

Frequently Asked Questions



Palladium[®] Century Annuity Series

Q: How is the Excess Interest Deduction (EID) charge calculated on the Palladium[®] Century Series?

A: An EID charge may be made to the annuity value if part or all of the annuity value is surrendered during the EID period. An example of how the EID charge would be calculated is as follows: The policy is surrendered and the crediting interest rate is 7% and the minimum guaranteed interest rate on this annuity is 3%. The minimum guaranteed interest rate would be subtracted from the crediting interest rate (7% - 3% = 4%). The EID charge would be 4%.

Q: What states use the EID feature instead of the MVA feature on the Palladium[®] Century Series?

A: The following states use the EID feature on the Palladium[®] Century Series Annuities, NC, TX, VT, VA and WI. In these states the crediting interest rate will be 0.10% less.

Q: When can you annuitize the Palladium[®] Century Series annuities without any surrender charges and MVA or EID charges?

A: Because of restrictions imposed by the non-forfeiture law, annuitization before the maturity date is not allowed under any circumstances on the Palladium[®] Century Series.

Q: Are the Palladium[®] Century Series annuities owner or annuitant driven?

A: The death benefit is paid out when the owner dies.

Q: Can my client add premiums beyond the 7-year surrender period on the Palladium[®] Century No Additional Interest plan?

A: No additional premiums are allowed after the 7th policy year on the Palladium[®] Century No Additional Interest plan.

Q: Is spousal continuation allowed on the Palladium[®] Century Series?

A: Yes, however the surviving spouse must be a joint owner of the contract to do spousal continuation.

Q: Can you have joint annuitants on the Palladium[®] Century Series?

A: No, joint annuitants are not allowed.

Q: When do commission charge backs apply on the Palladium[®] Century Series?

A: Death Claims – Applies to all issue ages. During 1st policy year - 100% of commission paid, 2nd policy year – 50% of commissions paid.

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Full Surrenders - Applies to all issue ages. During 1st policy year - 100% of commission paid, 2nd policy year – 50% of commissions paid.

Partial Surrenders - Applies to all issue ages. During 1st policy year - 100% of the portion of a partial surrender which incurs a charge, 2nd policy year - 50% of the portion of a partial surrender which incurs a charge.

Q: If you have multiple owners on a Palladium[®] Century Series contracts would all owners need to qualify to use the surrender charge waivers?

A: Yes, all owners must qualify to use the confinement and/or disability waivers.

Q: Are the commissions on the Palladium[®] Century Series annuities based upon the age of the owner or the annuitant?

A: Commissions are based on the age of the owner. In the case of joint owners the oldest owners age is used to determine commissions.

Q: Does the Palladium[®] Century Series annuities allow for trail commissions?

A: Yes, the agent can select trail commissions on this product. The agent must fill out the Commission Selection Form 10189 and submit it with the application. If the form is not submitted or if an option is not chosen, the default option will be Option A (*No Trails*). Please see your commission schedules for percentages paid.

Q: What is the minimum guaranteed surrender value on the Palladium[®] Century Series?

A: The policy form defines the minimum guaranteed surrender value as 90% of the premiums paid accumulated at the minimum guaranteed interest rate minus partial surrenders, related surrender charges, and state premium taxes.

Q: On the Palladium[®] Century Series does the 60-day rate lock and end of month procedures apply to changes in the minimum guaranteed interest rates (MGIR)?

A: Yes, the end of month procedures and the 60-day rate lock does apply to changes in the MGIR.

Q: Explain the Confinement Waiver

A: The surrender charge will not be imposed on any withdrawal made pursuant to the owner's confinement, upon written proof from a licensed physician, to the following facilities for 60 or more consecutive days:
(a) A hospital licensed or recognized as a general hospital by the state in which it is located and is engaged in providing or operating diagnostic and major surgery facilities for the medical care and treatment of injured and sick persons on an inpatient basis for which a charge is made and provides 24-hour nursing service by or under the supervision of a graduate registered nurse (R.N.) (b) A convalescent care facility which is licensed by the state as a convalescent nursing facility, a skilled nursing facility, a convalescent hospital, a convalescent unit of a hospital, an intermediate care facility, or a custodial care facility and

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provides continuous nursing service by or under the supervision of a physician or a graduate registered nurse (R.N.) and maintains a daily record of each patient which is available for review by American National and administers a planned program of observation and treatment by a physician which is in accordance with existing standards of medical practice for the injury or sickness causing the confinement or; (c) A hospice facility which is licensed, certified or registered in accordance with state law and which provides, for terminally ill patients whose life expectancy is less than 6 months a formal program of care, provided on an inpatient basis and directed by a physician. Proof of confinement must be provided. This waiver only applies to surrender and withdrawals requested no later than 90 days after the last day of confinement to such facility. The waiver is not available if any owner is confined to a hospital, nursing home or hospice facility on the Date of Issue or if the application is signed by power of attorney. The owner must be age 80 or younger on the Date of Issue and must have entered the hospital; convalescent care facility or hospice facility after 90 days from the Date of Issue.

Q: Explain the Disability Waiver

A: The Surrender Charge will not be imposed upon any withdrawal where the owner is physically disabled. American National requires proof of such disability, including written confirmation of receipt and approval of any claim for Social Security Disability Benefits. Proof of continued disability may be required through the date of any partial surrender or systematic withdrawal. American National reserves the right to have any owner claiming such disability examined by a licensed physician. American National will not accept any additional Purchase Payments under a Contract once the disability waiver has been elected. The disability waiver is not available if any owner is receiving Social Security Disability Benefits on the Date of Issue or is age 65 or older. The disability waiver may not be available in all states.



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