

On December 17, 2008, the Securities and Exchange Commission approved the adoption of new Rule 151A under the Securities Act of 1933.

Rule 151A was intended to clarify the status under the federal securities laws of indexed annuities. As a result of this new rule, indexed annuities that fall within the rule will have to be registered with the SEC as securities and sold only through registered broker-dealers. It is expected that most, if not all, existing indexed annuity contracts will be affected.

The SEC noted that this action will provide purchasers of indexed annuities all of the consumer protections of the federal securities laws, including disclosure, antifraud, and sales practice protections.

The rule was modified from its original proposal to make it clear that it would not apply to traditional fixed annuities and other life insurance products.

The new rule is prospective only and will apply to contracts issued after January 12, 2011.

The new rule is expected to be posted shortly on the SEC's website at www.sec.gov.