

Reminder: Use New LTLIA in Approved States

In June of this year, we announced a new Limited Temporary Life Insurance Agreement and Receipt (LTLIA) in AIG Life Brokerage Bulletin #05-026. That bulletin communicated the implementation of a 90-day transition period, after which the new form would be required in approved states. The transition period has now expired and it is important that you begin using the new LTLIA form when writing business in states where it is approved. Failure to use the new form could delay processing of your business.

Limited Temporary Life Insurance Agreement (LTLIA)

AIG American General enables you to give your clients peace of mind knowing they are covered even while their life insurance applications are being underwritten through the Limited Temporary Life Insurance Agreement (LTLIA).

*If all requirements are met, the LTLIA provides coverage that is **the lesser of**:*

- The plan amount the Proposed Insured applied for; or
- \$500,000.00 plus the amount of any premium paid for coverage in excess of \$500,000.

The new LTLIA & Receipt: What changed?


The new LTLIA more fully describes the coverage extended to applicants and provides for a signed receipt that is submitted to the Company. This allows the Company to better service a claim that qualifies for coverage under the LTLIA.

The new forms consist of three pages. In cases where the LTLIA will apply, after reviewing the documents with your clients you should have applicants complete and sign the two-page LTLIA (#AGLC101431) and retain it for their records. You should also have applicants complete and sign the one-page LTLIA Receipt (#AGLC101432) and submit to the Company with the life insurance application.

Continued on next page

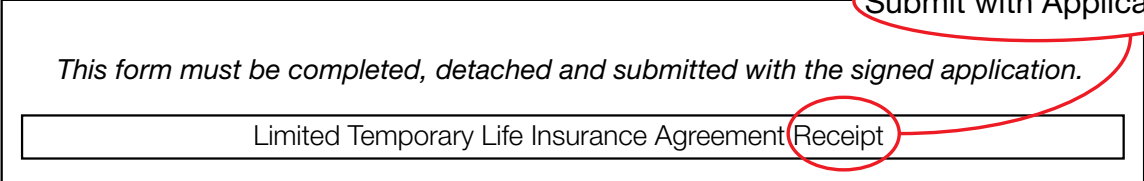
This notice is for informational purposes only. In the event of a conflict between this notice and the LTLIA, the terms, conditions and limitations of the LTLIA will govern.

The LTLIA **Agreement** (AGLC 101431-2005) is kept by the Applicant (2 pages)



The diagram shows a rectangular box representing the LTLIA Agreement form. Inside the box, the text reads: "This form must be completed, signed and left with the applicant." Below this text is a horizontal line, and underneath that line, the text "Limited Temporary Life Insurance Agreement (Agreement)" is written. A red oval highlights the word "Agreement" in the title. A red callout bubble with the text "Stays with Applicant" is connected to the "Agreement" word by a red line.

The LTLIA **Receipt** (AGLC 101432-2005) should be submitted with the Application (1 page)



The diagram shows a rectangular box representing the LTLIA Receipt form. Inside the box, the text reads: "This form must be completed, detached and submitted with the signed application." Below this text is a horizontal line, and underneath that line, the text "Limited Temporary Life Insurance Agreement (Receipt)" is written. A red oval highlights the word "Receipt" in the title. A red callout bubble with the text "Submit with Application" is connected to the "Receipt" word by a red line.

The Receipt evidences the Agreement while the Agreement itself provides the client with the benefits, terms, conditions and limitations of the Limited Temporary Life Insurance for which they may be eligible. Whenever an acceptable form of payment is submitted during the underwriter approval process and the client wants coverage under the LTLIA, the LTLIA Receipt should accompany the payment.

The new LTLIA (#AGLC100240) and Receipt (#AGLC101432) have been incorporated into life application forms in approved states – both the regular application (#AGLC100565) and the term-only application (#AGLC100240). You can obtain state-specific versions of these forms, with the appropriate LTLIA form incorporated, from FastForms which is accessible via the AIG Life Brokerage Web site (www.aigifebrokerage.com).

The LTLIA Questions

The applicant must answer both health and age questions in section 3 of the LTLIA agreement. The LTLIA receipt has two health and age questions. If either question is answered “Yes,” left unanswered or answered falsely, coverage under the LTLIA will not be available.

Continued on next page

This notice is for informational purposes only. In the event of a conflict between this notice and the LTLIA, the terms, conditions and limitations of the LTLIA will govern.

Forms of Payment

The LTLIA can be used in conjunction with any form of payment accepted by the Company. Please see the attached flyer for detailed information on acceptable forms of payment. Whenever an acceptable form of payment is submitted during the underwriter approval process, the LTLIA Receipt should accompany the payment. Agents cannot waive this requirement – if acceptable form of payment is submitted while a case is pending underwriter approval, it must be accompanied by a signed LTLIA Receipt, unless the client wants to refuse LTLIA coverage (see above).

State Approvals

As of October 3, 2005, the new LTLIA and Receipt is approved in all states except Maine, Mississippi, New Jersey, South Dakota, Vermont and Virginia. The new form should now be used in all other states.

Questions and Answers regarding the Limited Temporary Life Insurance Agreement

It is important that all requested information is completed on the Limited Temporary Life Insurance Agreement and Receipt to ensure eligibility for coverage. The following Q&A addresses questions that may arise when using the new Limited Temporary Life Insurance Agreement and Receipt.

Do the Health and Age questions need to be answered on the Limited Temporary Life Insurance Agreement even though they have been answered on the application? Yes. Coverage under the Limited Temporary Life Insurance Agreement is void if any questions on the form are left blank. In such cases, the initial acceptable form of payment will be returned immediately and temporary coverage will not be in effect.

The form requires signatures of the Owner, Primary Proposed Insured and Other Proposed Insured (if applicable). Is the Owner's signature sufficient on the Limited Temporary Life Insurance Receipt? No, unless the Owner and the Primary Insured are the same. If the necessary signatures are missing, the initial acceptable form of payment will be returned immediately and temporary coverage will not be in effect.

Can the signatures be collected upon delivery? All signatures must be collected at the time of application.

What happens if the Limited Temporary Life Insurance Receipt is not submitted with the application and initial acceptable form of payment? Processing on the application will be delayed and any acceptable form of payment received will be returned immediately.

Continued on next page

This notice is for informational purposes only. In the event of a conflict between this notice and the LTLIA, the terms, conditions and limitations of the LTLIA will govern.

What happens if the Limited Temporary Life Insurance Agreement is submitted to the Home Office instead of the Receipt? A copy of the Agreement will be mailed immediately to the client and the signed Receipt must be submitted. Otherwise, the initial acceptable form of payment will be returned immediately and temporary coverage will not be in effect.

Are all policies covered by LTLIA? No, we do not bind coverage on policies of \$2,500,000 or more.

How do I know I have the updated forms?

The best way to obtain up to date state-specific applications is by using FastForms. The applications of FastForms automatically include the new LTLIA and Receipt in approved states. Simply access FastForms via the AIG Life Brokerage Web site (www.aiglifebrokerage.com) and the updated versions will be automatically selected!

When the EFT or credit card is submitted with the LTLIA receipt, will the account be charged immediately?

No, the account will not be charged until the policy is put in force. For applications that are issued as applied for, this will occur when the issue is processed. For applications that are conditionally issued, this will occur when the delivery requirements are satisfied and the policy is put in force.

This notice is for informational purposes only. In the event of a conflict between this notice and the LTLIA, the terms, conditions and limitations of the LTLIA will govern.

Acceptable Forms of Payment

If you are in tune with the insurance headlines, you are aware money orders and cashier's checks are proving to be the instruments of choice for launderers and cleansheeters who aim to use insurance in their schemes. Money orders and cashier's checks have proven effective at moving otherwise untraceable funds into the stream of commerce. Regulation and prudence dictate an equally effective measure to block the insurance industry's exposure to their use. We want to take this opportunity to remind you of AIG American General's efforts to prevent fraud and money laundering by limiting the acceptable forms of payment for the specified transactions that follow with AIG American General (see left).

Unacceptable forms of payment for the specified transactions include cash, money orders, cashier's checks, agent's or agency checks. In cases in which the applicant does not have a checking account, the companies will accept a cashier's check or money order with new applications when a completed savings account bank draft card accompanies the application.

This applies to the payment of initial premium only. It does not affect transactions directly between the policyowner and the companies such as renewal premiums, loan repayments, or payments to clear bad drafts or bad checks, to name a few (unless the money order or cashier's check is submitted to clear an initial premium deficiency that resulted from a bad bank draft or bad check. In that instance, money orders and cashier's checks are still unacceptable).

If payment is submitted in connection with one of the specified transactions in an unacceptable form, the payment will be returned to the applicant and an acceptable form of payment will be due.

Please refer to the Limited Temporary Life Insurance Agreement (LTLIA) in the life application for rules on when initial premium can be submitted with the application and when coverage takes effect.

Questions concerning this procedure should be directed to your upline agency, the Compliance Department, or your Underwriting Team.

ACCEPTABLE FORMS OF PAYMENT FOR INITIAL PREMIUM

- ◆ THE PROPOSED INSURED'S OR POLICYOWNER'S PERSONAL CHECK
- ◆ A CHECK DRAWN ON THE PROPOSED INSURED'S OR POLICYOWNER'S BUSINESS ACCOUNT
- ◆ BANK DRAFT AUTHORIZATION AND VOIDED CHECK
- ◆ CREDIT CARD AUTHORIZATION
- ◆ ANOTHER INSURER'S CHECK ISSUED IN CONNECTION WITH A TRANSFER OF FUNDS, ROLLOVER OR EXCHANGE
- ◆ A CHECK DRAWN ON A TRUST ESTABLISHED FOR THE PROPOSED INSURED
- ✓ SPECIFIED TRANSACTIONS
 - ◆ NEW BUSINESS APPLICATION
 - ◆ EXCHANGE APPLICATION
 - ◆ REINSTATEMENT APPLICATION
 - ◆ APPLICATION FOR INCREASE IN FACE AMOUNT