

ENROLLMENT FORM
2002-2003 SUNSET LIFE INSURANCE COMPANY
ERRORS AND OMISSIONS PLAN FOR GENERAL AGENTS & AGENTS

Please enroll me in the Error & Omissions (E&O) Program for Sunset Life agents. Enclosed is my check, credit card authorization or PAC form for professional liability coverage for policy period ending April 1, 2003. The check/credit card authorization or PAC form must be received by the 15th of the month of the effective date chosen. Complete this form and send it with your check to Aon Association Services, 159 E. County Line Road, Hatboro, PA 19040-1218.

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

1. Payment in full by check. (The check is made payable to Aon Association Services, Inc.)

2. Payment in full by credit card (Visa/MasterCard Only)

Visa MasterCard

Credit Card # _____

Expiration Date: ____ / ____

Insured's Signature _____

3. Payment via pre-authorized (PAC) checking. You must submit the down payment, completed enrollment form and a voided check. Deductions will begin the 3rd month following your effective date and will occur on the 1st business banking day of the month.

See rate chart for premiums

I elect to purchase Series 7 Financial Products coverage only through Sunset Financial, Inc. - \$234.00

** Includes \$25 Administrative Fee plus 4% Excess and Surplus Lines Tax.*

Agent's Name: _____

(Print)

Address: _____

(City, State, Zip)

Telephone #: _____

KCL Agent # _____

SS#: _____

I understand and acknowledge that I am not eligible for coverage under the Sunset Life sponsored errors and omissions program unless I am legally authorized to sell insurance products and I am legally contracted to represent Sunset Life as of my coverage effective date. 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.

Signature: _____

Date: _____

Aon Association Services*
159 E. County Line Road
Hatboro, PA 19040-1218
Sunset Life Sponsored Errors and Omission Program

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

I (we) hereby authorize 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 (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 Aon Association Services* has 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* 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.

I (we) agree that if premiums are not paid as due under the policy, as in the event of withdrawals are dishonored, your coverage as an enrollee under the policy will terminate.

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. We must be notified within 48 hours of the intended deduction. Deductions are scheduled for the 1st business banking day of the month.

Name
ID Number
Social Security Number

Signature _____

Signature _____ Date _____

(If account requires two signatures)

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

2002 Sunset Life Agents and General Agents Enrollment Form

Please check the effective month and circle your limit of liability.

If electing the PAC method of payment, attach a voided check and the completed PAC form

Agents and General Agents without Series 7 Financial Products

\$1MM/\$2MM*	\$1MM/\$2MM Premium	\$1MM/\$2MM PAC Downpayment	\$1MM/\$2MM Monthly Payment
___ June 2002	\$970	\$220.00	\$75.00
___ July 2002	\$891	\$216.25	\$75.00
___ August 2002	\$813	\$212.50	\$75.00
___ September 2002	\$734	\$208.75	\$75.00
___ October 2002	\$655	\$205.00	\$75.00
___ November 2002	\$576	\$201.25	\$75.00
___ December 2002	\$498	\$197.50	\$75.00
___ January 2003	\$419	n/a	n/a
___ February 2003	\$340	n/a	n/a
___ March 2003	\$261	n/a	n/a
___ April 2003	\$183	n/a	n/a
___ May 2003	\$104	n/a	n/a

* Includes \$25 Administrative Fee plus 4% Excess and Surplus Lines Tax.

Agents and General Agents with Series 7 Financial Products coverage only through Sunset Financial, Inc.

\$1MM/\$2MM*	\$1MM/\$2MM Premium	\$1MM/\$2MM PAC Downpayment	\$1MM/\$2MM Monthly Payment
___ June 2002	\$1,206	\$268.75	\$93.75
___ July 2002	\$1,128	\$265.00	\$93.75
___ August 2002	\$1,049	\$261.25	\$93.75
___ September 2002	\$970	\$257.50	\$93.75
___ October 2002	\$891	\$253.75	\$93.75
___ November 2002	\$813	\$250.00	\$93.75
___ December 2002	\$734	\$246.25	\$93.75
___ January 2003	\$655	n/a	n/a
___ February 2003	\$576	n/a	n/a
___ March 2003	\$498	n/a	n/a
___ April 2003	\$419	n/a	n/a
___ May 2003	\$340	n/a	n/a

* Includes \$25 Administrative Fee plus 4% Excess and Surplus Lines Tax.

2002-2003 Sunset Life Sponsored Errors and Omissions Plan Features

- Limit of Liability \$1,000,000 each claim subject to an annual aggregate of \$2,000,000 each agent each policy period.
- Includes mutual funds/variable life-annuity coverage through any NASD-registered broker.
- Optional coverage for the sale of unit investment trusts, stocks and bonds or limited partnerships only through Sunset Financial Services.
- Defense costs and investigative expenses are provided and are included within the limit of liability.
- A total policy aggregate of \$50,000,000 exists for the Sunset Life, Kansas City Life and Old American sponsored programs.
- Deductible (applies to damages and defense):
 - \$500 for each claim arising out of the sale of insurance products offered by Sunset Life or variable life, variable annuities, mutual funds or other listed securities offered by Sunset Financial Services.
 - \$2,000 for claims arising out of the sale of life or accident and health insurance products of other companies.

◆ Coverage Part A – General Agents and Agents

Professional Services means those services arising out of the conduct of the Insured's business as a licensed Agent or General Agent having the appropriate license in both the client's resident state and the state in which the business is to be conducted. Such services shall be limited to:

- a) services as a notary public;
- b) the sale or attempted sale of employee benefit plans, individual retirement arrangements and KEOGH retirement plans;
- c) Administration of Employee Benefit Plans;
- d) the sale or attempted sale or servicing of life insurance, accident and health insurance, managed health care organization contracts, disability income insurance, fixed annuities, and 24 hour care coverage (as defined by statutory law);
- e) the sale or attempted sale or servicing of variable annuities, variable life insurance and mutual funds, which are registered with the Securities Exchange Commission (if required), through a Broker/Dealer that is a member of the National Association of Securities Dealers; and financial planning activities in conjunction with any of the foregoing, whether or not a separate fee is charged;
- f) General Agent's supervision, management and training of an Agent, but only with respect to activities of such Agent that would constitute covered Professional Services pursuant to the terms of this Policy, such coverage as is provided hereunder shall not apply to any Claim alleging discrimination of any kind.

◆ Optional Coverage Part B – Registered Representatives, Registered Investment Advisors & Registered Principals

Professional Services means those services arising out of the conduct of the Insured's business as a Registered Representative or Registered Investment Adviser. Such services shall be limited to:

- a. Investment Advisory Services;
- b. the sale or attempted sale or servicing of securities (other than variable annuities, variable life insurance and mutual funds) approved by Sunset Financial Services only and incidental advice in connection therewith; and financial planning activities in conjunction with any of the foregoing, when the appropriate fee for the coverage is paid.
- c. the supervision, management and training of a Registered Representative by a registered principal with respect to activities otherwise covered by this Coverage Part B, such coverage as is provided hereunder, shall not apply to any Claim alleging discrimination of any kind;
- d. All of the coverages afforded under Coverage Part A (Agents and General Agents).

◆ Prior acts coverage granted if:

- (i) such Prior Acts must have been committed while the insured agent was covered by life, accident and health insurance agents professional liability or errors or omissions insurance which was continuously in force from the date of the Prior Acts until the date of claims first made against the insured and reported to Columbia Casualty;

- (ii) the insured agent shall provide to Columbia Casualty a copy of the continuously in force prior life, accident and health insurance agents professional liability or errors or omissions insurance or other proof of such insurance;
 - (iii) no insured shall have any knowledge of a claim arising out of any Prior Acts as of the inception date of coverage for the insured agent provided by this policy; and
 - (iv) there is no other applicable professional liability or errors and omissions coverage in effect at the time the claim is made against the insured.
- ◆ Contracted and enrolled General Agent, Agent, Registered Representative or Registered Investment Advisor, upon termination of his status as such with the Policyholder, shall have an automatic one-year Extended Reporting Period, beginning on his date of termination and terminating 12 months thereafter, during which coverage for such General Agent, Agent, Registered Representative or Registered Investment Advisor shall continue under this Policy, but only with respect to Wrongful Acts committed after the Prior Acts Date and before his termination date. Such Wrongful Acts must solely relate to products offered by Sunset Life or Sunset Financial Services and must otherwise be covered under the terms and conditions of this Policy. **Accordingly, there is no premium refund. All premium is earned as of the insured's coverage inception date.**

The Insured shall not be entitled to such Extended Reporting Period if he/she is currently enrolled in any professional liability policy program, whether or not that policy actually affords coverage for the Claim in question.

The Insured shall not be entitled to such Extended Reporting Period if the Policyholder terminates its relationship with the Insured for disciplinary reasons.

ANSWERS TO COMMONLY ASKED QUESTIONS

1. Who is covered?

The licensed agent who is included on the roster maintained by the program administrator while there is in effect a contract between Sunset Life Insurance Company and the licensed agent. Coverage is extended to the insured agent's employee who is acting on behalf of the insured agent but not as an agent, sub-agent, broker or sub-broker who is licensed to sell Life and Accident & Health insurance. An insured agent's estate will also be covered for acts committed while the agent was covered.

2. If I am a general agent, does coverage extend to my agents?

No, each licensed agent must have his or her own policy.

3. Is my partnership or corporation covered?

Yes. The corporation or partnership under which the insured is doing business or is employed is covered, but only as respects such corporation's or partnership's liability as it might arise out of the insured's activities specified as covered in the policy.

IMPORTANT COVERAGE LIMITATIONS:

- Coverage under this program is offered on a claims made and reported basis. The policy will only cover claims first made and reported against the insured during the policy period. The agent must not have had knowledge of the Claim or circumstances likely to result in a Claim at the effective date of his/her coverage.
- This Policy applies to Wrongful Acts which happen anywhere in the world subject to the following: (1) if a Claim is made or suit is brought against the Insured in the United States of America, its territories or possessions or Canada, the Insurer shall have the right and duty to defend and will indemnify the Insured pursuant to the terms, conditions, provisions and exclusions of the Policy; (2) If a Claim is made or suit is brought against the Insured outside of the United States of America, its territories or possessions or Canada, the Insurer shall indemnify the Insured pursuant to the terms, conditions, provisions and exclusions of the Policy, but shall not have the duty to defend the Insured. The Insurer shall instead reimburse Defense Costs incurred by the Insured in defending Claims made or suits brought outside of the United States of America, its territories or possessions or Canada. In connection with such Claims, the Insured shall obtain the Insurer's consent to the selection of counsel and ensure that counsel complies with CNA's Defense Counsel Guidelines.

- If any Loss or Defense Costs resulting from any Claim is insured under any other policies, this Policy shall apply only to the extent the Loss or Defense Costs exceeds the amount paid under such other insurance whether such other insurance is stated to be primary, contributory, excess, contingent or otherwise, unless such other insurance is written only as specific excess insurance over this Policy.

**APPLICABLE EXCLUSIONS TO THE SALE AND SERVICING OF LIFE AND A&H INSURANCE PRODUCTS
COVERAGE PART A**

This policy does not apply to any:

1. Claim for which the Insured has placed an insurance carrier on notice under any policy of which this Policy is a renewal or replacement, or which this Policy succeeds in time;
2. Claim against an Insured based upon, directly or indirectly arising out of, or in any way involving any act, error or omission occurring prior to the Insureds' initial enrollment under this Policy or under any other policy issued by the Insurer of which this Policy is a direct or indirect renewal or replacement, whichever is earlier, if the Insured on such enrollment date knew or could have reasonably foreseen that such act, error, or omission could result in a Claim; or any Claim against an Insured based upon, directly or indirectly arising out of, or in any way involving facts alleged in any litigation against an Insured pending on or prior to the date coverage inception for such Insured under this Policy or under any other policy issued by the Insurer of which this Policy is a direct or indirect renewal or replacement, whichever is earlier;
3. Claim by or on behalf of, whether directly or indirectly, any individual or entity that is not a client of the Insured;
4. Claim against the Insured by or on behalf, whether directly or indirectly, of any other Insured. However, this exclusion shall not apply to (1) wrongful termination suits brought by an Insured Agent against an Insured General Agent or (2) a Claim brought by another Insured in his capacity as a client;
5. Claim brought by or on behalf of, whether directly or indirectly, any governmental or quasi-governmental official, agency or self-regulatory organization in any capacity, including, but not limited to the Securities and Exchange Commission (SEC), National Association of Securities Dealers (NASD), the Securities Investor Protection Corporation, or any state or federal securities or insurance commission or agency; provided this exclusion shall not apply to any Claim by such official, agency or organization in its capacity as a direct client of an Insured;
6. Claim based upon, directly or indirectly arising out of, or in any way involving, in fact, any dishonest, deliberately fraudulent, criminal, malicious or purposeful Wrongful Act, or any willful violation of any statute or law, committed by or at the direction of the Insured;
7. Claim based upon, directly or indirectly arising out of, or in any way involving any bodily injury, sickness, disease or death of any person, or damage to or destruction of any tangible property, including loss of use thereof;
8. Liability assumed by an Insured under any contract or agreement; provided this exclusion shall not apply to the extent that (i) the liability arises from the negligent performance of Professional Services, or (ii) the liability would attach to an Insured in the absence of such contract or agreement;
9. Claim based upon, directly or indirectly arising out of, or in any way involving Professional Services performed by the Insured as an actuary, accountant, attorney, property and/or casualty agent, real estate agent, or third party claims administrator;
10. Claim arising out of tax advice provided by the Insured except as an incidental part of Professional Services rendered by the Insured;
11. Claim based upon, directly or indirectly arising out of, or in any way involving any commingling of or use of client funds;
12. Claim based upon, directly or indirectly arising out of, or in any way involving any Insured's gaining, in fact, of any profit, remuneration or pecuniary advantage to which the Insured was not legally entitled;
13. Claim based upon, arising out of, due to or involving directly or indirectly the insolvency, receivership, liquidation or inability to pay, of any insurance carrier, broker/ dealer, trust or investment vehicle in which the Insured has placed or obtained coverage for a client or an account; however, notwithstanding the foregoing, the Insurer shall have the right and duty to defend the Insured in any suit alleging acts described above, provided:
 - (a) the Claim arises from the Insured's placement of coverage with an admitted Insurer with an A.M. Best rating of "A-" or better rating at the time of placement;
 - (b) the Insurer's liability for such Defense Costs shall be limited to \$250,000 per Claim/ \$250,000 Aggregate per Insured/ \$500,000 Total Policy Aggregate; and

- (c) under no circumstances shall the Insurer have any responsibility to pay for Loss of any kind or to defend or continue to defend once the aforementioned limits have been exhausted through payment of Defense Costs.
14. Claim based upon, directly or indirectly arising out of, or in any way involving the Insured making or stating any promises or guarantees as to: (1) interest rates or fluctuations in interest rates; (2) the market value of any investment or insurance product; or (3) future premium payments;
 15. Claim based upon, directly or indirectly arising out of, or in any way involving a dispute over fees, commissions or charges, including without limitation the structure of fees or excessive fees; however, this exclusion shall not apply to surrender charges and to wrongful termination suits brought by an Insured Agent against an Insured General Agent;
 16. Claim based upon, directly or indirectly arising out of, or in any way involving any pension, profit sharing, health and welfare or other employee benefit plan or trust sponsored by the Insured or any entity owned or controlled by the Insured or in which the Insured is a participant, trustee or named fiduciary, as defined under the Employee Retirement Income Security Act of 1974, as amended, or any similar common or statutory law;
 17. Claim based upon, directly or indirectly arising out of, or in any way involving any activities in connection with the exercise of discretionary authority with regard to the management or disposition of assets (whether for individuals, groups, employee benefit plans, or other entities of whatever legal form or character); however, this exclusion shall not apply to the activities of the Insured when exercising discretionary authority as a Registered Investment Adviser with respect to mutual funds, variable annuities or variable life products.
 18. Claim based upon, directly or indirectly arising out of, or in any way involving the actual or alleged sale, attempted sale or servicing of any coverage, alleged coverage or plan placed with any form of Multiple Employer Welfare Arrangement as defined by the Employee Retirement Income Security Act of 1974, as amended, or any employee benefits plan involving self funding in whole or in part, by any employer;
 19. Claim based upon, directly or indirectly arising out of, or in any way involving the actual or alleged design or implementation of any employee benefit plan, unless specifically covered within the definition of Professional Services; or
 20. Claim based upon, directly or indirectly arising out of, or in any way involving: any nuclear reaction, radiation or contamination, or any actual, alleged or threatened discharge, release, escape, or disposal of, or exposure to, Pollutants; any request, direction or order that any of the Insureds test for, monitor, clean up, remove, contain, treat, detoxify, neutralize or in any way respond to or assess the effect of Pollutants or nuclear reaction, radiation or contamination, or any voluntary decision to do so; or any actual or alleged property damage, or bodily injury, sickness, disease or death of any person, or financial loss to the Insureds, their security holders, or their creditors resulting from any of the aforementioned matters.

**Applicable Exclusions to the sale and servicing of approved registered products only through
Sunset Financial Services.
Optional Coverage Part B**

This policy does not apply to any claim:

1. based upon, directly or indirectly arising out of the sale, attempted sale or servicing of commodities, commodities futures contracts, or any type of option contract or promissory notes with the exception of covered call writing;
2. based upon, directly or indirectly arising out of, or in any way involving any underwriting, syndicating, or investment banking work, or associated counseling or investment activities, including but not limited to, any aspect of any actual, attempted or threatened mergers, acquisitions, divestitures, tender offers, proxy contests, leveraged buy-outs, going private transactions, reorganizations, capital restructuring, recapitalization, spin-offs, primary or secondary offerings of securities (regardless of whether the offering is a public offering or a private placement), other efforts to raise or furnish capital or financing for any enterprise or entity or any disclosure requirements in connection with any of the foregoing; provided, however, that this exclusion shall not apply to Claims arising from sales by an Insured of securities in connection with an offering thereof where such Claims relate solely to conduct by the Insured detrimentally relied upon by particular clients of the Broker/Dealer named in Item 2 of the Declarations and do not arise from facts or circumstances affecting the offering generally such as, but not limited to, actual or alleged misrepresentations or omissions in the formal written offering materials, including registration statements, offering memoranda and circulars;
3. alleging use or disclosure by any Insured of, or aiding and abetting by any Insured in the use of, or actual or alleged participating after the fact by any Insured in the use of, non-public information in a manner prohibited by the laws of the United States, including, but not limited to, the Insider Trading and Securities Fraud Enforcement Act of 1988, Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, any similar laws of any other jurisdiction, or any rules or regulations promulgated under any of the foregoing, all as amended;
4. brought by or on behalf of any Broker/Dealer other than one which buys, sells or trades in securities exclusively as a principal for its own account;

5. based upon, directly or indirectly arising out of, or in any way involving activities in connection with any security issued by an entity unable to meet the minimum capitalization and other standards for listing and maintenance on the NASDAQ SmallCap Market;
6. against a Registered Representative or Registered Investment Adviser involving services or products not approved by Sunset Financial Services; or
7. based upon, directly or indirectly arising out of, or in any way involving any activities related to the exercise of discretionary authority with regard to the management, acquisition or disposition of assets or liabilities (whether for individual, groups, employee benefit plans, or other entities of whatever legal form or character); however, this exclusion shall not apply to the activities of the Insured when exercising discretionary authority as a Registered Investment Adviser with respect to mutual funds, variable annuities or variable life products.

If you have any questions regarding these exclusions, please call Aon Association 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:

Columbia Casualty Company
CNA Insurance
Chicago, IL
A.M. Best rating: A

Plan Administrator:

Aon Association Services*
159 County Line Road
Hatboro, PA 11040-1218
Phone - (800)-621-0711

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In the event you have a claim, you should immediately forward notice to:

Claims Administrator:

Life Agents/Registered Reps Claim Notice Administrator
CNA Insurance Companies
40 Wall Street, 9th Floor
New York, NY 10005