

Exclusions (Includes the following)

- Dishonest, fraudulent, criminal acts or intentional acts
- Bodily injury, destruction of property
- Contractual liability
- Claims by an enterprise which an Insured controls
- Claims arising out of Employee Benefit Plans sponsored by the Insured as an employer
- Violations of the rules or regulations of the NASD or SEC
- Promises or guarantees as to the future value of an investment
- Professional Services performed by the Insured as an accountant, actuary, attorney, real estate agent or real estate broker
- Premiums, commissions, taxes or any other client funds which any Insured collected or should have collected, returned or should have returned
- Activities in computer programming or processing
- Unauthorized use of confidential material
- Insolvency of any organization in which funds have been placed or coverage obtained. This exclusion will not apply if the organization in which funds were placed or coverage obtained was rated "A-" or better by the A.M. Best and was admitted by the applicable jurisdiction at the time of placement
- Disputes with another insurance agent or broker concerning commissions, fees, client lists or entitlements
- Placement of coverage with Multiple Employer Welfare Arrangements
- Investment products partially or totally owned by the Insured
- Claims based solely on losses allegedly sustained by fluctuation in market value of any securities
- Sale or servicing of structured settlements
- Ownership, formation, operation, or administration of a health maintenance organization, risk retention group, self-insurance program, or purchasing group
- Claims based on the Insured's status as a Named Fiduciary
- Insured's activities as a Broker/Dealer
- Tax advice provided by the Insured, except as an incidental part of Professional Services
- Wrongful termination or discrimination by the Insured on the basis of race, color, age, sex, marital status, religion, national origin, sexual preference, or disability
- Damages allegedly sustained by anyone who is not a client of the Insured
- Activities in exercising discretionary authority



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Monday - Friday
7 a.m. to 5 p.m. PST

Over 30 Years
of Proven Success

Over \$100 million
in annual sales

"The information obtained from A.M. Best dated 07/01/04 is not in any way CalSurance's warranty or guaranty of the financial stability of the insurer in question, and that the information is current only as of the date of the publication."

Errors & Omissions Insurance

Plan Highlights

Sponsoring Life Company:
American Equity Investment
Life Insurance Company

Program Coverage Provided by:
American Automobile Insurance Company
A Fireman's Fund Insurance Company
2004 AM Best's: *A(Excellent): XV*

Program Administered by:
Brown & Brown of California, Inc.
dba CalSurance

Policy Period:
September 1, 2004 to September 1, 2005

**CalSurance**
E&O Specialists For Over 25 Years

Outline of Coverage

Limits of Liability:

\$1,000,000 Each Claim

\$1,000,000 Aggregate Per Agent
or

\$2,000,000 Each Claim

\$2,000,000 Aggregate Per Agent

Defense Costs:

Inside the Limits of Liability

Claims Administration:

Lancer Claims Services

Deductible (applies to Damages and Defense):

\$1,000 Products of American Equity Life Insurance Company &
American Equity Investment Life Insurance Company
of New York

\$2,500 For Claims involving all other covered Products and Services

Named Insured:

Agents of American Equity Investment Life Insurance Company and
American Equity Investment Life Insurance Company of New York who
have paid the premium and whose names are on file with the Insurer.

Additional Insured:

Insured Agent's Business Entity

Partners

Administrators

Officers

Stockholders

Directors

Employees of Agents

Heirs/Executors

Coverage (Claims Made and Reported):

Acts, errors or omissions arising out of the rendering of or failure to
render Professional Services

Personal Injury

Failure to supervise, manage or train

Retroactive Date:

Date of first continuous claims made E&O coverage

Professional Services Includes:

Coverage Enhancement Level I

Sales and/or servicing of:

Life Insurance

Employee Benefit Plans

Accident & Health Insurance

Pension/Profit Sharing Plans

Disability Insurance

Variable Life Insurance

Annuities

Variable Annuities

Providing advice, consultation and administration of above products,
whether or not a fee is charged

Also includes:

Financial Planner Activities

Notary Public

Coverage Enhancement Level II (Optional - Additional Premium):

All of the above plus:

Mutual Funds

Property/Casualty (Optional - Additional Premium):

(Only available for agents with 20% or less of total sales in
Property/Casualty Lines.)

Sub-Limit of Liability: \$300,000 / \$300,000

Questions and Answers

How are Prior Acts addressed?

Coverage is on a "Claims Made and Reported" basis. Claims must be made against you and reported to Lancer Claims Services, Inc. in writing during the Policy Period for the coverage to be triggered. "Prior Acts" coverage is provided as long as this requirement is satisfied and in addition:

- A. You had no knowledge of any claims or potential claims as of the effective date of the policy;
- B. You have no other coverage for any such claim;
- C. The act or personal injury occurred after the retroactive date which is the effective date of the Agent's first continuous claims made Errors and Omissions policy.

Will I be covered for life and A&H companies I do business with outside of the Sponsoring Life Company?

Yes, as long as the act, error or omission or Personal Injury occurred after the retroactive date. However, be aware that the deductible for outside covered products is \$2,500 each claim.

Is there coverage for losses arising out of terrorism?

No.

What if my contract with the Sponsoring Life Company is terminated during the policy period?

Coverage will continue until the expiration date of the policy or 90 days after the date of contract termination, whichever is greater.

There is also a three (3) or five (5) year Optional Extended Reporting Period Endorsement available. The cost for this endorsement is 200% for three (3) years and 300% for five (5) years of the Agent's last annual policy premium. The request for the endorsement and the premium must be received by Cal-Surance before the expiration date of this policy.

This provision would also apply in the event of the Agent's death or retirement.

I currently have E&O coverage elsewhere. What should I do prior to my enrollment in this E&O program about incidents of which I am aware that could give rise to a claim?

Most E&O policies include an "Awareness Provision" similar to that described above. Therefore, we strongly suggest that you report any incident which you feel could give rise to an E&O claim to your current carrier. Failure to do so could leave you without coverage for such claims if it is discovered that you had knowledge of such an incident prior to your enrollment in this E&O Program.

What is a claim, and what does "Claims Made and Reported" mean?

A "Claim" is any verbal or written demand for payment or restitution, a Claim is "made" when the Insured first learns of it, a Claim is "reported" by giving written notice of it to Lancer Claims Services. A Claim must be "made and reported" during the policy period. The policy requires that written notice of claims be provided as soon as practicable during the Policy Period.

For your protection, the policy also includes an "Awareness Provision." This allows you to provide written notice of circumstances that could reasonably be expected to give rise to a claim. Then if a claim subsequently arises out of the described circumstances, it will be considered to be a claim during the Policy Period in which the written notice was received. Responsibility for such claims will rest with the carrier affording coverage during that Policy Period regardless of any future change in carrier.

How do I report a claim?

The agent has the following duties in the event of a claim or suit:

1. As soon as practicable, give to the Insurance Company written notice.
2. Immediately forward every demand, notice, summons or other process received to:

Lancer Claims Services
681 South Parker Street, Suite 200
Orange, CA 92868
(800) 821-0540
3. Cooperate with the Insurance Company and do whatever it takes to secure and effect any rights of indemnity, contribution or apportionment.
4. The Insured cannot demand or agree to arbitration of any claim nor make any payment, admit any liability, settle any claims, assume any obligation or incur any expenses without the written consent of the Insurance Company.

This document is a summary of the coverage provided. All statements contained herein are subject to all of the terms, Conditions and Exclusions of the actual policy. Call (800) 745-7189 to receive a copy of the policy.