

We appreciate you as a valued policyholder of NAIFA's Errors and Omissions (E&O) insurance Program. As you may know, this program is also known as our "Professional Liability Program" or PLP. Whether you call it our E & O program or our PLP program, they are one in the same and we wanted to update you on some timely and important information.

Our program is insured by Lexington and the New Hampshire Insurance Companies. Lexington Insurance Company and New Hampshire Insurance Company are member companies of AIU Holdings, Inc. The Programs Division responsible for the NAIFA Professional Liability Program is housed in the Lexington Insurance Company. Due to the ongoing negative issues surrounding AIG, the NAIFA PLP Oversight Committee has been carefully monitoring all aspects of our program and its relationship with Lexington.

The Oversight Committee met in early March at their annual meeting at which time they heard from Sanjay Godhwani, Senior Executive in charge of Lexington Insurance Company's program division, which includes NAIFA's PLP program. Godhwani went into considerable detail to explain the financial strength of Lexington and New Hampshire. He also shared current financial ratings of Lexington by A.M. Best (A) and S & P (A+) and explained why the assets of Lexington were essentially out of reach of AIG. He attributed this to State regulation which has laws in place that severely limit a parent company from accessing the assets of a subsidiary. While admitting that these were difficult times for everyone within the AIG family of companies, Godhwani reiterated the strong financial position of Lexington Insurance Company and their commitment to the NAIFA PLP program and its future growth.

Godhwani also reported that AIG has formed a new holding company called AIU Holdings (American International Underwriters). Eventually, AIU will house all their property and casualty (P&C) business under the new reorganization plan recently announced by AIG. AIU will include the Lexington Company and the NAIFA PLP program. The NAIFA Oversight Committee is satisfied that we have a strong partner in Lexington and Aon (our broker) and are especially proud of our outstanding NAIFA E & O product.

The NAIFA program offers the top features in E & O insurance available at a reasonable and competitive price. This program provides an extremely valuable member benefit that we are proud to offer our members. We also know this program will continue to attract some new members who cannot get quality E & O coverage elsewhere.

Thank you again for your membership and support. If you have further questions, please feel free to contact NAIFA at 877-866-2432.

Sincerely,

A handwritten signature in black ink, appearing to be 'BN' with a long horizontal stroke extending to the right.

Bob Nelson, CLU, FSS, LUTCF, Chairman  
NAIFA PLP Oversight Committee

*Susan B. Waters*

Susan Waters

Deputy CEO, National Association of Insurance and Financial Advisors