

STATE OF MINNESOTA

COUNTY OF HENNEPIN

State of Minnesota, by its Attorney General,
Lori Swanson,

Plaintiff,

vs.

American Equity Investment Life Insurance
Company, Inc,

Defendant.

DISTRICT COURT

FOURTH JUDICIAL DISTRICT

Case Type: OTHER - CIVIL

Court File No. 27-CV-07-8236
Judge Kevin S. Burke

CONSENT JUDGMENT

WHEREAS, Plaintiff State of Minnesota, by and through its Attorney General, Lori Swanson ("State"), filed a Complaint in this matter on April 26, 2007 against American Equity Investment Life Insurance Company, Inc. ("American Equity");

WHEREAS, the State's Complaint alleges, among other things, that American Equity and agents working on behalf of American Equity have sold deferred annuities to Minnesota senior citizens that were not suitable for the seniors' particular circumstances and/or misrepresented the terms and conditions of American Equity's deferred annuity products;

WHEREAS, American Equity denies all of the State's claims and allegations and asserts that it has complied with Minnesota law at all relevant times;

WHEREAS, deferred annuities are financial products that may impose significant restrictions for a prolonged period of time on a consumer's ability to access all money paid into a deferred annuity and therefore are not a suitable product for some consumers, including in particular senior citizens;

WHEREAS, American Equity wishes to take additional steps to further ensure that its annuity sales, particularly those to senior citizens, are suitable; and

WHEREAS, the Parties wish to resolve and settle all issues by and between them concerning the Complaint and all matters related thereto.

NOW, THEREFORE, in the interest of resolving this action, the State and American Equity hereby stipulate and consent to entry of a Consent Order for Final Judgment ("Order") as set forth below:

DEFINITIONS

1. "Annuity" shall mean any fixed interest or fixed index deferred annuity issued by American Equity with a surrender charge period of one (1) year or more.

2. "Policyholder" shall mean the current or former owner of an Annuity who was a Minnesota resident or domiciled in Minnesota at the time the Annuity was purchased. "Policyholder" includes the heirs and successors of the Annuity owner.

3. "Applicant" shall mean any Minnesota resident who applies to purchase an Annuity.

4. "Income" shall mean the earned and investment income received by an Applicant and, if a member of the same household, the earned and investment income of the Applicant's spouse/partner. "Income" shall include, but is not limited to, salary and wages; Social Security payments; payments from an individual retirement account ("IRA") and other similar retirement plans, including a pension; payments from annuities that have been annuitized; interest payments; rental income; and profits or losses from the sale of a business or asset. "Income" shall not include income currently earned on funds an Applicant intends to invest in an Annuity.

5. "Living Expenses" shall mean the expenses incurred by an Applicant and, if a member of the Applicant's household, the expenses of the Applicant's spouse/partner. "Living Expenses" shall include, but are not limited to, rent, mortgage, and other household maintenance costs, including utilities; insurance premiums; health care, medical and prescription drug costs, including deductibles and co-pays; nursing home and assisted living costs; taxes (including income, FICA and property taxes); support for dependants; food costs; transportation costs; membership costs; and vacation and recreation costs.

6. "Disposable Income" shall mean monthly household Income minus monthly household Living Expenses.

7. "Liquid Assets" shall mean the value of assets owned by an Applicant and, if a member of the same household, the value of assets owned by the Applicant's spouse/partner, that could readily convert to cash without the imposition of fees or penalties. "Liquid Assets" shall include, but are not limited to, any amount in a checking, savings, or money market account; and amounts invested in stocks, bonds, mutual funds, or other investments that are easily converted to cash without the imposition of fees or penalties. "Liquid Assets" shall not include any amount that an Applicant may withdraw from the Annuity which is being applied for by the Applicant. "Liquid Assets" also shall not include personal belongings or other personal property of an Applicant, including but not limited to, jewelry, furnishings or vehicles.

8. "Net Worth" shall mean the value of assets owned by an Applicant and, if a member of the same household, the value of assets owned by the Applicant's spouse/partner (including premium for the Annuity to be purchased by an Applicant, but not including the value of the Applicant's primary residence) minus the total debt (not including mortgages or debt owed on the Applicant's primary residence) of the Applicant, and if applicable, the Applicant's

spouse/partner. "Net Worth" does not include personal belongings or other personal property of an Applicant, including but not limited to, jewelry, furnishings or vehicles.

9. "Parties" shall mean the State and American Equity.

STIPULATED RELIEF

A. ANNUITY SUITABILITY SYSTEMS, STANDARDS AND PROCEDURES

10. American Equity shall not issue an Annuity unless it has reasonable grounds for believing that the Annuity is suitable for the Applicant based on the totality of the Applicant's circumstances. Before determining whether an Annuity is suitable for a particular Applicant, American Equity shall require its agents to obtain from the Applicant all information reasonably necessary to analyze and determine the suitability of the Annuity for the Applicant. In addition, American Equity shall not issue an Annuity that is subject to Elevated Review under the terms of this Order, unless it determines and documents in accordance with paragraph 13 of this Order, that the Annuity is suitable for the Applicant.

11. American Equity will enhance its existing suitability system, standards and procedures to monitor and review Annuity sales ("Suitability System") as provided in paragraphs 12 - 15 below, including suitability threshold tests that are applied to each application before an Annuity may be issued. If an application triggers one or more of the threshold tests of the Suitability System, then the application is, and will be, submitted to a heightened, elevated review process ("Elevated Review").

12. American Equity will adjust its Suitability System to include threshold tests for monitoring whether an Annuity is unsuitable for particular Applicants. Such threshold tests shall include the following: if, on the date of application, the Applicant is 65 years of age or older and:

- (a) has Liquid Assets, after purchase of the Annuity, of less than or equal to \$75,000; or
- (b) anticipates a significant increase in Living Expenses or a significant reduction in Net Income or Liquid Assets during the Annuity's surrender charge period; or
- (c) the premium paid for the Annuity exceeds twenty five (25) percent of the Applicant's Net Worth; or
- (d) the Applicant's annual Income is less than or equal to \$20,000; or
- (e) the premium paid for the Annuity is greater than four (4) times the annual Income of the Applicant.

The dollar amounts referenced in this paragraph 12 shall increase on January 1, 2009, and each year thereafter, by three (3) percent. American Equity and its agents shall not consider an Annuity to be suitable for an Applicant simply because none of the thresholds set forth in this paragraph 12 are triggered with respect to the particular Applicant.

13. If Elevated Review is triggered, American Equity shall only issue the Annuity if it determines and documents in its file specific, objective evidence that clearly establishes that the sale is suitable for the Applicant in light of his or her stated financial condition, needs and objectives. In determining whether the Annuity is suitable for the Applicant, American Equity may consider the liquidity provisions of the Annuity.

14. American Equity will continue to use and require its agents to complete and submit to American Equity its product suitability form as part of the application process, and it will modify its product suitability form to incorporate substantially similar language as set forth in **Exhibit A** attached hereto. In addition, at the time of application, American Equity shall, for any Applicant who is 65 years of age or older on the date of application, require its agents to complete the financial inventory profile in the form of **Exhibit B** attached hereto or compile such financial inventory information in a substantially similar written manner. The financial

inventory documentation shall be maintained in the agent's files. If an Annuity application requires Elevated Review, American Equity will review the financial inventory information if necessary to conduct the Elevated Review of the suitability of the Applicant's Annuity purchase.

15. American Equity will continue to develop and implement policies and procedures to further monitor agents, review sales, and take other actions as American Equity deems appropriate, for agents who demonstrate a pattern of submitting applications determined to be unsuitable.

16. American Equity will fully implement paragraphs 12 - 15 of this Order by February 28, 2008. During the period between the execution of this Order and the date American Equity fully implements paragraphs 12 - 15 of this Order, American Equity will do the following: (1) In its current suitability review process, American Equity will consider the standards identified in paragraphs 12 and 13 of this Order in determining whether the Annuity is suitable for the particular Applicant; (2) American Equity will randomly select applications from Applicants age 65 or older and apply the standards set forth in paragraphs 12 and 13 of this Order to those applications; and (3) any Policyholder who purchases an Annuity during the period between the execution of this Order and the date American Equity fully implements paragraphs 12 - 15 of this Order and complains to American Equity and/or the Attorney General within 120 days after the Policy is delivered shall be eligible to participate in the claims review process outlined in paragraphs 18-20 of this Order. American Equity shall promptly notify the Attorney General's Office when it determines the date it will fully implement paragraphs 12 - 15 of this Order.

B. RESTITUTION

17. The Parties agree to establish a claims review process for determining any claim for restitution relief for Policyholders of Annuities who either (a) have complained to the Attorney General's Office and/or American Equity as set forth in paragraph 18 below, or (b) fall within the category of Policyholders as described in paragraph 21 below.

18. The Attorney General's Office and American Equity, jointly, shall promptly send the attached **Exhibit C** to Policyholders who have complained to the Attorney General's Office regarding the sale of an Annuity(ies) to the Policyholder (for which no refund has already been made by American Equity). **Exhibit C** shall also be sent to Policyholders who have made complaints to American Equity regarding the sale of Annuities from January 1, 2001 to the date of the execution of this Order (for which no refund has already been made by American Equity).

19. The Policyholders referenced in paragraph 18 will, as soon as reasonably possible, have their complaints reviewed by a claims review process. American Equity shall offer to rescind an Annuity if it is determined by the claims review process that the Annuity(ies) sold to the Policyholder was unsuitable on the date of application or that American Equity or its agent misrepresented the terms or conditions of the Annuity to the Policyholder. American Equity and the Attorney General's Office shall oversee the claims review process and mutually agree on whether a Policyholder should receive an offer to rescind the Annuity. American Equity and the Attorney General's Office shall review the totality of the circumstances to determine whether the sale was unsuitable or resulted after American Equity or an American Equity agent misrepresented the terms or conditions of the Annuity. If American Equity and the Attorney General's Office cannot resolve a dispute as to whether a Policyholder should receive an offer of rescission, then the independent third-party mutually selected by American Equity

and the Attorney General's Office shall review the totality of the circumstances and shall have full authority to determine whether an offer of rescission shall be made. The reasonable fees and expenses of the independent third-party shall be paid by American Equity. During all parts of the claims review process, American Equity, the Attorney General's Office, and the independent third-party mutually selected to resolve any dispute as to whether a particular Policyholder shall receive an offer of rescission, shall liberally construe all facts and circumstances in favor of the Policyholder. All information submitted will be reviewed and reasonably considered.

20. The amount of the offer of rescission by American Equity under this Order shall be calculated as follows: (a) the full amount of any premium paid by the Policyholder into the Annuity over the life of the contract; plus (b) 4.15 percent interest compounded annually from the date of a premium payment until the rescission payment is made to the Policyholder by American Equity; minus (c) any amount paid by American Equity to the Policyholder under the Annuity contract; and (d) without the imposition of withdrawal or surrender charges or fees. An offer of rescission shall be sent to the Policyholder by the Attorney General's Office and American Equity, in a form mutually agreeable to American Equity and the Attorney General's Office. The Policyholder shall then have sixty (60) days from the date of the rescission offer to accept the offer. If the Policyholder accepts American Equity's offer of rescission, the Policyholder shall execute a Settlement Agreement and Release in the form attached hereto as **Exhibit E**. Within ten (10) business days of receipt of acceptance of the offer of rescission, American Equity shall make the rescission payment to the Policyholder.

21. The Attorney General's Office and American Equity, jointly, shall promptly send the attached **Exhibit D** to all Policyholders (except for complainants referenced in paragraph 18 above) who were issued an Annuity on or after January 1, 2001 to the date of execution of this

Order, and were 65 years of age or older on the date of their Annuity application. However, **Exhibit D** shall not be sent to Policyholders who were issued an American Equity SPDA-6(3) or SPDA-6(5) Annuity and held their policies until the surrender charge period expired without incurring a surrender charge or penalty. Every Policyholder referenced in this paragraph will be given the opportunity to submit a claim to request that their Annuity be rescinded if they believe it was unsuitable at the time of their application or the terms or conditions of the Annuity were misrepresented by American Equity or an American Equity agent to the Policyholder. If the Policyholder chooses to submit a claim for an offer of rescission, the Policyholder will have 120 days from the date **Exhibit D** is sent to the Policyholder to file a claim form (a copy of which is attached to **Exhibit D**) for that purpose. As claim forms are received, the claims review process will proceed in the same manner as set forth in paragraphs 19 and 20 above, subject to the same standards and procedures contained therein, including that American Equity, the Attorney General's Office, and the independent third-party mutually selected by American Equity and the Attorney General's Office, shall liberally construe all facts and circumstances in favor of the Policyholder. All information submitted will be reviewed and reasonably considered. American Equity, the Attorney General's Office and the third-party mutually selected by the parties shall make every effort to expedite the claims review process.

22. If, during the claims review process, American Equity and the Attorney General's Office believe that more information about a particular Annuity sale is needed to determine whether a Policyholder should receive an offer of rescission, then such information shall be requested by the Attorney General's Office from the Policyholder. If American Equity and the Attorney General's Office disagree whether additional information is needed from the Policyholder, then the Party seeking the additional information may submit its request to the

third-party mutually selected by American Equity and the Attorney General's Office. Any such request shall identify the additional information the requesting Party believes is necessary to complete the claims review process. The Party opposing the request may submit its objections to the third-party within three (3) days of the request for additional information. Upon receiving a request for additional information and any objections to it, the third-party shall have full authority to determine whether and to what extent any additional information is necessary. If the third-party determines that additional information is necessary, then the third-party shall contact the Policyholder and request the information to the extent that it is reasonably available.

23. The Parties agree that at least one knowledgeable and experienced independent financial planner and tax advisor mutually selected by American Equity and the Attorney General's Office shall be made available, at American Equity's expense, to a Policyholder by telephone or in-person meeting, to provide information and advice to the Policyholder regarding the tax, financial, and other consequences of requesting or accepting an offer of rescission made pursuant to this Order. The independent financial planner and tax advisor shall agree that he or she will only provide advice to the Policyholder and will not, at any time, whether present or in the future, sell any product to the Policyholder or otherwise charge any fee to the Policyholder for any advice, service or product. Neither American Equity nor the Attorney General's Office shall be responsible or liable for the advice to a Policyholder by the independent financial planner and tax advisor.

C. STATE'S COSTS, INVESTIGATIVE EXPENSES AND ATTORNEY FEES

24. Within ten (10) days of the execution of this Order, American Equity shall pay to the Attorney General's Office the costs, investigative expenses and attorney fees incurred by the Attorney General's Office in connection with this lawsuit and the investigation preceding it, as

well as the projected fees and costs associated with implementing this Order, in the amount of \$250,000.

GENERAL PROVISIONS

25. Nothing in this Order constitutes, and nothing herein shall be construed to mean or imply, that American Equity has engaged in any wrongdoing or violations of law, or that it has made any express or implied admission of any wrongdoing or violation.

26. The Parties have read this Order and voluntarily agree to its entry.

27. In consideration of the stipulated relief, the sufficiency of which is acknowledged, the Office of the Attorney General, by execution of this Order, hereby fully and completely releases, extinguishes, acquits, discharges and covenants not to sue to the fullest extent permitted by law American Equity, including all of its past and present agents, employees, officers, directors, attorneys, trustees, stockholders, principals, and parent corporations, subsidiaries, affiliates, affiliated companies, sureties, reinsurers, subrogors, subrogees, indemnitors, predecessors, successors, and assigns thereof, of any and all claims (including actions, causes, causes of action, suits, liabilities, sums of money, interest, costs, expenses, controversies, agreements, promises, damages, and demands of whatever nature or description, in law or in equity) whether now known or unknown, suspected or unsuspected, which it has or may have, relating to or referred to in, directly or indirectly, or in any way connected with or arising out of the allegations in its Complaint in the above-entitled action regarding the sale of Annuities, up to and including the date of this Order; provided that this release does not apply in any way to, and the Office of the Attorney General retains any and all claims it may have against, insurance agents, insurance agencies, national marketing organizations, or any associated field marketing organizations currently or formerly appointed by or affiliated with American Equity, and their

past and present agents; provided further that this release does not apply in any way to claims of any other Minnesota state agency, department, or division, including, but not limited to, the Minnesota Department of Commerce and Department of Revenue, against American Equity, including all of its past and present agents, employees, officers, directors, attorneys, trustees, stockholders, principals, and parent corporations, subsidiaries, affiliates, affiliated companies, sureties, reinsurers, subrogors, subrogees, indemnitors, predecessors, successors, and assigns thereof. In addition, except as provided in paragraph 28 below, this release and Order in no way affects the individual rights of Policyholders, Applicants or other persons, including but not limited to, any rights they have or may have in the certified or putative class action lawsuits currently pending against American Equity, such as the lawsuits referenced in paragraph 28 below.

28. As a condition of accepting an offer of rescission made pursuant to this Order, a Policyholder shall execute a Release of Liability in the form attached hereto as **Exhibit E**. Neither the Release of Liability nor any provision of this Order shall in any way affect, impair or impede a Policyholder who accepts an offer of rescission made pursuant to this Order from pursuing any rights that the Policyholder has or may have in certified or putative class action lawsuits currently pending against American Equity, including but not limited to:

In re American Equity Annuity Practices and Sales Litigation (C.D. Cal.);

McCormack v. American Equity (C.D. Cal.);

Anagnostis, et al. v. American Equity (C.D. Cal.);

Bendzak v. American Equity (C.D. Cal.);

*California Advocates for Nursing Home Reform et al.
v. American Equity* (Sup. Ct. of Cal., City of San Francisco).

29. The Parties agree to execute a stipulation of dismissal pursuant to Minnesota Rule of Civil Procedure 41.01(a) and upon approval by the Court of this Order, the action shall be dismissed with prejudice.

30. It is understood and accepted by the Parties that nothing contained herein shall be deemed to be nor construed as any admission by the Parties hereto of any legal or factual issue raised in this matter or of liability of any kind to the other party, nor shall it be construed as a waiver, modification or retraction of the positions of the Parties. This Consent Judgment shall not be considered an admission of a violation of law for any purpose whatsoever, and shall not be considered evidence of such in any other proceeding.

31. Except as provided in this Order, nothing herein shall be construed as altering, modifying or deleting the provisions, terms, conditions, exclusions, endorsements, coverages or other terms of the American Equity Annuities, which said Annuities shall remain in force and effect to the extent otherwise provided for by their terms, conditions and coverages. Accordingly, this Order does not reflect upon American Equity's or the State's views as to the rights and obligations with respect to matters or persons outside the scope of this Order.

32. As provided in the Protective Order filed on October 25, 2007, the terms of the Protective Order insofar as they restrict the distribution and use of the documents produced in the lawsuit or investigation leading up to it, or information obtained from such documents, shall continue to be binding.

33. This Order constitutes the entire agreement and understanding between the Parties with respect to the matters addressed herein and supersedes and replaces all prior negotiations, proposed agreements, and agreements, written or oral, including, but not limited to, settlement correspondence, discussions, representations, statements, offers, counter-offers and

understandings, all of which have become merged and fully integrated into this agreement. Any other prior or contemporaneous settlement negotiations, including, but not limited to, settlement correspondence, discussions, representations, statements, offers, counter-offers and understandings, whether oral or written, are void and unenforceable. The Parties acknowledge that none of them, their agents or attorneys have made any promise, representation or warranty whatsoever, express or implied, not specifically set forth as a part hereof and contained herein concerning the subject matter hereof, to induce the Parties to execute this agreement, and acknowledge that the Parties have not executed this agreement in reliance on any promise, representation or warranty not contained herein.

34. The Parties shall cooperate to implement and facilitate this Order, including the exchange of information reasonably necessary for that purpose.

35. Any failure by any Party to this Order to insist on performance by the other Party of any provision of this Order shall not be deemed a future waiver of any of the provisions of this Order, and such Party, notwithstanding such failure, shall have the right to insist upon the performance of any and all of the provisions of this Order.

36. Each Party participated in the drafting of this Order, and each agrees that the Order's terms may not be construed against or in favor of either Party by virtue of draftsmanship.

37. This Order shall be governed by the laws of Minnesota. The Court shall retain jurisdiction over this matter to enforce the terms of this Order. This Order shall remain in effect until **February 28, 2012**. If, after **February 28, 2010**, American Equity determines that a requirement of this Order puts it at a material competitive disadvantage in the industry and that consumers will not be harmed by a modification of this Order, American Equity may request that the Attorney General consent to a modification of this Order. When making this request,

American Equity shall provide the Attorney General with information demonstrating which requirements of this Order put American Equity at a material competitive disadvantage and that consumers will not be harmed by the modification of this Order. The Attorney General shall then evaluate the existing circumstances and, after collecting information the Attorney General deems necessary, make a decision within sixty (60) days as to whether to consent to a modification of this Order.

38. The individual who executed this Order on behalf of a Party is authorized to do so, and to bind that Party to the terms of this Order.

AMERICAN EQUITY INVESTMENT LIFE
INSURANCE COMPANY, INC.

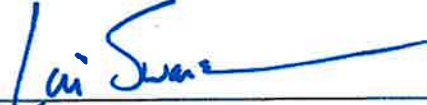
Dated: 2-7-2008

By  _____

David J. Noble
Chairman and President of American Equity Investment
Life Holding Company

Dated: _____

LORI SWANSON
Attorney General
State of Minnesota



LORI SWANSON
Attorney General
Atty. Reg. No. 0254812

ALAN I. GILBERT
Solicitor General
Atty. Reg. No. 0034678

BRIAN DILLON
Assistant Attorney General
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102 Capitol
75 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155-1609
(651) 296-6196 (Voice)
(651) 297-7206 (TTY)

ATTORNEYS FOR PLAINTIFF
STATE OF MINNESOTA

IT IS SO ORDERED:

Dated: 2.7.2008

BY THE COURT:



Kevin S. Burke
HENNEPIN COUNTY DISTRICT COURT
JUDGE

LET JUDGMENT BE ENTERED ACCORDINGLY.

AG: #1940223-v1

EXHIBIT A

- 1) Approximate Monthly Income \$ _____
Approximate total current monthly household* income (excludes income currently earned on the money to be used to purchase the annuity). For example: salary, Social Security payments, pension/retirement benefits, investment and rental income.

- 2) Approximate Monthly Living Expenses \$ _____
Approximate current monthly household living expenses. For example: housing, transportation, insurance, food, healthcare and taxes (including property, income and FICA taxes).

- 3) Approximate Disposable Income \$ _____
Monthly Income minus Monthly Living Expenses.

- 4) Approximate Liquid Assets \$ _____
Approximate current household liquid assets after purchase of the annuity. Includes assets such as checking, savings, and money market accounts and securities that can be sold without fees or penalty. Excludes withdrawals that may be taken from the annuity being purchased and any personal belongings or personal property such as jewelry, furnishings and vehicles.

In purchasing this annuity what percentage of your liquid assets will be used? __%

- 5) Approximate Net Worth \$ _____
Approximate current value of household assets (including premium for the annuity to be purchased but excluding primary residence and any personal belongings or personal property such as jewelry, furnishings and vehicles) minus total debt (not including mortgages or debt owed on the primary residence).

6) Future changes in Income, Living Expenses and Liquidity

A. Do you anticipate any significant changes in your household's monthly income or living expenses or liquid assets during the ___-year surrender charge period of the annuity you are purchasing, such as a reduction in income caused by retirement or pension changes or by an increase in expenses such as housing, medical, nursing home, assisted living or travel expenses? Yes _____ No _____

If answer is "yes," please describe the anticipated changes (include, if possible, approximately when you anticipate the changes to occur and the approximate amount of these anticipated changes in income, living expenses, or liquid assets).

* Household means the applicant, and if a member of the applicant's household, the applicant's spouse/partner.

EXHIBIT B FINANCIAL INVENTORY

Monthly Household* Income

Salary/Wages	\$
Social Security Payments	
Pension/Retirement Benefits	
Interest/Dividend Income (other than income received on money used to purchase this annuity)	
Rental Income	
Other	
Total Income	\$

Monthly Household* Expense

Rent/Mortgage Payment	\$
Utilities	
Debt Repayment	
Transportation	
Food	
Health Care	
Taxes (including property, income and FICA taxes)	
Insurance	
Support for Dependents	
Charitable Donations	
Travel	
Other	
Total Expense	\$

Disposable Income \$

Household* Net Worth

(Not including Primary Residence and any personal belongings or personal property such as jewelry, furnishings and vehicles)

Checking Accounts	\$
Savings Accounts and CDs	
Securities (in non-retirement accounts)	
Annuities (in non-retirement accounts)	
Retirement Account Balances	
Real Estate (exclude primary residence)	
Value of Business Ownership (explain business and nature of interest in business) _____	
Other	
Total Assets	\$
Minus Total Liabilities (exclude mortgage on primary residence)	\$
Net Worth	\$

Household* Liquid Assets (Assets that can be easily converted to cash, without penalty. Does not including personal belongings or personal property such as jewelry, furnishings and vehicles)

Checking Accounts	\$
Savings Accounts	
Securities (including mutual funds without deferred sales charges)	
Current Year Free Withdrawals from Annuities (other than on the annuity being purchased)	
Other	

Total Liquidity \$
(Excludes liquid assets used to
fund this annuity)

*Household means the applicant, and if a member of the applicant's household, the applicant's spouse/partner.

EXHIBIT C

[Attorney General Letterhead]

[Date]

[Name]

[Address]

[City, State, Zip]

Dear _____:

As you may know, in recent months, there has been a fair amount of national attention given to issues surrounding the sale of long-term deferred annuities to senior citizens by the insurance industry. This includes concerns about whether senior citizens have been adequately informed of the duration and other terms of these annuities and whether the annuity was a suitable savings product for the particular senior citizen.

It is our understanding that you purchased a deferred annuity from American Equity Investment Life Insurance Company (American Equity), and filed a complaint with either American Equity or the Minnesota Attorney General's Office (Attorney General). American Equity and the Attorney General have agreed to a process to review your complaint to determine whether you should be offered the opportunity to cancel your annuity. The matter may also be reviewed by an independent person (under guidelines agreed to by American Equity and the Attorney General).

If it is determined that the sale was not suitable or that you were sold the annuity without full information explaining important terms about the annuity, American Equity will offer to cancel the annuity and return your full premium without penalties plus 4.15 percent interest compounded annually (less any payments you received under the contract). You will then be given sixty days to decide whether to accept American Equity's offer. You are eligible to participate in this review even if you have already surrendered your American Equity annuity or have annuitized it.

If you do not want your annuity to be reviewed in this fashion, please call _____. If you have any questions about this process or your annuity, please feel free to call American Equity toll free at 1-866-526-1132 or the Attorney General's Office at _____. Please note that you may be contacted by a representative of American Equity's home office or the Attorney General's Office to get more information if necessary to help resolve your issue.

As with any financial transaction, we recommend that you consult your own tax and legal advisors about financial consequences to you if your annuity is cancelled. As part of this process, a financial planner/tax advisor will also be made available to you at no cost to discuss the tax and financial consequences if your annuity is cancelled. If you would like such advice from this advisor, please call _____ and arrangements will be made for consultation with the advisor.

Sincerely,

Sincerely,

David J. Noble
Chairman and Chief Executive Office

Lori Swanson
Attorney General

AG: #1946674-v1

EXHIBIT D

[Attorney General Letterhead]

[Date]

[Name]

[Address]

[City, State, Zip]

Dear _____:

In recent months, there has been a fair amount of national attention given to issues surrounding the sale of long-term deferred annuities to senior citizens by the insurance industry. This includes concerns about whether senior citizens have been adequately informed of the duration and other terms of these annuities and whether the annuity was a suitable savings product for the particular senior citizen.

According to company records, you purchased a deferred annuity from American Equity Investment Life Insurance Company (American Equity). We want to make sure you were treated fairly and properly when you made that purchase. American Equity and the Minnesota Attorney General's Office (Attorney General) have agreed to a process to review any concerns of Minnesota senior citizens who purchased deferred annuities from American Equity.

If you have concerns that your American Equity annuity was not suitable (for example, because a long-term retirement product was not suited to your circumstances at the time of purchase), or if you have concerns that you were sold the annuity without full information explaining important terms about the annuity, you may request a review by American Equity and the Attorney General by filling out the attached form and returning it in the enclosed self-addressed postage-paid envelope.

American Equity and the Attorney General will review your questions and concerns carefully and promptly. The matter may also be reviewed by an independent person (under guidelines agreed to by American Equity and the Attorney General). If it is determined that the sale was not suitable or that you were sold the annuity without full information explaining important terms about the annuity, American Equity will offer to cancel the annuity and return your full premium without penalties plus 4.15 percent interest compounded annually (less any payments you received under the contract). You will be given sixty days to decide whether to accept American Equity's offer.

If you would like your annuity to be reviewed in this fashion, you must return the enclosed form no later than _____. You may return this form even if you have

already surrendered your American Equity annuity or have annuitized it. If you have any questions about this process or your annuity, please feel free to call American Equity toll free at 1-866-526-1132 or the Attorney General's Office at _____. Please note that if you submit a request for review, you may be contacted by a representative of American Equity's home office or the Attorney General's Office to get more information if necessary to help resolve your issue.

As with any financial transaction, we recommend that you consult your own tax and legal advisors about financial consequences to you if your annuity is cancelled. As part of this process, a financial planner/tax advisor will also be made available to you at no cost to discuss the tax and financial consequences if your annuity is cancelled. If you would like such advice from this advisor, please call _____ and arrangements will be made for consultation with the advisor.

Sincerely,

Sincerely,

David J. Noble
Chairman and Chief Executive Officer

Lori Swanson
Attorney General

Enclosure

AG: #1946670-v1

American Equity Claim Form

Complete and mail to the address below no later than _____

Your Name:

Your Address:

Your City: _____ Your State: _____ Your Zip Code: _____

Your Telephone Number: (_____) _____

1. Do you believe your American Equity annuity may not have been suitable for your needs at the time you made the purchase? Yes No

OPTIONAL: If you answered "Yes" to question number 1, you can if you want (but you are not required to), briefly explain why you believe the policy may not have been suitable:

2. Do you believe that the agent who sold you the annuity made misrepresentations or did not fully disclose to you important terms of the annuity at the time of sale (e.g. the bonus, surrender penalties or how long you have to keep your money in the annuity)? Yes No

If you answered "Yes" to question number two, please briefly explain:

I would like to have my American Equity annuity reviewed, and I would like to be offered the opportunity to cancel my annuity. I understand that before American Equity actually cancels my annuity, I will be given the right to accept or reject its offer.

Signature Date

Mail this form (in the enclosed envelope) no later than _____ to

P.O. Box _____
St. Paul, MN _____

EXHIBIT E

SETTLEMENT AGREEMENT AND RELEASE

This Settlement Agreement and Release is made on the date last signed below between American Equity Investment Life Insurance Company, Inc. ("American Equity"), 5000 Westtown Parkway #440, West Des Moines, IA 50266, and [NNNNNNNNNN] ("[NAME]"), [ADDRESS].

RECITALS

- A. American Equity issued Annuity Policy No. [XXXXXX] to [NAME] as owner on (the "Policy") on _____, 200__ ;
- B. Pursuant to the Claims Review Process established as the result of a settlement between the Attorney General of the State of Minnesota and American Equity, [NAME] has submitted a claim requesting a refund. American Equity is willing to cancel the Policy and refund [NAME] pursuant to the terms of the settlement with the Attorney General and as a settlement with [NAME].

WHEREFORE, for good and valuable consideration, the sufficiency of which is acknowledged, the parties agree as follows:

1. Upon receipt of this Settlement Agreement and Release signed by [NAME], and in consideration for the provisions thereof, American Equity will rescind Policy [XXXXXX], which will be deemed surrendered, terminated, null, void, and without force and effect as of that date and will either: (1) pay to [NAME] the sum of \$[] plus 4.15% interest until the date this payment is made to [NAME] or; (2) transfer said amount to an account at _____, as specified by [NAME]. Payment shall be made to [NAME] as soon as possible after American Equity receives from [NAME] this signed Settlement Agreement and Release;
2. In exchange for the settlement and payment described in paragraph 1 above, [NAME] does hereby completely release and forever discharge American Equity and its successors, predecessors, heirs, assigns, officers, directors, employees, agents, affiliates and attorneys (hereinafter "Releasees"), from all manner of actions, causes of action, suits, liabilities, debts, sums of money, accounts, bonds, bills, notes, commitments, contracts, controversies, agreements, promises, judgments, claims and demands whatsoever, in law or in equity, known or unknown, which [NAME] ever had, now has or may have against American Equity and Releasees arising out of or relating to the issuance, sale, funding, administration, surrender, redemption, cancellation or rescission of Policy [XXXXXX]; provided, however, that this Settlement Agreement and Release shall not in any way effect, impair or impede [NAME] from pursuing any rights that [NAME] has or may have in certified or putative class action lawsuits currently pending against American Equity, including but not limited to:

In re American Equity Annuity Practices and Sales Litigation (C.D. Cal.);

McCormack v. American Equity (C.D. Cal.);

Anagnostis, et al. v. American Equity (C.D. Cal.);

Bendzak v. American Equity (C.D. Cal.);

*California Advocates for Nursing Home Reform et al.
v. American Equity (Sup. Ct. of CA, City of San Francisco).*

SETTLEMENT AGREEMENT AND RELEASE

3. [NAME] further covenants and agrees that this Settlement Agreement and Release will be binding upon the successor trustees, administrators, beneficiaries, successors and assigns of [NAME];
4. [NAME] further covenants and agrees that [she/he] has read the terms of this Settlement Agreement and Release and has had the opportunity to discuss it with [her/his] attorney, and that [she/he] has voluntarily entered into this Settlement Agreement and Release solely in reliance on [her/his] own knowledge, belief and judgment and the advice of [her/his] counsel if such advice was obtained, and not in reliance on representations made by the parties released or by others on their behalf;
5. American Equity and Releasees deny any liability in connection with Policy [XXXXXX] and/or the matters recited in or represented in this Settlement Agreement. This agreement shall never be considered an admission of the truth of the allegations, claims or contentions by any party;
6. It is further understood and agreed that no withholding of income taxes has been or will be made from any payment made by American Equity under this Settlement Agreement and Release, and that American Equity has made no representation regarding taxes or tax liability, if any, resulting from said payment. The responsibility to address any tax consequences of said payment is solely the responsibility of [NAME]. Further, [NAME] agrees that to the extent any tax liability may now or hereafter become due because of the payment made by American Equity, such liability will be the sole responsibility of [NAME], and [NAME], not American Equity or Releasees, shall pay taxes, penalties or interest, if any which may be determined to be due and payable;
7. This Settlement Agreement and Release may be executed in one or more counterparts, each of which shall be an original as against the party who signed it, but all of which shall constitute one and the same agreement;
8. This Settlement Agreement and Release contains the entire agreement between the parties, and any statement not contained herein is not admissible to establish the basis of this settlement and release.

IN WITNESS WHEREOF, the parties hereto have caused this Settlement Agreement and Release to be duly executed.

_____ Dated: _____
[NAME]

Subscribed and sworn to before me
this ___ day of _____, 2008.

NOTARY PUBLIC

SETTLEMENT AGREEMENT AND RELEASE

**American Equity Investment Life
Insurance Company, Inc.**

By: _____

Its: _____

Dated: _____

AG: #1940194-v1

