

QUARTERLY REGULATORY UPDATE

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TO: ALL AMERICAN EQUITY AGENTS

1/4 2010

RE: Quarterly Compliance Update

Helping you to increase & protect your business & your client's financial future.

As a member of the Insurance Marketplace Standards Association (IMSA) we want to make sure you are informed & in compliance. This is the first of four quarterly regulatory updates you will receive this year.

ADVERTISING - Our Advertising Guidelines require you to submit any advertisements you create that directly promote our company or products to our Compliance Communications Department for review & approval *before you use them*. Please review our advertising guidelines for more detail and information.

PRE-TEXT INTERVIEWS - State insurance regulators often inquire into producer advertising practices. An advertising practice that has always been controversial and not allowed by American Equity is what is termed *pre-text selling*. A pre-text sale or interview is essentially when an insurance producer holds him or herself out as something other than an insurance producer. Anyone you are dealing with needs to know that you are a licensed insurance professional. They need to clearly know the services you provide and should not be confused as to what services you provide. Your advertising needs to clearly identify you as an insurance licensed agent.

VIOLENT CRIME CONTROL AND LAW ENFORCEMENT ACT OF 1994 - All companies & individuals working in the insurance industry are required to comply with the Federal Violent Crime Control and Law Enforcement Act (18 USC §1033, the Act). The Act makes it illegal for an individual convicted of a felony involving dishonesty, breach of trust or a violation of the Act to work or continue to work in the business of insurance without receiving written consent from the Insurance Commissioner in his/her resident state. All felony convictions must be reported to the insurance department in your state of residence. Simply having an insurance license is not enough nor does the state issuing you an insurance license mean that you have received the written consent necessary. Producers who have previously been convicted of a felony & have not obtained written consent, or are not sure that they have received written consent, should contact his/her resident state's insurance department immediately.

HEADS UP!

A reminder: What is replacement? Replacement is when a new life insurance policy or annuity contract is purchased using funds from an existing policy or contract. This includes policies/contracts that are: Lapsed, forfeited, surrendered or partially surrendered, such as withdrawals, including penalty free withdrawals, required minimum distributions, or any funds removed from an existing policy or contract in the 4 months prior to and 13 months after the new policy or contract is in force. Please note: A replacement requires you to: fill out replacement information on the application; fill out our suitability form #4106; if required by the state a comparison form; provide and read to the client the appropriate replacement notice. This is not an exhaustive list of an agent's duties regarding replacement.

To access any of our forms go to our Interactive Agent Website at www.american-equity.com. Submit any advertising to our Compliance Communications Department at advertising@american-equity.com or fax to 515-273-3620.



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