

INFORCE UPDATE

New AIG American General Term Conversion Strategy

AIG American General is introducing a new term conversion strategy which will apply to term policies issued by American General Life (AGL) and The United States Life Insurance Company in the City of New York (USL). These new conversion rules will enable us to continue offering competitive term products with attractive conversion options, while also maintaining profitability.

Conversions to AIG ContinUL Extend®

Effective immediately we will permit term conversions to our flagship guaranteed universal life product – AIG ContinUL Extend – up to the 60th month of the term contract (prior to the fifth policy anniversary), subject to the age limitations of the term policy's conversion provision. Other products that currently accept conversions will be available for the entire contractual conversion period of the policy, i.e. during the first five policy years and beyond.

Please note, we will not backdate for the ContinUL Extend if the term policy is beyond the 60th month. Paperwork must be signed and received in our office prior to the fifth policy anniversary.

With recent enhancements, AIG ContinUL Extend is now better than ever and represents an attractive option for term conversions within the first five years. With flexible guarantees, AIG ContinUL Extend, allows you to customize your client's coverage and adapt to changing needs. Enhancements recently announced include:

1. New pricing of guaranteed premiums
2. New Standard Plus Nontobacco class
3. Standard Class (both Nontobacco and Tobacco) expanded to include up to table 2 through issue age 70

New Term Conversion Product Coming in 2010

On January 1, **2010**, AIG American General will introduce a new Term Conversion product on a Whole Life or Universal Life chassis. This will be the only product available for term conversions for policies beyond their fifth policy anniversaries. After January 1, 2010, **term policies that have not yet reached their fifth policy anniversary** can be converted to any of the products currently permitted including AIG ContinUL Extend or its successor. Conversions of term policies beyond their fifth policy anniversary will only be allowed to the new conversion product as of January 1, 2010.

Summary

- Conversions to AIG ContinUL Extend available immediately for term contracts in their first five policy years
- Other products which accept conversions still available during and beyond first five policy years
- New conversion product coming January 1, 2010 for all conversions beyond fifth policy year

We are confident that this new strategy provides attractive conversion options while helping us maintain the competitiveness and profitability of our term business.

For up-to-date information regarding our current conversion rules, go to our producer Web site and select Inforce, then Term Conversions.