
Linda Boherer, Acting Director, Missouri Department of Insurance, Financial Institutions & Professional Registration, State of Missouri

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