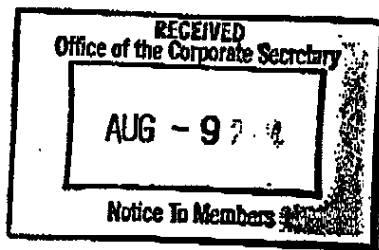




**Ohio National
Financial Services**



John J. Palmer PSA
Vice Chairman

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August 3, 2004

Barbara Z. Sweeny
NASD
Office of the Corporate Secretary
1735 K Street, NW
Washington, DC 20006-1500

Dear Ms. Sweeny:

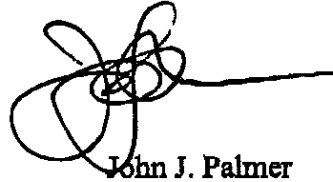
I have been in the insurance business for over 40 years, starting as an actuary, becoming a registered principal around 20 years ago and now acting as a general manager. I am writing to you because of the redundant disclosure and suitability standards contained in NASD's proposal to impose specific suitability and disclosure requirements on the sale of variable annuities. In my view these proposed requirements are a clear example of regulatory overkill. They are redundant, provide no meaningful protection to consumers, and merely add cost and confusion in an already crowded regulatory arena.

People who engage in misleading sales practices should be aggressively prosecuted and subject to meaningful sanctions. However, your proposal does not make this more likely. It would simply duplicate requirements that are already in place. NASD rules already contain a general suitability rule that applies to all sales of securities, including variable annuities. If regulators really want to protect consumers, appropriate enforcement of the existing suitability rule rather than adopting a new rule is the answer.

Likewise, variable annuity prospectuses, which are already reviewed by the SEC, already discuss the fees, risks and expenses associated with variable annuities. Requiring a separate "risk disclosure document" would duplicate information already found in the prospectus and reduce the likelihood that consumers will read the most important source of information on the product — the prospectus. Instead, NASD should focus its efforts on getting consumers to carefully read the prospectus they already receive.

Finally, I suspect that the proposal might be a "solution in search of a problem" — I do not think the available data supports NASD's claims that the level of sales problems in the variable annuity marketplace calls for the adoption of the proposed rule. For these reasons, I urge NASD to withdraw the proposed rule. Thank you for your consideration of my views on this matter.

Sincerely yours,

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal line extending to the right.

John J. Palmer