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ADMINISTRATIVE HEARINGS OFFICE

BEFORE THE INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

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| IN RE: | : VIOLATIONS |
| American Investors Life Insurance Company (AILIC) and AmerUs Life Insurance Company, Company, (ALIC) Respondents | : Sections 4 and 5 of the Unfair : Insurance Practices Act, Act of July : 22, 1974, P.L. 589, No. 205 (40 P.S. : §§1171.4, 1171.5) |
| | :Docket No. CO08-02-007 |

SETTLEMENT AGREEMENT

AND NOW, this 21st day of March, 2008, this Agreement is hereby issued by the Deputy Insurance Commissioner of the Commonwealth of Pennsylvania pursuant to the statutes cited above and in disposition of the matter captioned above.

1. Respondents hereby admit and acknowledge that they have received proper notice of their rights to a formal administrative hearing pursuant to the Administrative Agency Law, 2 Pa.C.S. , et seq., or other applicable law.

2. Respondents hereby waive all rights to a formal administrative hearing in this matter, and agree that this Settlement Agreement, and the Findings of Fact and Conclusions of Law contained herein, shall have the full force and effect of an Order duly entered in accordance with the adjudicatory procedures set forth in the Administrative Agency Law, supra, or other applicable law.

3. Respondents expressly deny that they committed any violations of Pennsylvania insurance laws or regulations. Nonetheless, Respondents together with the Insurance Commissioner of the Commonwealth of Pennsylvania agree to fully settle and compromise all matters addressed in this Settlement Agreement, but this Settlement Agreement and any other negotiations or statements in connection therewith shall not be construed as an admission of liability or wrongdoing on the part of Respondents.

## FINDINGS OF FACT

4. The Deputy Insurance Commissioner finds true and correct each of the following Findings of Fact:

a) Respondent, American Investors Life Insurance Company (AILIC) is a licensed insurance company domesticated in Kansas, with its principal place of business located at 555 South Kansas Avenue, P. O. Box 2039, Topeka, KS 66603. Respondent, AmerUs Life Insurance Company (ALIC) is a licensed insurance company domesticated in Iowa, with its principal place of business located at 611 5th Ave, Des Moines, IA 50309-1603. Respondents are authorized and licensed insurers to transact life and health insurance in the Commonwealth of Pennsylvania. Additionally, AmerUs Annuity Group Co. (AAG) is an insurance holding company domesticated in Kansas, with its principal place of business located at 555 South Kansas Avenue, P. O. Box 2039, Topeka, KS 66603.

b) The Insurance Department received information that certain individual producers and agencies appointed by Respondents solicited and sold annuities to Pennsylvania consumers in conjunction with living trusts.

c) Certain individual Pennsylvania consumers have complained that, in some instances, they were sold annuities by various producers appointed by Respondents, and which annuities some consumers maintained were inappropriate, considering the consumers' ages, financial profiles and other circumstances.

d) Upon review, the Department determined, in some instances, that Respondents did not have sufficient compliance safeguards or adequate monitors in place to uniformly ensure that insurance producers had reasonable grounds to believe that their recommendations to certain Pennsylvania consumers to purchase an annuity were appropriate with regard to such sales and solicitations.

e) Since November of 2005, Respondents have enhanced their compliance program, designed to better monitor their producers' solicitation and sales of annuities to Pennsylvania consumers, with regard to the appropriateness of such products.

f) Respondents and AAG have cooperated in the Department's review of these matters.

CONCLUSIONS OF LAW

5. In accord with the above Findings of Fact and applicable provisions of law, the Deputy Insurance Commissioner concludes and finds the following Conclusions of Law:

a) Respondents are subject to the jurisdiction of the Pennsylvania Insurance Department.

b) Sections 4 and 5 of the Unfair Insurance Practices Act prohibit companies from engaging in this Commonwealth in any trade practice which is defined or determined to be an unfair method of competition or an unfair or deceptive act or practice in the business of insurance (40 P.S. §§ 1171.4, 1171.5).

c) In the transactions described above, Respondents' insurance producers engaged in certain activities in this Commonwealth that constituted a trade practice which is defined or determined to be an unfair method of competition or an unfair or deceptive act or practice in the business of insurance pursuant to the Unfair Insurance Practices Act and that violates Sections 4 and 5 of the Act (40 P.S. §§ 1171.4, 1171.5), and Respondents did not have sufficient compliance safeguards or adequate monitors in place to ensure that those certain activities did not occur.

d) Violations of Section 4 of the Unfair Insurance Practices Act are punishable by the following, under Sections 8, 9, and 11 of the Act (40 P.S. §§ 1171.8, 1171.9 and 1171.11):

(i) an order requiring Respondents to cease and desist from engaging in such violation and/or, if such violation is a method of competition, act or practice defined in Section 5 of this Act, suspension or revocation of Respondents' license(s);

(ii) commencement of an action against Respondents for the following civil penalties:

(1) for each method of competition, act or practice defined in Section 5 and in violation of the Act which Respondents knew or reasonably should have known was such a violation, a penalty of not more than five thousand dollars ($5,000.00) for each violation, not to exceed an aggregate penalty of fifty thousand dollars ($50,000.00) in any six month period;

(2) for each method of competition, act or practice defined in Section 5 and in violation of this Act which Respondents did not know nor reasonably should have

known was such a violation, a penalty of not more than one thousand dollars ($1,000.00) for each violation, not to exceed an aggregate penalty of ten thousand dollars ($10,000.00) in any six month period;

(3) for each violation of an order issued by the Commissioner pursuant to Section 9 of the Act, while such order is in effect, a penalty of not more than ten thousand dollars ($10,000.00).

AGREEMENT

6. In accord with the above Findings of Fact and Conclusions of Law, the Deputy Insurance Commissioner orders and Respondents consent to the following:

a) Respondents shall cease and desist from engaging in the activities described herein the Findings of Fact and Conclusions of Law.

b) Respondents shall pay the Commonwealth of Pennsylvania for administrative and legal fees relating to this action in the amount of $78,000. Payment of this matter shall be made by check payable to the Commonwealth of Pennsylvania. Payment should be directed to Sharon L. Fraser, Administrative Assistant, Bureau of Enforcement, 1227 Strawberry Square, Harrisburg, Pennsylvania 17120. Payment must be made no later than thirty (30) days after the date of this Agreement.

c) Respondents and AAG shall fully cooperate with the Department in any regulatory investigation, review, inquiry, hearing, action or proceeding relating to any person or entity involved in this investigation, or any other person or entity related to the matters addressed in paragraphs 4(b) through 4(d), above. Cooperation includes, but is not limited to, providing any testimony or documentary evidence that is reasonably requested by the Department.

d) Further, Respondents and AAG shall utilize and fully enforce their current compliance plan as necessary to ensure the adequate monitoring of Respondents' producers and to otherwise ensure abatement of the violations identified herein. For the purposes of this Settlement Agreement, Respondents' compliance plan as currently identified to the Department shall be deemed to fulfill the requirements of this provision.

e) Should any of the Respondents be required via civil, regulatory or other action, settlement, consent order, or other agreement or order, to implement any form of relief, including but not limited to any form of restitution, remediation, or other remedies, to their policyholders or other affected persons, relating to the appropriateness or suitability of annuities issued by Respondents to such persons, Respondents shall provide a full accounting of such to the Department in a time, manner. and form acceptable to the Department.

7. In the event the Department finds that there has been a breach of any of the provisions of this Agreement, based upon the Findings of Fact and Conclusions of Law contained herein, the Department in its sole discretion may pursue any and all legal remedies available, including but not limited to the following: The Department may enforce the provisions of this Agreement in an administrative action pursuant to the Administrative Agency law, supra, or other relevant provisions of law; or, if applicable, the Department may enforce the provisions of this Agreement in any other court of law or equity having jurisdiction.

8. Alternatively, in the event the Department finds that there has been a breach of any of the provisions of this Agreement, the Department in its sole discretion, may declare this Agreement to be null and void and, thereupon, reopen the entire matter for appropriate action pursuant to the Administrative Agency law, supra, or other relevant provision of law.

9. In any such enforcement proceeding, Respondents may contest whether a breach of the provisions of this Agreement has occurred but may not contest the Findings of Fact and Conclusions of Law contained herein.

10. Regarding any proceedings or action instituted by the Department, Respondents hereby expressly waive any relevant statute of limitations and application of the doctrine of laches for purposes of any enforcement of this Agreement.

11. This Agreement constitutes the entire agreement of the parties with respect to the matters referred to herein, and it may not be amended or modified except by an amended Agreement signed by all the parties hereto.

12. This Agreement shall be final upon execution by the Department. Only the Department or a duly authorized delegee is authorized to bind the Department with respect to the settlement of the alleged violation of law contained herein, and this Settlement Agreement is not effective until executed by the Department or its delegee.

Mark Heitz, Executive Vice President
AmerUs Life Insurance Company
By and on behalf of Respondents
American Investors Life
Insurance Company (AILIC) and
AmerUs Life Insurance
Company (ALIC), and
AmerUs Annuity Group
Company (AAG)

Randolph L. Rohrbaugh
Deputy Insurance Commissioner
Commonwealth of Pennsylvania