

# PRODUCT UPDATE

## AG Select-a-Term<sup>SM</sup>: More Choices, Plus Guarantees

- ▶ *AG Select-a-Term now offers **guaranteed level premiums** for 17 durations still with great compensation; 31–35 year durations discontinued*
- ▶ *LTG Ultra-C's lower face amount has been integrated into AG Select-a-Term in the form of a low-band for face amounts of \$100,000–\$249,999 with a commissionable policy fee*
- ▶ *Introduction of new endorsement to allow conversions without evidence from AG Select-a-Term to AG ROP Select-a-Term<sup>SM</sup> in first two years*

As the perennial term insurance market leader, American General Life Companies insurers (American General) remain committed to offering guaranteed level term coverage for as long as 30 years at competitive rates. While the economic environment requires that rates increase, American General is pleased to announce some very positive design enhancements to the popular AG Select-a-Term product, issued by American General Life Insurance Company (AGL) and The United States Life Insurance Company in the City of New York (USL).

### Product Highlights

- The new AG Select-a-Term offers guaranteed level premiums for 10 and 15 through 30 years. Given the current cost of meeting long-term reserving requirements, sales of the 31–35 year durations and the 12-year plan must be suspended for now. However, American General is confident the remaining 17 coverage durations provide the flexibility and reach to cover most of our clients' needs.
- AG Select-a-Term rates are increasing in line with the overall industry and the policy fee increases \$15, from \$50 to \$65. The general overall impact of the pricing changes is a premium increase in the 4–6 percent range, depending on gender, duration and face amount. Please note, however, that individual rates may increase by more and some rates are decreasing.
- There are no changes to compensation on the AGL version of AG Select-a-Term. (NOTE: There are some changes, primarily increases to renewal compensation, on the USL version of the product offered in New York. Please check with your Regional Vice President for details.)
- Many of the AG Select-a-Term durations feature expanded issue ages. See the Producer Guide (AGLC102405) for a complete list of issue ages.
- The face amount threshold to qualify for our most competitive rate band is now \$500,000 instead of \$1 million.
- The LTG Ultra-C small case term product is now integrated into AG Select-a-Term in the form of a lower band for face amounts of \$100,000–\$249,999; we will continue to pay commission on the policy fee in this band. The LTG Ultra-C product is being discontinued and term coverage below \$100,000 will no longer be available.
- As a result of these changes, the new version of AG Select-a-Term offers guaranteed level-premium term coverage for 10 and 15–30 year durations with three premium bands:
  - ◆ Band 1: \$100,000–\$249,999 (commissionable policy fee)
  - ◆ Band 2: \$250,000–\$499,999 (non-commissionable policy fee)
  - ◆ Band 3: \$500,000+ (non-commissionable policy fee)

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- The conversion period on AG Select-a-Term has been changed to the earlier of the end of the level term period or age 70.
- AG ROP Select-a-Term remains available with no changes at this time. It also features 17 guaranteed term durations in most states (15 and 20 through 35 years).
- A new endorsement to the AG Select-a-Term policy now permits conversions to AG ROP Select-a-Term during the first two years of term coverage. This provides a second opportunity for you to promote the return of premium concept and earn commission on the increase in premium. **NOTE:** This endorsement is only available on the new July 2009 version of AG Select-a-Term.
- Both AG Select-a-Term and AG ROP Select-a-Term remain convertible to fixed, index and variable universal life products and they are convertible to our best guaranteed UL product—the new ContinUL Extend Plus<sup>SM</sup>—during the first 60 months of term coverage.

### Transition Rules

- AG Select-a-Term and LTG Ultra-C applications received in the home office on or before July 31, 2009, will be issued subject to rates, durations and face amount limits currently available.
- Applications received on or after August 1, 2009, will be issued subject to new product rates, durations and face amount limits described above. In cases where applications request durations or face amounts that are no longer available, New Business will communicate with the processing agency regarding available options.
- Most of the changes to AG Select-a-Term require approval in only seven states and will take effect in all other states on the dates outlined above (see State Approvals). States that approve the changes after July 13, 2009, will receive a 30-day transition period during which applications for current rates and durations can still be submitted.

### State Approvals

- As of July 10, the new rates for AG Select-a-Term are approved in all states except CT, MS, OR, PA and WA.
- The endorsement allowing conversions from AG Select-a-Term to AG ROP Select-a-Term is approved in all states except CA, CT, MS, OR, PA, VA and WA. **NOTE:** This endorsement is only available on the new 2009 version of AG Select-a-Term and cannot be added to previous versions of the product.

### Illustrations

AG Select-a-Term is now available on WinFlex and eConnections for approved states through an Internet update on July 10, 2009.

### Rapid Rater

Be sure to use our updated and enhanced Rapid Rater to easily quote premiums for all durations available to your client. A “Term to Retirement” box is available in the data display, highlighting plans that align with planned retirement at ages 62, 65, 67 and 70. In addition, Rapid Rater includes the option to compare AG Select-a-Term to AG ROP Select-a-Term and display the IRR (after-tax rate of return required on the premium differential to create a value equal to the AG ROP Select-a-Term endowment benefit). Find Rapid Rater at <http://eStation.aglife.com>.

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## Marketing Materials

Marketing materials have been developed and are available for immediate download through Forms Depot. Materials will be available to order as of July 15, 2009.

FORM NAME	FORM NUMBER
AG Select-a-Term Producer Guide	AGLC102405 REV0709
AG Select-a-Term Consumer Brochure	AGLC102406 REV0709

## Promotional Materials

A promotional flyer has been developed to help you promote the new AG Select-a-Term to the producers in your downline. This flyer contains a customizable area into which your contact information can be inserted. It is available for download from eStation, our secured Web site for producers. Watch our weekly e-newsletter for notice of additional promotional materials as they are developed.

FORM NAME	FORM NUMBER
Introducing AG Select-a-Term Producer Flyer	AGLC103606
More Choices Producer Flyer	AGLC103722
Happy Baby Consumer Flyer	AGLC103321

## Why AG Select-a-Term?

Competitively priced long-term guarantees, top compensation, expanded conversion options and a small-case term solution make the new AG Select-a-Term more compelling than ever. We appreciate your business and the trust you continue to place in us. Please contact your regional sales team with any questions.

Policies issued by:

### **American General Life Insurance Company**

2727-A Allen Parkway, Houston, Texas 77019  
AG Select-a-Term Policy Form Number 07007  
AG ROP Select-a-Term Policy Form Number 06001  
ContinUL Extend Plus Policy Form Number 05337

### **The United States Life Insurance Company in the City of New York**

70 Pine Street, New York, New York 10270  
AG Select-a-Term Policy Form Number 09007N  
AG ROP Select-a-Term Policy Form Number 08701N  
ContinUL Extend Plus Policy Form Number 05337N

The underwriting risks, financial and contractual obligations and support functions associated with products issued by American General Life Insurance Company (AGL) or The United States Life Insurance Company in the City of New York (USL) are the issuing insurer's responsibility. USL is authorized to conduct insurance business in New York. Policies and riders are not available in all states. Guarantees are subject to the claims-paying ability of the issuing insurance company. These product specifications are not intended to be all-inclusive of product information. State variations may apply. Please refer to the policy for complete details.

**Important:** Prior to soliciting business, be certain that you are appropriately licensed and appointed with the insurer and that the product has been approved for sale by the insurer in that state. If uncertain, contact your American General Life Companies representative for assistance.

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