

2006-2007 Plan Features

Midland National Life sponsored errors and omission program

- Limit of Liability
 - \$1,000,000 each claim subject to an annual aggregate of \$1,000,000 each agent each **OR**
 - \$1,000,000 each claim subject to an annual aggregate of \$2,000,000 each agent
 - Defense costs and investigative expenses are provided and are included within the limit of liability.
- Deductible
 - \$500 for each claim arising out of the sale of covered insurance products offered by Midland National Life Insurance.
 - \$2,500 for claims arising out of the sale of covered life or accident and health insurance products of other companies.

I. INSURING AGREEMENTS

A. COVERAGE – PROFESSIONAL LIABILITY

The Company shall pay on behalf of the "Insured", subject to the Limits of Liability shown in Item 4 of the "Certificate of Insurance", all sums in excess of the Deductible shown in Item 6 of the "Certificate of Insurance" that the "Insured" is legally obligated to pay as "Damages" and "Defense Costs" because of a "Claim" first made against the "Insured" and reported to the Company in writing during the "Certificate Period", or any applicable Extended Reporting Period of this Policy, provided that:

1. The "Claim" arises out of a negligent act, error or omission of the "Insured" in rendering or failing to render "Professional Services" for others in the conduct of the "Named Certificate Holder's" profession as an "Agent", "General Agent", notary public, or "Registered Representative" while there is in effect a contract between the "Named Certificate Holder" and the "Additional Insured"; and such negligent act, error or omission occurred on or after the "Retroactive Date" and before the end of the "Certificate Period"; or
2. The "Claim" is for a "Personal Injury" caused by an offense arising out of rendering or failing to render "Professional Services" for others in the conduct of the "Named Certificate Holder's" profession identified in Section I – INSURING AGREEMENTS, Subsection A.1. above while there is in effect a contract between the "Named Certificate Holder" and the "Additional Insured"; and such "Personal Injury" occurred on or after the "Retroactive Date" and before the end of the "Certificate Period".

B. COVERAGE – VICARIOUS LIABILITY

The Company shall pay on behalf of the "Additional Insured", subject to the shared Limits of Liability, all sums in excess of the Deductible shown in Item 6 of the "Certificate of Insurance" that the "Additional Insured" is legally obligated to pay as "Damages" and "Defense Costs" because of a "Claim" first made against the "Additional Insured" and reported to the Company in writing during the "Certificate Period", or any applicable Extended Reporting Period of this Policy, provided that:

1. The "Claim" would otherwise be insured under Section I – INSURING AGREEMENTS, Subsection A. and is not due to any actual or alleged negligent act, error or omission or "Personal Injury" of the "Additional Insured";
2. The Limits of Liability available to the "Additional Insured" for such "Claim" shall be shared with the Limits of Liability that are applicable to the "Named Certificate Holder". Such Limits of Liability shall not be in addition to the "Named Certificate Holder's" Limits of Liability;
3. The "Additional Insured" shall be subject to all of the terms, conditions, limitations and exclusions of the Policy to the same extent as the "Insured" and shall not be entitled to any rights greater than those available to the "Insured"; and

4. Upon the request of the Company, the "Additional Insured" shall pay the Deductible on behalf of the applicable "Named Certificate Holder" for a "Claim" for which the "Additional Insured" is afforded coverage under the Policy.

C. DEFENSE AND SETTLEMENT

The Company has the right and duty to defend any "Claim" against the "Insured" and "Additional Insured" seeking "Damages" to which this insurance applies even if any of the allegations of the "Claim" are groundless, false or fraudulent. The Company has choice of counsel in defending any "Claim" against the "Insured" and "Additional Insured". The Company has the right to investigate and settle any "Claim". The Company shall investigate and settle any "Claim" as it deems expedient, but the Company shall not be obligated to pay any "Claim", settlement or judgment, or to defend or continue to defend any "Claim" after the Company's applicable Limits of Liability shown in Item 4 of the "Certificate of Insurance" have been exhausted by payment of "Damages" or "Defense Costs".

Covered Activities "Professional Services" mean:

1. The sale or servicing of :
 - a. Life insurance, accident and health insurance, disability income insurance and annuities;
 - b. Variable insurance products, including but not limited to variable annuities, flexible and scheduled premium annuities and variable life insurance;
 - c. Employee benefit plans funded with those products listed in Section II – DEFINITIONS, Subsections P.1.a., b., and d..
 - d. Mutual funds and "Securities" registered with the Securities and Exchange Commission and sold by a "Registered Representative" through a "Broker/Dealer" that is a subsidiary of the "Additional Insured"; or

Mutual funds and "Securities" registered with the Securities and Exchange Commission and sold by a "Registered Representative" through a "Broker/Dealer" prior to the "Certificate Period" so long as at the time of sale the "Registered Representative" had a contract with such "Broker/Dealer" and was authorized to sell such "Securities".
2. The supervision and training by a "General Agent" over the conduct of any "Insured"

II. DEFINITIONS

- A. "Additional Insured" means the company(ies) shown in Item 2 of the "Certificate of Insurance".
- B. "Agents" means the individuals as shown in Item 1 of the "Certificate of Insurance", provided that they are party to a contract with "Additional Insured" on the effective date of this Policy and that they are licensed by the appropriate authority to solicit and sell life, accident and health insurance products or services. Such individuals shall be specifically designated by name and their names shall be on file with the "Additional Insured". Any new "Agent" of the "Additional Insured" after the effective date of the "Master Policy" shall become a "Named Certificate Holder" upon the effective date of such contract.
- C. "Broker/Dealer" means any firm in the business of buying and selling "Securities" for itself and others that is registered with the Securities and Exchange Commission and any applicable state regulatory organization and is a member of the National Association of Securities Dealers.
- D. "Certificate of Insurance" means the certificate issued in accordance with the "Master Policy" to the "Named Certificate Holder".
- E. "Certificate Period" means the period of time from the effective date as shown on the "Certificate of Insurance" to the date of the "Termination of Coverage".
- F. "Claim" means a written demand received by the "Insured" or "Additional Insured" seeking "Damages".
- G. "Damages" mean the monetary amounts for which an "Insured" is legally liable, including sums paid as judgments, awards or settlements, and any taxes, fines or penalties incurred by a third party and included in such third party's "Claim" against the "Insured." However, "Damages" do not include:
 1. Fines or penalties imposed by law, or taxes levied on or against an "Insured" or "Additional Insured";

2. Punitive, exemplary or treble damages;
 3. The return, restitution, offset or withdrawal of fees, premiums, commissions or brokerage charges, including but not limited to, surrender charges and contingent deferred sales charges;
 4. Non-pecuniary or injunctive relief; or
 5. Judgments or awards from acts deemed uninsurable by law.
- H. "Defense Costs" mean:
1. All reasonable and necessary fees charged by any lawyer designated by the Company for the defense of a "Claim";
 2. All other reasonable fees, costs and expenses resulting from the investigation, adjustment or defense of a "Claim";
 3. The premiums for appeal, attachment or similar bonds, if incurred by the Company or by the "Insured" or "Additional Insured" with the Company's written consent. However, the Company shall have no obligation to apply for or to furnish any such bond; and
 4. Interest on the full amount of any judgment that accrues after entry of the judgment and before the Company has paid, offered to pay, or deposited in court the amount available for the judgment under this Policy. However, "Defense Costs" does not include remunerations of an "Insured's" or the Company's regular employees or officials or independent adjusters.
- I. "General Agent" means an "Agent" designated by and on file with the "Additional Insured" as a "General Agent".
- J. "Insured" means:
1. The "Named Certificate Holder";
 2. Any corporation, partnership or other business entity which engages in "Professional Services" and which is owned by the "Named Certificate Holder", and then only with respect to those operations of the business entity related to the "Professional Services" provided by the "Named Certificate Holder";
 3. Any person acting on behalf of the "Named Certificate Holder", who was or is a partner, officer, director, stockholder or an employee of the "Named Certificate Holder" or the "Named Certificate Holder's" business entity, provided such person is not a party to a contract with any other insurance company, and then only with respect to "Professional Services" provided by the "Named Certificate Holder"; or
 4. The heirs, executors, administrators or legal representatives of the "Named Certificate Holder" in the event of death, incapacity or bankruptcy.
- K. "Master Policy" means the "Master Policy" Declarations issued to the "Named Insured". The "Master Policy" provides the "Named Certificate Holders" no insurance separate and apart from the coverage provided by the "Certificate of Insurance".
- L. "Named Certificate Holder" means:
1. The "Agent";
 2. The "General Agent"; or
 3. The "Registered Representative" shown in Item 1 of the "Certificate of Insurance".
- M. "Named Insured" means the entity shown in Item 1 of the "Master Policy" Declarations.
- N. "Personal Injury" means one or more of the following offenses:
1. False arrest, detention or imprisonment;
 2. Malicious prosecution; or
 3. Oral or written publication, in any manner, of material that slanders or libels a person or organization that violates a person's right of privacy.
- O. "Policy Period" means the period of time shown in Item 3 of the "Master Policy" Declarations.

P. "Professional Services" mean:

1. The sale or servicing of :

- a. Life insurance, accident and health insurance, disability income insurance and annuities;
- b. Variable insurance products, including but not limited to variable annuities, flexible and scheduled premium annuities and variable life insurance;
- c. Employee benefit plans funded with those products listed in Section II – DEFINITIONS, Subsections P.1.a., b., and d..
- d. Mutual funds and "Securities" registered with the Securities and Exchange Commission and sold by a "Registered Representative" through a "Broker/Dealer" that is a subsidiary of the "Additional Insured"; or

Mutual funds and "Securities" registered with the Securities and Exchange Commission and sold by a "Registered Representative" through a "Broker/Dealer" prior to the "Certificate Period" so long as at the time of sale the "Registered Representative" had a contract with such "Broker/Dealer" and was authorized to sell such "Securities".

2. The supervision and training by a "General Agent" over the conduct of any "Insured".

Q. "Registered Representative" means an individual who is registered with the National Association of Securities Dealers, Inc. and is contracted with a "Broker/Dealer" that is a subsidiary of the "Additional Insured" to, for compensation, render "Professional Services" on behalf of the "Additional Insured". Such individual shall be specifically designated by name and his or her name shall be on file with the "Additional Insured". Any new "Registered Representative" of such "Broker/Dealer" after the effective date of the "Master Policy" shall become a "Named Certificate Holder" upon the effective date of such contract.

R. "Retroactive Date" means the inception date of the ""Named Certificate Holder's" first claims made agent's professional liability policy from which date coverage has been maintained in force without interruption and for which written proof is provided to the Company.

S. "Securities" mean the term used by the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Company Act of 1940, the Investment Advisors Act of 1940, as applicable, or any state securities laws, so long as such "Securities" are offered for sale on a United States securities exchange.

T. "Termination of Coverage" means the earlier of the following:

1. The nonrenewal of this Policy;
2. The cancellation of this Policy;
3. The termination of a contract between an "Agent" and the "Additional Insured"; or
4. The termination of a contract between a "Registered Representative" and a "Broker/Dealer" that is a subsidiary of the "Additional Insured".

III.LIMITS OF LIABILITY, DEDUCTIBLE AND MULTIPLE "CLAIMS" AND CLAIMANTS

A. The Limits of Liability – Aggregate/Each "Named Certificate Holder" shown in Item 4 of the "Certificate of Insurance" is the most the Company will pay for all "Damages" and "Defense Costs" arising out of "Claims" against the "Named Certificate Holder".

B. Subject to Subsection A. above, the Limits of Liability – Each "Claim"/Each "Named Certificate Holder" shown in Item 4 of the "Certificate of Insurance" shall apply in excess of the Deductible shown in Item 6 of the "Certificate of Insurance" and is the most the Company will pay for "Damages" and "Defense Costs" arising out of any one "Claim" against the "Named Certificate Holder".

C. Subject to Subsections A. and B. above, the Limits of Liability available to the "Additional Insured" or the "Insured" identified in Section II – DEFINITIONS, Subsections J.2., J.3., and J.4. shall be shared with and not in addition to the Limits of Liability which is applicable to the "Named Certificate Holder".

- D. The Deductible shown in Item 6 of the "Certificate of Insurance" applies only to the payment of "Damages". The Company shall pay only that portion of the "Damages" which is in excess of the Deductible for each "Claim", subject to the Limits of Liability under this Policy. If a "Claim" is made against more than one "Named Certificate Holder", the Deductible shall apply separately to each "Named Certificate Holder". If a "Claim" is made against an "Additional Insured" or "Insured" other than the "Named Certificate Holder", only one Deductible shall apply regardless of the number of "Additional Insureds" and "Insureds". In such an instance, the Deductible shall be the amount that is applicable to the "Named Certificate Holder" for whom the "Additional Insured" is vicariously liable, or on whose behalf the "Insured" was acting.
- E. The bringing of "Claims" by more than one person or organization, or the making of two or more "Claims" against an "Insured" or "Additional Insured", arising out of a single negligent act, error or omission, or "Personal Injury", or a series of related negligent acts, errors or omissions, or "Personal Injury" shall be treated as a single "Claim". All such "Claims", whenever made, shall be considered first made during the "Certificate Period" in which the earliest "Claim" arising out of such negligent acts, errors or omissions, or "Personal Injury" was first made and all such "Claims" shall be subject to a single Each "Claim"/ Each "Named Certificate Holder" Limit of Liability and shall not operate to increase the Company's Limits of Liability.

IV. EXTENDED REPORTING PERIODS

A. Extended Reporting Periods – "Named Certificate Holder"

1. Automatic Extended Reporting Period Of Ninety (90) Days – "Named Certificate Holder"

On the date of "Termination of Coverage" as defined in Section II – DEFINITIONS, Subsections T.3. and T.4., the insurance under this Policy shall cease on such date. The "Named Certificate Holder" shall have a free Automatic Extended Reporting Period of ninety (90) days after such date to report in writing to the Company any "Claim" which is first made during said Automatic Extended Reporting Period of ninety (90) days and arises out of a negligent act, error or omission or "Personal Injury" which occurred before such date and on or after the "Retroactive Date". This Automatic Extended Reporting Period of ninety (90) days, however, shall be limited to "Claims" solely involving products provided by the "Additional Insured". Notwithstanding Section VII – CONDITIONS, Subsection A., no coverage shall be provided in the event the "Named Certificate Holder" has any other applicable insurance. This Automatic Extended Reporting Period shall be included within the Automatic Two (2) Year Extended Reporting Period below or the Optional Extended Reporting Period, if such is purchased.

2. Automatic Extended Reporting Period Of Two (2) Years – "Named Certificate Holder"

On the date of "Termination of Coverage" as defined in Section II – DEFINITIONS, Subsections T.3. and T.4., by reason of the "Named Certificate Holder's" retirement from the business of providing "Professional Services" in accordance with the formal retirement procedure of the "Additional Insured", totally and permanently disability pursuant to and in accordance with formal disability procedures of the "Additional Insured", or death, the insurance under this Policy shall cease on such date. The "Named Certificate Holder" shall be entitled to a free Automatic Extended Reporting Period of two (2) years after such date to report in writing to the Company any "Claim" which is first made during said Automatic Extended Reporting Period of two (2) years and arises out of any negligent act, error or omission or "Personal Injury" which occurred before such date and on or after the "Retroactive Date". Notwithstanding Section VII – CONDITIONS, Subsection A., no coverage shall be provided in the event the "Named Certificate Holder" has any other applicable insurance. This Automatic Extended Reporting Period of two (2) years shall be included within the Optional Extended Reporting Period, if such is purchased.

3. Optional Extended Reporting Period – "Named Certificate Holder"

The Automatic Extended Reporting Period of two (2) years provided in Subsection C.2. above may be extended so that the retired "Named Certificate Holder", or totally and permanently disabled "Named Certificate Holder", or the legal representative of a deceased "Named Certificate Holder", may elect to purchase an Optional Extended Reporting Period for "Claims" which are first made and reported in writing within:

- a. Three (3) years of the date of "Termination of Coverage" as defined in Section II – DEFINITIONS, Subsections T.3. and T.4. if the retired "Named Certificate Holder", or totally and permanently disabled "Named Certificate Holder", or the legal representative of the deceased "Named Certificate

Holder" pays an additional premium equal to two hundred percent (200%) of the "Named Certificate Holder's" last annual premium within sixty (60) days of such date of "Termination of Coverage" as defined in Section II – DEFINITIONS, Subsections T.3. and T.4.;

- b. Five (5) years of the date of "Termination of Coverage" as defined in Section II – DEFINITIONS, Subsections T.3. and T.4., if the retired "Named Certificate Holder", or totally and permanently disabled "Named Certificate Holder", the legal representatives of the deceased "Named Certificate Holder" pays an additional premium equal to three hundred percent (300%) of the "Named Certificate Holder's" last annual premium within sixty (60) days of such date of "Termination of Coverage" as defined in Section II – DEFINITIONS, Subsections T.3. and T.4.; or
 - c. An unlimited amount of time of the date of "Termination of Coverage" as defined in Section II – DEFINITIONS, Subsections T.3. and T.4., if the retired "Named Certificate Holder", or totally and permanently disabled "Named Certificate Holder", or the legal representatives of the deceased "Named Certificate Holder" pays an additional premium equal to four hundred percent (400%) of the "Named Certificate Holder's" last annual premium within sixty (60) days of such date of "Termination of Coverage" as defined in Section II – DEFINITIONS, Subsections T.3. and T.4..
- B. The Extended Reporting Periods do not reinstate or increase the Limits of Liability beyond the Limits of Liability available on the "Certificate of Insurance", nor extend the "Certificate Period."
 - C. The Extended Reporting Periods do not apply to any "Claim" that is covered under any subsequent insurance issued to the "Named Certificate Holder", or that would be covered but for the exhaustion of the Limits of Liability applicable to such insurance.
 - D. "Claims" for any negligent act, error or omission or "Personal Injury" which are first made and reported during an Extended Reporting Period, if applicable, will be deemed to have been made on the last day of the "Certificate Period".

V. NOTICE PROVISION

A. NOTICE OF "CLAIM"

As a condition precedent to the insurance afforded by this Policy, the "Insured" or "Additional Insured" which seeks coverage shall:

- 1. As soon as practicable, but no later than sixty (60) days after the "Termination of Coverage", give to the Company at the address below, written notice of any "Claim" made against the "Insured" or "Additional Insured" during the "Certificate Period" or any applicable Extended Reporting Period.
- 2. Immediately forward to the Company at the address below, every "Claim", notice, summons or other process received directly by the "Insured", Additional Insured, or by any of his, her or its representatives in the event suit is brought against the "Insured" or "Additional Insured".
- 3. Give to the Company, at the address below, written proof of "Named Certificate Holder's" first claims made agent's professional liability policy from which date coverage has been maintained in force without interruption, in the event that the "Claim" arises out of a negligent act, error or omission or "Personal Injury" that occurred before the "Certificate Period".
- 4. Assist and cooperate with the Company by:
 - a. Meeting with representatives of the Company, submitting to their examination and interrogation, under oath if requested, and giving written statements to such representatives;
 - b. Attending hearings, depositions and trials;
 - c. Assisting in investigation, settlement, securing and giving evidence, and obtaining the attendance of witnesses in the conduct of suit;
 - d. Doing whatever is necessary to secure and effect any rights of indemnity, contribution or apportionment which the "Insured" may have; and
 - e. Not demand or agree to arbitration of any "Claim" made against the "Insured" or "Additional Insured" without written consent of the Company, which shall not be unreasonably withheld. The

"Insured" or "Additional Insured" shall not make any payment, admit any liability, settle any "Claim", assume any obligation or incur any expenses without the written consent of the Company.

B. NOTICE OF CIRCUMSTANCE

If during the "Certificate Period", the "Insured" or "Additional Insured" becomes aware of an act, error or omission or "Personal Injury" which may be expected to give rise to a "Claim" under the Policy, the "Insured" or "Additional Insured" shall provide written notice to the Company during the "Certificate Period" containing particulars sufficient to identify an "Insured" or "Additional Insured" and reasonably obtainable information with respect to:

1. A detailed description of the specific act, error or omission or "Personal Injury";
2. The "Damage", or "Personal Injury" which has or may result from such negligent act, error or omission or "Personal Injury";
3. The circumstances by which the "Insured" first become aware of such negligent act, error or omission or "Personal Injury"; and,

then any "Claim", for which coverage is provided by this Policy, that may be made against the "Insured" or "Additional Insured" arising out of such act, error or omission or "Personal Injury" shall be deemed for the purposes of this insurance to have been made and reported on the date on which the notice was received by the Company. No coverage shall be provided in the event the "Insured" has any other applicable insurance.

C. All notices of "Claim" or circumstances are to be submitted to the following address:

**Zurich North America
Diversified Financial Institutions Claims
P.O. Box 307010
Jamaica, NY 11430-7010**

VI. EXCLUSIONS

This Policy does not apply to any "Claim":

- A. Arising out of any act, error or omission of the "Insured" committed with dishonest, fraudulent, malicious or knowingly wrongful purpose or intent; however, notwithstanding the foregoing, the "Insured" shall be afforded a defense, subject to the terms of this Policy, until the allegations are subsequently proven by a final adjudication. In such event, the "Insured" shall reimburse the Company for all "Defense Costs" incurred by the Company;
- B. Alleging bodily injury, sickness or death of any person, or to injury or destruction of any tangible property, including loss of use thereof;
- C. Alleging the liability of others assumed by the "Insured" under any contract or agreement unless such liability would have attached to the "Insured" even in the absence of such agreement;
- D. By an enterprise which one or more "Insureds" own, operate, control or manage; or any "Claim" by an enterprise which owns, operates, controls or manages an "Insured";
- E. Based upon or arising out of any Pension, Profit Sharing, Health and Welfare or other Employee Benefit Plan or Trust sponsored by the "Insured" as an employer;
- F. Arising out of the "Insured" making representations, promises or guarantees as to the future value of any investment including but not limited to, representations, promises or guarantees as to interest rates, fluctuation in interest rates, future premium payments or market value(s);
- G. Arising out of services performed by the "Insured" as an actuary, accountant, attorney, real estate agent or real estate broker, named fiduciary or third party claims administrator;
- H. Arising out of, or contributed to by, any commingling of, or use of client funds;

- I. Arising out of, directly or indirectly, the insolvency, receivership, bankruptcy, or inability to pay of any organization in which the "Insured"
 - 1. Has placed or obtained a client's coverage;
 - 2. Has placed a client's funds; or
 - 3. Has recommend a client invest.

However, this exclusion shall not apply if the "Claim" is based upon the insolvency, receivership, liquidation or inability to pay of any insurance company that was rated as A- or better by A.M. Best Company at the time the business was placed, obtained or recommended;

- J. Arising out of the "Insured's" activities in computer programming or processing if the resulting programs or software are sold or distributed or if a fee is charged for use of such program or software;
- K. Made against any "Insured" or the "Additional Insured" by:
 - 1. Any "Insured";
 - 2. Any "Additional Insured";
 - 3. Any "Broker/Dealer";
 - 4. Any other insurance company;
 - 5. Any other insurance agency; or
 - 6. Any person or entities who in the past were, but are not currently, parties to an agent contract with the "Additional Insured";
- L. Arising out of the use of confidential information by an "Insured", including but not limited to such use for the purpose of replacement of coverage;
- M. Arising out of the "Insured's" inability or refusal to pay or collect premium, claim or tax monies, including surcharges or assessments of any kind;
- N. Arising out of or involving investment products partially or totally owned by the "Insured";
- O. Arising from or contributed to by the placement of client's coverage or funds directly or indirectly with any organization which is not licensed to do business in the state or jurisdiction with authority to regulate such business. However, this exclusion does not apply to any "Claim" arising from or contributed to by the placement of client's coverage or funds directly or indirectly with any organization which is an eligible surplus lines insurance company in the state or jurisdiction with authority to regulate such business;
- P. Arising out of the brokering of structured settlements; however, this exclusion does not apply to any "Claim" arising from or contributed to the sale of annuity products used to fund the structured settlements;
- Q. Arising out of the ownership, formation, operation, administration, advice, referral, recommendation or placement of coverage with any health maintenance organization, preferred provider organization, risk retention group, self insurance program or purchasing group;
- R. Arising out of or based upon:
 - 1. The Federal Telephone Consumer Protection Act (47 U.S.C. sec 227), Drivers Privacy Protection Act (18 U.S.C. sec. 2721-2725) or Controlling the Assault of Non-Solicited Pornography and Marketing Act (15 U.S.C. sec. 7701, et seq.); or
 - 2. Any other federal, state or local statute, regulation or ordinance that imposes liability for the:
 - a. Unlawful use of telephone, electronic mail, internet, computer, facsimile machine or other communication or transmission device; or
 - b. Unlawful use, collection, dissemination, disclosure or redisclosure of personal information in any manner by an "Insured" or on behalf of any "Insured";
- S. Arising out of the purchase, sale or the giving of advice regarding:
 - 1. Commodities, commodity future contracts, or option contracts other than covered call option contracts;
 - 2. Any security priced under five dollars (\$5.00) at the time of purchase;

3. Promissory notes or other non-securitized evidence of debt; or
 4. Viatical settlements, life settlements or any security backed by either viatical or life settlements;
- T. Brought by, or on behalf of, the Securities Investor Protection Corporation, or any governmental, quasi-governmental, regulatory, or self-regulatory entity, whether directly or indirectly; however, this exclusion shall not apply to any "Claim" by such entity to enforce its rights as a direct customer of the "Insured" or "Additional Insured";
- U. Brought by, or on behalf of, any clearing agency or arising out of any function of any "Insured" or "Additional Insured" as a clearing agency;
- V. Arising out of the "Insured's" activities in exercising discretionary authority, management or control over a customer's account;
- W. Arising out of or based upon infringement of patent, copyright, trademark, service mark, trade dress or trade name, unfair competition or piracy, theft or wrongful taking of concepts including using another's advertising ideas or other intellectual property;
- X. For "Personal Injury":
1. Sustained by any "Insured" or "Additional Insured";
 2. Caused by or at the direction of the "Insured" with the knowledge that the offense would violate the rights of another and would inflict "Personal Injury";
 3. Arising out of oral or written publication of material, if done or at the direction of the "Insured" with knowledge of its falsity;
 4. Arising out of an electronic chatroom or bulletin board the "Insured" hosts, owns or over which the "Insured" exercises control; or
 5. Arising out of the unauthorized use of another's name or product in the "Insured's" email address, domain name or metatag, or any other similar tactics to mislead another's potential customer;
- Y. Arising out of alleged discrimination of any kind;
- Z. Prior to the first effective date of coverage issued to the "Named Certificate Holder", no "Insured" had any basis:
1. To believe that any "Insured" had knowledge of any negligent act, error or omission or "Personal Injury";
 2. To foresee that any such negligent act, error or omission or "Personal Injury" or any related negligent act, error or omission or "Personal Injury" might reasonably be expected to be the basis of a "Claim";

If you have any questions regarding these exclusions, please call Affinity Insurance Services, the Plan Administrator.

NOTE: This brochure is not intended to be a legal interpretation of the policy provisions, but merely to present highlights of the more important provisions of the program. This is intended only to provide an overview of standard policy features on any endorsements. The terms of the policy itself control.

The Underwriter:

American Guarantee and Liability Insurance Company (a member of Zurich North America Insurance Group)
 New York, NY
 A.M. Best rating: A (Excellent)

Plan Administrator:

Affinity Insurance Services
 159 East County Line Road
 Hatboro, PA 19040-1218
 Phone - (800)-621-0711
 Fax (877) 443-9183

**Affinity Insurance Services
 159 E. County Line Road
 Hatboro, PA 19040-1218**

Midland National Sponsored E&O program

Automatic Premium Collection Authorization Agreement for Pre-Authorized Payments (Debits)

I (we) hereby authorize Affinity Insurance Services, to initiate electronic debit entries or effect a change by any other commercially accepted method, to my (our) checking account indicated below. I (we) hereby authorize the financial institution named below, hereinafter called Depository to debit the same to such account. This authority is to remain in full force and effect until Affinity Insurance Services and Depository have each received written notification from me (or either of us) of its termination in such time and in such manner as to afford Affinity Insurance Services and Depository a reasonable opportunity to act on it. In the event that monthly automatic payments cease prior to the end of the agreed term, I am responsible for the unpaid balance of the annual premium and agree to remit the unpaid balance in full to Affinity Insurance Services within 30 days of discontinuation of automatic premium deductions.

I (we) agree that if premiums are not paid as due under the policy, as in the event withdrawals are dishonored, my coverage as an enrollee under the policy will terminate. I (we) also agree that a \$20 service charge will apply for all payments, which are returned from your banking institution.

New/additional coverage

Bank/account change only

Name of Financial Institution _____

Address or Branch _____

City _____ State _____ Zip Code _____

Transit / ABA Number _____ Account Number _____

This authority is to remain in full force and effect until Affinity Insurance Services has received written notification from me (or either of us) of its termination in such time and in such manner as to afford Affinity Insurance Services and Financial Institution a reasonable opportunity to act on it. We must be notified within 48 hours of the intended deduction. Deductions are scheduled for the 1st business banking day of the month.

Name: _____

Signature _____ Date _____

Signature _____ Date _____

(If account requires two signatures)

Please attached a voided check, or photocopy thereof applicable to the above account in this space.

COMPENSATION AND OTHER DISCLOSURE INFORMATION

The Insurance Agent's Division, a division of Affinity Insurance Services, Inc., exclusively offers the Midland National and Midland National Annuity Division Contracted Agent's Errors and Omission Program as an agent of American Guarantee and Liability Insurance Company (a member of the Zurich North America Insurance Group) and provides administrative services that may include the following: program marketing, underwriting, policy management, billing, risk management and client services on its behalf.

As compensation for the services described above, Affinity receives 12.5% of your paid premium as commission for marketing the program and for administrative services, plus a \$25 processing fee paid by you. An administration fee of \$30 is paid to Midland National. For mid-term premium bearing coverage endorsements and renewal policies, Affinity is compensated at the same levels as the initial policy commission, unless we notify you otherwise.

Other than the commissions described in the preceding paragraph, Affinity will receive no other compensation from the insurer, and other than the fee describe in the preceding paragraph, there will be no other fees or charges to you.

In addition, premiums paid by Clients to Affinity for remittance to insurers, Client refunds and claim payments paid to Affinity by insurance companies for remittance to Clients are deposited into fiduciary accounts in accordance with applicable insurance laws until they are due to be paid to the insurance company or Client. Subject to such laws and the applicable insurance company's consent, where required, Affinity will retain the interest or investment income earned while such funds are on deposit in such accounts.

Aon Corporation, our ultimate parent company, and its affiliates have from time to time sponsored and invested in insurance and reinsurance companies. While we generally undertake such activities with a view to creating an orderly flow of capacity for our clients, we also seek an appropriate return on our investment. These investments, for which Aon is generally at-risk for potential price loss, typically are small and range from fixed-income to common stock transactions. In such case, the gains or losses we make through our investments could potentially be linked, in part, to the results of treaties or policies transacted with you. Please visit the Aon website at http://www.aon.com/market_relationships for a current listing of insurance and reinsurance carriers in which Aon Corporation and its affiliates hold any ownership interests.

Contracts and Agreements

Aon Corporation's operating affiliates are parties to numerous agreements with many insurance and reinsurance companies, including companies from which our clients have purchased insurance or reinsurance. Please visit http://www.aon.com/market_relationships for more detail on these agreements.

Enrollment Form
2006-2007 MIDLAND NATIONAL LIFE INSURANCE COMPANY
ERRORS AND OMISSIONS PLAN

Please enroll me in the Error & Omissions (E&O) Program for agents of Midland National Life Insurance Company. Enclosed is my check or credit card authorization for professional liability coverage for policy period of November 1, 2006 to November 1, 2007. The check/credit card authorization must be received by the 15th of the month of the effective date chosen. Please mail your paperwork to Affinity Insurance Services, Insurance Agents Unit, 159 East County Line Road, Hatboro, PA 19040. Fax number 877-443-9183

You have a choice of three payment options (check one):

_____ 1. Payment in full by check. **Check is made payable to Affinity Insurance Services.**

_____ 2. Payment by Pre-Authorized Checking (PAC) Account deductions. If choosing this method, please complete the attached PAC form. The downpayment is listed below. Deductions from your account will begin the 3rd month following your effective date and continue to the end of the policy period.

_____ 3. Payment in full by credit card (Visa/MasterCard only)

If you choose this method, please complete the following:

Visa MasterCard Discover

Credit Card #: _____ Expiration Date: ____/____/____

Cardholder's Signature: _____

	1M/1M*	1 M/1M PAC Down payment	1M/1M PAC Monthly deductions	1M/2M*	1 M/2M PAC Down payment	1M/2M PAC Monthly deductions
_____ November 2006	\$833	\$184.67	\$64.83	\$878	\$192.17	\$68.58
_____ December 2006	\$768	\$184.67	\$64.83	\$809	\$192.17	\$68.58
_____ January 2007	\$703	\$184.67	\$64.83	\$741	\$192.17	\$68.58
_____ February 2007	\$638	\$184.67	\$64.83	\$672	\$192.17	\$68.58
_____ March 2007	\$574	\$184.67	\$64.83	\$604	\$192.17	\$68.58
_____ April 2007	\$509	\$184.67	\$64.83	\$535	\$192.17	\$68.58
_____ May 2007	\$444	N/A	N/A	\$466	N/A	N/A
_____ June 2007	\$379	N/A	N/A	\$398	N/A	N/A
_____ July 2007	\$314	N/A	N/A	\$329	N/A	N/A
_____ August 2007	\$249	N/A	N/A	\$261	N/A	N/A
_____ September 2007	\$185	N/A	N/A	\$192	N/A	N/A
_____ October 2007	\$120	N/A	N/A	\$124	N/A	N/A

* Includes a \$55 administration fee

Agent's Name: _____

(Print)

Address: _____

(City, State, Zip)

Telephone#: _____ Fax#: _____

SS#: _____

MNL Agent # _____

I understand and agree that I am not eligible for coverage under the Midland National sponsored errors and omissions program unless I am legally contracted to represent Midland National as of my coverage effective date. I also understand that coverage ceases on the date on which my contract to represent Midland National terminates. If I submit a claim for benefits under this policy and it is determined that I am not eligible for coverage, I will only receive a refund of any premiums paid not to include administrative fees. Additionally, all premiums are fully earned at the inception of coverage and I am responsible for the payment of the full premium in the event my contract to represent Midland National is terminated for any reason. There will be no refunds of premium.

Signature: _____ Date: ____/____/____

Aon Association Services*
Midland National Life Errors and Omissions Insurance LEO89809

Automatic Premium Collection
Authorization Agreement for Pre-Authorized Payments (Debits)

I (we) hereby authorized Aon Association Services*, to initiate electronic debit entries or effect a change by any other commercially accepted method, to my (our) checking account indicated below. I the financial institution named below, hereinafter called Depository to debit the same to such account. This authority is to remain in full force and effect until Aon Association Services* and Depository have received written notification from me (or either of us) of its termination in such time and in such manner as to afford Aon Association Services* and Depository a reasonable opportunity to act on it.

I (we) agree that if premiums are not paid within the grace period under the subject policy (ies), as in the event of withdrawals are dishonored, the policy (ies) will terminate.

New/additional coverage

Bank/account change only

Name of Financial Institution _____

Address or Branch _____

City _____ State _____ Zip Code _____

Transit / ABA Number _____ Account Number _____

This authority is to remain in full force and effect until COMPANY has received written notification from me (or either of us) of its termination in such time and in such manner as to afford COMPANY and Financial Institution a reasonable opportunity to act on it.

Name _____ Account Number _____

Signature _____ Social Security Number _____

Signature _____ Date _____

(If account requires two signatures)

Initial Premium paid
\$ __. __

Future Monthly payments
\$ __. __

* Aon Association Services is a Division of Affinity Insurance Services, Inc.: in CA, MN, & OK is a Division of AIS Affinity Insurance Agency, Inc. and in NH & NY is a Division of AIS Affinity Insurance Agency.

Please attach a voided check, or photocopy thereof applicable to the above account in this space.