

Compliance Manual



For Producers/Independent Channel Advisors of:

The Variable Annuity Life Insurance Company



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Introduction

This Compliance Manual (“Manual”) documents guidelines and procedures for the business conduct of certain producers in the solicitation and sale of products issued by The Variable Annuity Life Insurance Company (the “Company”). References to “Producer(s)” in this Manual includes every individual, who is employed by or appointed with the Company, or who sells any of the Company’s products, whose conduct in connection with the solicitation or sale is not otherwise governed by compliance procedures enforced by the broker- dealer with which the Producers are affiliated.

This Manual will be revised periodically. Producers must retain and comply with the most current version of this Manual, which can be obtained on the Company’s website(s). Any revised version of the Manual will supersede any earlier version. This Manual is not intended to be an all-inclusive compilation of Producers’ responsibilities, nor is it intended to replace any compliance manual that has been provided to Producers by their broker-dealer with which they are affiliated. Additionally, various topics may be addressed or further detailed in field communications or other communications from the Company. This Manual does not relieve the Producer of any obligations imposed on Producers by applicable state or federal law, contract, Company policies, or the legal and ethical obligations that Producers may otherwise have toward individual customers.

Certain elements of this Manual relate only to the marketing, sale, delivery and maintenance of individual products. If you have questions concerning the applicability of any provision in this Manual, please immediately contact the Compliance Department.

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I. Producer Code of Conduct

You must act with integrity, competence and utmost good faith in the solicitation, sale and distribution of Company products, in the maintenance of customer relationships, and in dealings with the Company.

1. You must ensure that customers receive all information needed to make informed choices during and after the solicitation process. This is accomplished through verbal and written communications that are clear, complete, honest, relevant, factual, and comply with regulatory requirements.
2. You must only recommend insurance products that you, the Producer, deem appropriate for the needs of the customer.
3. You must clearly explain to customers your role as a Producer appointed by and acting on behalf of the Company.
4. You must disclose to the Company full and accurate information required for effective underwriting, contract administration, claim resolution, annuity suitability review, and other relevant matters.
5. You must avoid conflicts of interest in dealings with customers and with the Company. The duty to mitigate perceived conflicts of interest is ongoing and requires immediate action from you to address perceived conflicts.
6. You must manage, monitor and control your employees, staff and contractors to ensure your and their compliance.
7. You must behave in a courteous and professional manner in all dealings with Company personnel.
8. You must comply with the letter and spirit of applicable laws and regulations.

The Company will hold you accountable if you do not fulfill obligations or requirements set forth in the Producer or employment agreement in Company communications to the field, in directives to you from the Company, in Company policies and in this Manual.

II. Producer Appointment and Licensing Standards

A. All Producers Must Be Properly Licensed and Appointed

Each state has its own set of licensing and appointment requirements with which Producers and the Company must comply in order to transact business. Producers are prohibited from selling or engaging in any sales activity without being properly licensed, appointed and trained in accordance with the requirements of the state where the solicitation takes place, the application is written and the contract is delivered. Violations of these requirements may result in disciplinary action and penalties imposed by the state, including fines and revocation of licenses.

In addition, Producers selling registered products must consult the compliance manual or other information provided by the Producer's broker-dealer to ensure full compliance with the laws and regulations applicable to the sale of such products.

B. Licensing Status

Producers are responsible for maintaining their insurance license(s), which includes, but is not limited to the timely completion of any continuing education requirements.

Producers must immediately inform the Licensing and Contracting Department of any license suspension, revocation or any other disciplinary action against them. When requested by the Licensing and Contracting Department Producers are required to provide copies of any licensing forms or associated documents sent to or received from the state insurance department.

C. Contracting and Appointment Standards

Determining whether candidates are contracted and appointed is within the sole discretion of the Company. The Company reserves the right to refuse or accept candidates for any reason. If a candidate's request to be contracted or appointed is refused by the Company, the decision may be referred to the Compliance Department for further consideration.

D. Special Provisions Applicable to Candidates Convicted of Certain Felonies

Federal law 18 USC§§ 1033(e)(1)(A) and (B) prohibits a company from appointing any individual who has been convicted of any felony involving dishonesty or a breach of trust, without the specific written

consent of the appropriate insurance regulatory officials. The Company reserves the right to refuse to appoint candidates who have been convicted of any crime, to the extent permitted by applicable law. Individuals convicted of felonies described in this paragraph may be appointed only with the approval of the Company and with the specific written consent of the applicable insurance regulatory officials. In addition, all appointed Producers are required to immediately report to the Compliance Department their conviction of a felony to ensure continued compliance with the law. Producers must contact the Company's Compliance Department with any questions about this provision.

E. Appointment Termination and Notification

If at any time the Company determines that the Producer does not satisfy the Company's standards for appointment, the Company may take disciplinary action, including but not limited to the termination of the Producer's employment and/or appointment(s) with the Company, and its affiliates.

The Company will inform the Producer of the date on which the Producer's sales contract appointment or employment is terminated.

III. Training and Continuing Education

A. Understanding Company Products

Producers must fully understand the features and operation of the products and services offered by the Company. To position Producers to serve customers, information regarding the Company's products is available from the Company. The Company has created product reference material for each of its available products. This material sets forth the relevant features, including costs and benefits, of the Company's products as well as the operation of such products.

The Company regularly updates its product information and makes such updated information available to its Producers. The Company requires that Producers obtain, review and be guided by the product information available from the Company.

B. Compliance Training

As a matter of personal development and good business sense, it is incumbent upon every Producer to understand fully the compliance environment in which we all must operate. Producers are expected to complete all required Compliance training. This Manual provides Producers with vital compliance information with which each Producer must be thoroughly familiar.

C. Continuing Education

Many states require that Producers participate in continuing education prior to solicitation and/or as a condition to retaining their insurance licenses. Producers are individually responsible for completing any required continuing education and maintaining their licenses.

IV. Appropriateness of Sales and Fact-Finding Tools

The needs of the customer are paramount and must be considered in connection with every sale. Producers must make reasonable efforts to determine what products are appropriate for their customers.

A. Annuity Suitability Standards

In recommending the purchase of an annuity or the replacement or exchange of an annuity that results in another insurance transaction or series of insurance transactions to a consumer, the Producer must have reasonable grounds for believing that the recommendation is suitable for the consumer on the basis of the facts disclosed by the consumer regarding the consumer's investments and other insurance products and the consumer's financial situation and needs, including the consumer's suitability information.

Many states have adopted regulations related to annuity suitability assessment. Accordingly, prior to execution of the purchase of an annuity or the replacement or exchange of an annuity resulting from a recommendation, an insurance Producer shall make reasonable efforts to obtain suitability information from the consumer, including but not limited to the following:

- Age;
- Annual income;
- Financial situation and needs, including the financial resources used for funding of the annuity;

- Financial experience;
- Financial objectives;
- Intended use of the annuity;
- Financial time horizon;
- Existing assets, including investment and life insurance holdings;
- Liquidity needs;
- Liquid net worth;
- Risk tolerance;
- Tax status; and
- Whether the consumer has a reverse mortgage (required in some states).

For exchanges or replacements, the Producer must take into consideration whether the consumer will incur a surrender charge, be subject to the commencement of a new surrender charge period or lose existing benefits (such as death, living or other contractual benefits), or be subject to increased fees, investment advisory fees or charges for riders, and similar product enhancements. Further, the insurance producer must take into consideration whether the consumer would benefit from product enhancements and improvements and whether the consumer has had another annuity exchange or replacement within the preceding 36 months or longer in some states.

B. Fact-Finding Tools

Company-approved fact-finding materials may help Producers formulate questions that will help customers describe their needs, goals and resources, and the Company encourages Producers to use such tools. Fact-finding tools are analytical and information-gathering mechanisms, including questionnaires, financial plans, customer profiles, and capital needs or financial needs analyses. The Company will make available to Producers approved fact-finding tools. Producers who create their own fact-finding tool or wish to use a fact-finding tool not provided to them by the Company, must submit the tool for review and approval in advance by his Broker-Dealer.

Producers are required to use their knowledge and training to help match a customer's needs and objectives with an appropriate product. Producers should not recommend a product to a customer unless they have undertaken sufficient fact-finding to develop a recommendation consistent with the customer's insurance, personal and/or business objectives.

The same fact finder may be utilized for multiple recommendations to the same customer. However, Producers must check to ensure that information contained on the fact finder is up-to-date and that the information on the application and supplemental forms is complete, accurate and consistent with the information on the fact finder.

Producers are reminded that information gathered in connection with fact-finding tools is subject to federal and state laws as well as Company rules concerning privacy. It is of the utmost importance that this information be treated with respect for the confidentiality of the customer. Producers are requested to review the "Protection of AIG Company Information," chapter of this Manual for a more complete description of these requirements.

Producers should consult the compliance manual given to them by their broker-dealer in connection with the recommendation and/or sale of variable products or other securities.

V. Protection of AIG Company Information

A. Definitions

(See the AIG Global Information Handling Policy for further definitions.)

1. AIG Company Information

AIG Company Information includes "Firm Confidential," "Customer/Employee Confidential," and "Restricted" information.

2. Customer/Employee Confidential Information

Non-public information and information subject to legal protection about, or belonging to, our customers and customers of our business partners, other third parties with whom we do business, and AIG Personnel. Customer/Employee Confidential information can include Personal information

or Sensitive Personal Information (defined below) about an individual that is handled by, or under the control of, an AIG Entity (whether or not such Personal information is publicly available from other sources external to AIG).

a. Personal Information

Personal information includes information that identifies an individual, such as name, address, phone number and other Sensitive Personal information.

b. Sensitive Personal Information

Sensitive Personal information includes an individual's name in combination with their Social Security Number, Taxpayer Identification, passport number, driver's license number or other government issued identification number, financial account number, medical or health information, background check information (including criminal records), race, religion, ethnicity, marital status, or sexual orientation.

3. Firm Confidential Information

Firm Confidential information is information that is sensitive, non-public business information of the Company and its affiliates. Firm Confidential information includes confidential business information such as: underwriting standards; pricing information; commission structures; terms and conditions of agency contracts; advertising materials that have not yet been approved or released to the public; non-public financial data about the Company; and selling know-how, that is, techniques, methods or concepts that have been created by the Company and are not generally known to the public.

4. Restricted Information

This classification applies to non-public business information that is not as sensitive as Firm Confidential Information (as defined above), but which should still not be disclosed outside of the Company, as it is intended for internal use only. Examples may include general internal correspondence, including memoranda and emails, or marketing plans or techniques, provided that they do not require the level of secrecy applied to Firm Confidential information.

5. Publicly Accessible Information

This classification applies to information that has been explicitly approved by AIG Entities for release to the public. Examples include public facing websites, product and service brochures, advertisements, public recruitment announcements, and press releases. By its nature, this information is not intended to be confidential.

B. Contract Requirements- All Information

Access to AIG Company Information should be limited to Producers and their employees or associates who need to know the information in order to carry out their job functions or to provide timely and appropriate customer service. Such persons should be required to be familiar with and abide by the Company's privacy policies and requirements set forth herein.

Both during and after a Producer's affiliation with the Company, a Producer is prohibited, under the terms of the Producer's contract with the Company, from directly or indirectly divulging, publishing, communicating or making available to any person, corporation, governmental agency, or other entity, or using for his or her own or any other person's or entity's purposes or benefit AIG Company Information (except with the written permission of the Law Department or as ordered by a court of competent jurisdiction or other regulatory authorities). If you are requested to provide AIG Company Information, including in connection with a legal or regulatory proceeding, contact the Law Department immediately.

While a Producer is associated with the Company, all AIG Company Information compiled, received, held or used by the Producer in connection with the business of the Company shall remain the Company's property and shall be destroyed or returned by the Producer to the Company upon the termination of the Producer's affiliation or at any earlier time requested by the Company, in accordance with the terms of the Producer's contract or employment with the Company.

Producers will be expected at all times, even after their relationship with the Company ends, to adhere to procedures for handling and storing AIG Company Information that are reasonably designed to prevent unauthorized access or use of the information.

1. Information Security

The duty to protect AIG Company Information is not fulfilled simply by limiting how the information may be used. It is equally important for Producers and their employees or associates to maintain a secure environment, in which AIG Company Information is stored, handled and disposed. A Producer's policies and procedures should be designed to reasonably secure AIG Company Information from unauthorized access or disclosure and to preserve the integrity of such Information. Office security should be designed to reasonably protect AIG Company Information whether in hard copy or electronic form. Producers should comply with the following minimum guidelines to help protect against unauthorized access or disclosure of AIG Company Information:

a. Physical Security

Use a cable to secure your laptop to your desk or store in a locked cabinet when you are away from your office for any extended period of time. Be sure to lock your screen if you step away from your desk/office, even if for only a short period. Keep all paperwork containing Personal Information in locked file cabinets.

Leave your laptop at home whenever possible. When not possible, keep your laptop and briefcase in a secure, out of sight location such as a hotel safe or the locked trunk of your vehicle. Avoid leaving documents in your vehicle unattended whenever possible.

Maintain high-security keyways and door locking hardware, intrusion detection systems (burglar alarm) that are installed, used and remotely monitored and well-lit entry areas. Secure computer or LAN rooms and maintain a current inventory of all technology hardware hosting Personal Information. Please note that for employees, the controls in this paragraph will be managed by the Company.

b. Password Security

Password protect your mobile devices such as cell phones, smart phones (e.g. Blackberry, Android, iPhone, etc.), laptops, tablets (or hybrids- e.g., tablets, iPad, Galaxy Note, Thinkpad, etc.) and removable storage devices (e.g. flash, thumb, jump drives, etc.) using strong complex passwords.

Strong passwords typically contain at least 8 upper and lower-case letters combined with a number and a symbol. Advanced systems (not required) may even contain a visual symbol or key phrase identifier that you have created.

Do not share your passwords with anyone including administrative assistants. Do not write passwords down on paper or post-it notes and attach to your laptop or store in your computer bag. Do not store passwords on the hard drive of any laptop

c. Virus Protection

Install antivirus protection on any non-Company issued computer used for conducting Company business. The antivirus protection must be configured to automatically: (i) search for and download updates daily and (ii) perform daily virus scans. Virus scans must be completed after updates have been applied. Update all security patches.

d. Computer Encryption

All computers, servers, mobile devices, and removable storage devices previously referenced that contain Sensitive Personal Information must be encrypted. The minimum encryption is 128-bit Advanced Encryption Standard. It is important to understand that having your computer password protected does not mean it is encrypted.

e. E-mail Encryption

Encrypt all e-mails sent to unaffiliated third parties that contain Sensitive Personal Information in the body of the e-mail or within an attachment. Depending on the circumstances and the sensitivity of the information involved, it may be appropriate to encrypt other AIG Company Information (e.g., Firm Confidential Information) sent to unaffiliated third parties by e-mail. Also, remember not to include

client information in the subject line of e-mails. Always verify the e-mail address of the intended recipient before sending an e-mail.

f. Firewalls/Secure Network

Install appropriate firewalls and ensure a secure network for both direct and wireless connections. (Please note that for employees, the above control will be managed by the Company). Unsecured internet connections such as wireless "hotspots" at coffeehouses, airports, hotels, etc., may not be used when accessing Personal Information unless you are using a secured VPN.

g. Other reminders and best practices for protecting AIG Company Information:

- Refrain from discussing Personal Information if the discussion can be overheard by others;
- Delete/dispose of AIG Company Information once it is no longer needed, unless it is subject to a Preservation Notice;
- If hard copies containing AIG Company Information need to be disposed of, they should be disposed of by a method that protects the Information from access by unauthorized persons, such as shredding;
- Set "time-out" features on all devices whenever possible to reasonable periods not to exceed 15 minutes;
- Enable other various security features as appropriate- for example, use the "find-my-iPad" app installed on such devices in the event of separation from your device;
- Do not store Personal Information on a personal computer or on the hard drive of an AIG computer; and
- Stay in touch with ideas and technologies to better protect your information.

Please note you may be subject to additional security requirements as they become available as both technological and regulatory environments evolve.

2. Reporting Privacy Risk Incidents

Producers that become aware of an incident that compromises the confidentiality, integrity or availability of AIG Company Information or the increased risk of such compromise must immediately contact the Global Privacy Team at privacyofficerAIGL&R@aig.com to report the incident. For further information on reporting Privacy Risk Incidents, please see the AIG L&R Privacy Risk Incident Response Plan.

Please note that this section is applicable to employee Producers and the controls in this section will be managed by the Company.

C. Contract Requirements- Personal Information

1. Collection

Providing insurance and financial products and services involves collecting customer personal, financial and health information that may not be publicly known. The Company and Producers collect information to underwrite products, provide customer service and fulfill legal and regulatory requirements. Regardless of how or why the information is collected or in what form, the Company and Producers are required by state and federal law and Company policies to protect and maintain the confidentiality of such information from disclosure.

Any Personal Information a Producer collects or that was previously collected from an individual on the Company's behalf is subject to its privacy policies and privacy laws. These policies and laws also apply to any list or summary that is created from the Personal Information that was collected on the Company's behalf. For example, a Producer-created list that contains the names and incomes of customers or prospective customers is Personal Information.

Producers should only collect Personal information that is needed to provide a product or service, or otherwise operate their business.

During any interaction with an individual, the Producer may be working on behalf of the Company, a third party or parties (i.e., companies or individuals not affiliated with the Company), individual or on the Producer's own behalf. "Affiliate" or "affiliated" means any company that controls, is controlled by or is under common control with another company.

A Producer is collecting Personal Information on the Company's behalf if a Company application or other form identifying the Company is used to record the Personal information. In addition, a Producer may be acting on the Company's behalf in collecting Personal Information — no matter how it is recorded — if the Producer represents to the individual that the Personal information will be used to obtain Company products or services or if the Producer intends to use the Personal information for that purpose.

There is no prohibition against Producers collecting Personal information on their own behalf, subject to any limitations to the contrary in his or her Producer or employment agreement. However, if a Producer wants to collect or use Personal information on his or her own behalf, he or she needs to comply with applicable privacy laws. This may require, among other things, that the Producer craft his or her own agency-specific privacy notice for the Producer's current and prospective customers, distribute that notice as the law requires and/or obtain his or her own agency specific customer consent or authorization forms.

2. Privacy Notice

Once an individual establishes a relationship with the Company — by purchasing insurance and/or financial products or services —the Company provides that individual a legally required Privacy Notice. The Privacy Notice describes the types of Personal information collected on the Company's behalf, how that information will be used and how the Company protects Personal information. To supplement distribution of the Privacy Notice, Producers may give the Privacy Notice to customers or prospective customers when requested or if the Producer deems it appropriate.

If the Producer collects Personal Information on the Company's behalf or receives Personal Information from the Company, the Producer is covered by the Company's Privacy Notice and must comply with the Company's privacy policies. However, the Company's Privacy Notice will not satisfy the notice requirement if any, for those situations in which the Producer collects Personal information on his or her own behalf or on behalf of a third party.

3. Disclosure of Personal Information Collected on the Company's Behalf

Limit the sharing of Personal information to that necessary in connection with legitimate business activities. The following outlines the scope of a Producer's authority to disclose Personal information gathered on the Company's behalf or provided to the Producer by the Company. These disclosure limitations also prohibit Producers from using Personal information collected on the Company's behalf when acting on their own behalf or on behalf of a third party. These prohibitions apply even after the Producer's relationship with the Company ends.

Producers may only disclose Personal information to the Company and the service providers the Company specifically designates, provided disclosure is necessary and appropriate, for any one of the following purposes:

- a. To assist with underwriting a Company product or service;
- b. To assist with placing or issuing a Company contract or service;
- c. To effect, administer or enforce a transaction with the Company that the individual requested or authorized;
- d. To service or process a Company product or service that the individual requested or authorized;
- e. To assist the Company with claims administration or claims adjustment;
- f. To assist the Company with detection, investigation or reporting of actual or potential fraud, misrepresentation or criminal activity; or
- g. To respond to lawfully served subpoenas or production requests from regulatory or judicial authorities after contacting Legal and providing a copy of the subpoena or request to Legal.

4. Marketing

When an individual's Personal Information will be shared with affiliated or unaffiliated third parties for marketing purposes (where permitted by applicable law), the individual should be provided an opportunity to limit the sharing of such Personal Information (i.e., opt out) as required by applicable law, or the individual's consent should be obtained prior to the sharing of such Personal Information (i.e., opt in), as required by applicable law.

Comply with applicable laws relating to: marketing activities and marketing suppression requests (such as "Do Not Call" and "Do Not Spam"); conducting business via the Internet; e-mail marketing; telemarketing; marketing through direct mail or fax; mobile marketing (including marketing through text messaging); limitations on the use of customer information or consumer report information for marketing or other purposes; and limitations regarding the use of identification numbers, including government-issued identification numbers, such as Social Security Numbers, and other types of Personal Information.

VI. Do Not Call Requirements

To comply with federal and state Do Not Call (DNC) requirements, Producers are prohibited from making sales calls to any telephone number that has been placed on the National DNC Registry, state DNC lists, or the Company's DNC list and are required to abide by Federal Trade Commission rules. Producers are obligated to become familiar with and adhere to the DNC requirements.

VII. Completion of Documents and Signatures

Any applications, forms, contract receipts, illustrations and other documents that the Company requires customers to review, complete and sign as part of their insurance purchase are important documents that play a vital role in establishing and documenting the Company's relationship with customers. The information and customer signatures required on such documents are essential elements of the Company's compliance with state and federal laws and regulations. It is therefore essential that such documents accurately reflect information provided by the customers and contain the signature of the customers, certifying that they have reviewed and approved all the information on the documents.

The responsibility for the accuracy of customer documents rests with the Producers who sell the Company's products. Accordingly, it is the Company's policy that Producers take steps to assure themselves that:

1. The information presented in all applications, loan request forms, suitability forms, contract receipts, illustrations and other customer documents is accurate and has been provided or approved by the customer.
2. The customer has reviewed the final form of the documents containing all information, including the description notifying the customer of the purpose and effect of the customer's signature.
3. The customer has signed/e-signed the final form of the documents and initialed any and all changes.*

It is the Company's policy that there are no exceptions to these requirements even with customer consent.

Specifically, Producers are strictly prohibited from:

1. Requesting or permitting customers to sign blank forms.
2. Requesting or permitting customers to sign an application on which questions have been left blank for the Producer to complete at a later time.
3. Adding or changing information on a signed document without returning it to the customer for review and approval (signaled by the customer's initials and date).
4. Signing customers' names or placing their initials on any document.
5. Signing a document as a witness if the Producer has not actually seen the customer sign the document.*
6. Completing the e-signature process on behalf of the customer.*
7. Knowingly entering or permitting a customer to enter false information on any document.
8. Marking or altering a signed application outside the presence of the applicant.

* For e-applications, the e-signature process complies with this requirement if all parties agree to the e-signature terms presented during the signature process. DocuSign is the application used for e-signature.

Producers who, in our judgment, have violated the Company's policy regarding document completion and signatures by forging customer documents, knowingly entering false information on documents or knowingly permitting forged or fraudulent documents to be processed or approved will be subject to Company discipline. This may include contract or employment termination or legal action. Such activity also may subject Producers or employees to regulatory sanctions and civil or criminal liability. In the Company's disciplinary proceedings, defenses such as "done at customer's request" or "done with customer's consent" will not be recognized as excuses for violating these policies.

VIII. Advertising/Sales Material

The Company is committed to providing consumers with complete, balanced and accurate information regarding the Company's products and services that enables them to make decisions in their own best interests. Communications with the public is an important part of the sales process. To ensure that these communications with the public comply with applicable laws and regulations and are written in a manner that is clear, understandable and conveys accurate and helpful information, the Company requires that all materials used in the Producer recruiting and sales processes have Company approval and that Producers follow the Company's guidelines for obtaining such approval.

A. Definition

Advertising/sales material refers to materials designed to create public interest in the Company, its products, its producers, or to encourage the public to purchase, increase, modify, reinstate, borrow from, surrender, replace or retain a contract. The definition of advertising/sales material is expansive and includes items Producers may not think of as advertising/sales material. It is important to remember that advertising/sales material includes items created by third parties such as industry organizations and items intended for Producer use only. Producers questioning whether something is advertising/sales material as defined in this Manual should submit it to the Company for approval prior to use.

Advertising/Sales material includes but is not limited to:

1. Printed and published material, audiovisual material and descriptive literature used in direct mail, newspapers, magazines, radio and television scripts, telemarketing scripts and billboards and similar displays;
2. Websites and internet publications of any information relating to the Company or its products, services, office locations, Producers or other employees, including, but not limited to, e-mail. The use of text messaging or chat rooms for marketing purposes is prohibited.
3. Descriptive literature and sales aids of all kinds issued, distributed or used by the Company or Producers selling the Company's products, including, but not limited to, circulars, newsletters, leaflets, brochures, booklets, depictions, illustrations, software printouts, proposals and pre-approach and other form letters, delivered in any medium, including electronic;
4. Newspaper or magazine article clippings, published investment letters, industry publications or any other material created by a third party and used as part of the sales process;
5. Communications that use the Company's logo and/or rates;
6. Material used for recruiting, training and educating the Company's Producers and employees and that is designed to be used or is used to encourage the public to purchase, increase, modify, reinstate, borrow from, surrender, replace or retain a contract or other product;
7. Prepared sales talks, seminars, presentations and material for use by Producers and employees, including, but not limited to, software presentations, videos, overheads and slides used to promote the Company's products and/or services of the Company;
8. Business cards, stationery, envelopes and other similar materials that display or contain the Company's name;
9. All material used to train Producers and employees concerning the solicitation and sale of the Company's products.
10. Materials that are used only within the Company and are not intended for dissemination to, and that are not actually distributed to, the public (such materials will be identified with the designation "FOR INTERNAL USE ONLY" or a similar statement to that effect); and
11. Correspondence as defined by FINRA means any written (including electronic) communication that is distributed or made available to 25 or fewer retail investors within any 30 calendar-day period.

NOTE: Advertising/sales material does not include:

1. A general announcement from a group or a blanket contract owner to eligible individuals on an employment or membership list that a contract or a program has been written or arranged, provided the announcement clearly indicates it is preliminary to the issuance of a booklet explaining the proposed coverage;
2. Routine administrative correspondence from the Company that contains no marketing text such as account or contract changes; confirmations; response to inquiries; and letters indicating office relocation. In addition, account statement and prospectuses are not advertising/sales material.

B. Review of All Advertising/Sales Material

All advertising/sales material, whether created by the Company, a Producer or a third party, must be approved by the Company prior to use. There are no exceptions to this policy. It is the Producer's responsibility in the first instance to ensure that all advertising/sales material generated by the Producer meets all applicable standards. The Company reviews each piece of advertising/sales material and gives final written approval for its use. During its review, the Company scrutinizes the material to ensure, among other things, that it: (i) complies with applicable laws and regulations; (ii) is truthful, accurate and not misleading; (iii) discloses material aspects of the product; (iv) is clear and understandable in light of the complexity of the product; and (v) avoids suspect terminology, exaggeration and unfair comparisons.

If a Producer writes new advertising/sales material or wants to change the content or the format of approved material, regardless of its origin, then the proposed material must be submitted for re-approval prior to use. Approval of any advertising/sales material submitted by Producers is valid for the time period specified by the Company. Continued use of such approved materials requires that a new request be submitted to the Company.

Producers also must avoid using outdated advertising/sales material. The Company may replace advertising/ sales material in response to product changes, legal changes or regulatory changes. Producers should always use the most recent version of advertising/sales material. Use of advertising/sales material that has been replaced (as with the use of unapproved materials) is a violation of Company policy.

C. Presenting Advertising/Sales Material

When presenting advertising/sales material to explain any product Producers should keep in mind that they may not alter any of the materials they use. Doing so changes the material the Company has approved and is therefore a violation of the Company's policy.

In general, advertising/sales material should be used as a tool to help present consumers with information they need to make informed decisions that are in their best interests. This information must not only be accurate but also must not have the capacity or tendency to mislead the customer. Producers must avoid using advertising/ sales material, statements or communications of any kind that, when used alone, are not misleading but become deceptive or misleading when combined. Disclosures to be made to customers and terms to be avoided during sales presentations are detailed within the "Disclosure to Customers: During the Sales Process" chapter of this Manual. The goal remains the same for all communications made: Producers should help each consumer understand the nature and elements of any product or service the customer considers.

D. Social Media Guidelines

As the Company is subject to various laws regarding market conduct and sales practices, advertising, and record retention, any communications using interactive or social media must comply with applicable laws and Company policies and procedures. Guidelines for usage of interactive or social media have been established on behalf of the Company for employees or Producers appointed with the Company. **All Company sponsorship, initiation, participation, concepts, or content related to interactive media must receive Legal and Compliance Department approval before its use, in accordance with the advertising approval compliance policy. This includes review of linked information, tweets, and previously approved Company marketing or product materials.**

With the development of new media forms, the ways in which Producers of the Company communicate continue to evolve. These interactive media guidelines set forth Company requirements for Producer and employee participants in on-line activity or interactive media communications (interactive media), including blogs, professional networks, and social media such as Facebook, LinkedIn, and Twitter.

Use of interactive media for communications referencing, discussing or related to variable, registered, or investment products or securities is strictly prohibited.

For questions or further information, please contact the Advertising Review Department at AIGLRComplianceAdReview@aig.com.

IX. Disclosures to Customers: During the Sales Process

During the sales process, Producers act as the critical link between the Company, as the insurance provider, and the prospective contract owner. In fulfilling that role, Producers act as a conduit of information that will provide an important basis for the prospective contract owner's decision to purchase an insurance product. We expect our Producers to use the sales process to give customers the information they need to make decisions about which insurance products, if any, to purchase. Providing comprehensive and helpful information improves a customer's understanding of the basic features of the Company's products, enhances the customer's ability to evaluate the relative costs of similar insurance or annuity products and allows the customer to select the product most suited to meeting his or her individual needs.

Keeping this in mind, Producers are prohibited from making misleading suggestions, statements, or exaggerations concerning any aspect of an insurance or an annuity product, the Company or the Producer. Each Producer should inform the prospective customers of the Producer's role in the proposed transaction and the nature of the product. This means informing the customers that the Producer is acting as an insurance producer and that the Company is a life insurance company. Producers should not give the impression that any entity other than the Company is responsible for the financial obligations of the Company. Producers should not imply that their compensation is unrelated to sales or commissions on sales. The Company has found that Producers who refer to themselves as financial planners, investment advisors, financial consultants or financial counselors can confuse potential customers. Therefore, Producers are prohibited from using such phrases unless they accurately describe credentials that they have earned.

A. Prohibition against Securities Recommendations

Insurance producers not licensed to sell securities should **not** make recommendations to the Company's existing or prospective customers to purchase or sell any securities **for any reason**. This includes, but is not limited to, recommendations to sell securities products where the proceeds of the sale would be used to buy a non-securities product such as a life insurance contract, fixed annuity, or fixed index annuity.

B. Information to Include in the Sales Process

It is important to inform prospective customers of the nature of the products and services in which they are interested. Distinguishing between guaranteed and non-guaranteed elements of an insurance product is of primary importance in helping customers understand the nature of the product. During the sales and delivery process of any product with non-guaranteed elements, the customer must be provided with a minimum of the following documents:

1. An application.
2. A regulatory compliant illustration wherein non-guaranteed elements are illustrated (if required).
3. A buyer's guide (in those states that require it).
4. A contract summary (in those states that require it).

Producers should discuss any charges and expenses with prospective customers.

C. Words and Phrases to Avoid

In an effort to minimize disputes and to decrease the chance of a misunderstanding arising between Producers and prospective customers, the following words and phrases should be avoided in connection with the sales process.

1. **Suggesting We Sell Something Other than Insurance.** Do not refer to the Company's products as anything other than insurance and annuities. Do not refer to a customer's purchase as an account or a plan. Producers may describe the ways in which contract owners can use the value that may accumulate in their insurance contracts as long as they do so factually and accurately.
2. **Suggesting Non-guaranteed Items are Guaranteed.** Do not use words that describe non-guaranteed elements of a contract as guaranteed. Under no circumstances should Producers state or imply that the payment or amount of non-guaranteed elements under a contract is guaranteed.
3. **Suggesting Contracts are Guaranteed Issue When Issue is Not Guaranteed.** Do not suggest that issuance of a contract is not dependent upon evidence of insurability when that is not in fact the case.
4. **Suggesting Customers Can Get Something for Nothing.** Do not use the terms free, no cost, without cost, no additional cost, at no extra cost or similar words with respect to any benefit or service being made available with a contract unless there actually is no direct or indirect cost to the

- prospective contract owner for the service or benefit.
5. **Referring to a Contract as a Unique or Special Offer When it is Not.** Do not state or imply that the contract or combination of contracts is an introductory, initial or special offer; that applicants will receive substantial advantages not available at a later date; or that the offer is available only to a specified group of individuals unless that is the fact. If it is a special offer, the Producer should only use wording provided by the Company.
 6. **Unfair or Incomplete Comparisons.** Do not make unfair or incomplete comparisons of contracts, benefits, dividends or rates of other insurers. Only accurate comparisons of contract features should be made, and Producers should take reasonable steps to assure the accuracy of such comparisons, keeping in mind that all sales materials must be submitted to the Company for approval.
 7. **Claims of Government Approval.** Do not state or imply that any product is in some manner connected with a governmental program or agency or that it has been endorsed by a governmental agency, such as a state insurance department or other regulatory body.
 8. **Inaccurate Statements about the Company.** Do not make statements that are misleading, in fact or by implication, with respect to the assets, liabilities, insurance in force, corporate structure, financial condition, age or relative position of the Company in the insurance business. The Company encourages Producers clearly to inform the prospective customer of the scope and purpose of ratings and financials.
 9. **Disparaging Remarks about Competitors.** Do not make disparaging remarks about other insurers, insurance Producers, products, services or methods of marketing. However, Producers may inform their customers of factual comparisons of product features.

This list is not intended to be exhaustive. Please remember that all presentations made to customers should involve providing them complete and helpful information about the Company's products.

X. Disclosures to Customers: The Creation and Use of Annuity Illustrations

Illustrations provide consumers with a helpful statistical representation of the guaranteed and non-guaranteed elements of the annuity contracts. As such, complete and accurate illustrations can aid Producer's efforts to provide consumers with information consistent with making buying decisions that are in their best interests. To ensure that illustrations serve their proper end, it is critical that they be presented in a manner that is consistent with applicable laws and regulations and is otherwise fair and appropriate.

1. **Definition**

An illustration is a presentation or depiction that includes non-guaranteed elements of an annuity contract over a period of years.
2. **Creation of Annuity Illustrations**

Producers are only permitted to use illustrations approved by the Company for its products. Producers may only use the most updated version of company approved illustrations or software.
3. **Presentation of Annuity Illustrations**

When presenting an illustration, Producers should inform the consumer that the illustration is not a projection or guarantee of performance, but merely a statistical representation of potential performance. In explaining the illustration, Producers must avoid describing or presenting the illustration and non-guaranteed elements in a manner that is misleading or has the capacity or tendency to mislead. This prohibition includes but is not limited to:

 - a. Representing the contract as anything other than an annuity contract issued by an insurer;
 - b. Using or describing non-guaranteed elements in a manner that is misleading or has the tendency to mislead;
 - c. Stating or implying that the payment or amount of non-guaranteed elements is guaranteed;
 - d. Using an illustration that is not in the form prescribed and provided by the Company;
 - e. Providing a consumer with an incomplete illustration; and
 - f. Altering the illustration in any way, including making any notation or marking on the illustration or instructing the consumer to make a mark or notation.

XI. Replacement Policies and Guidelines

A. The Company's Position Statement

The Company's position is that each and every replacement transaction should be appropriate for a customer's needs. An appropriate transaction is one that is in a customer's best interest. Determining whether a replacement is appropriate requires an analysis of each customer's needs and circumstances.

Many times it will be in the contract's best interest to keep or modify an existing contract. However, there may be circumstances in which a replacement transaction is appropriate for the contract. Producers should never suggest a replacement that is not in a customer's best interest. Ultimately, it is the customer's decision whether to proceed with the transaction.

To ensure that the replacement transaction is appropriate, the Company requires Producers to:

1. Understand the definition of replacement;
2. Ask the necessary questions to determine if there is a replacement;
3. Comply with the responsibilities as stated in this document and the appropriate state regulations;
4. Comply with the broker-dealer's replacement policies and guidelines for variable product sales;
5. Assist the Company when investigating undisclosed replacements; and
6. Refrain from engaging in the practice of "twisting" or "churning".

B. Definition and Effect of Replacement

Subject to any more restrictive state laws and regulations, the Company defines a replacement to be any transaction in which new life insurance or a new annuity is to be purchased, and Producers know or should have known that because of this transaction an existing life insurance policy or annuity contract has been or is to be in whole or in any part:

1. Lapsed, forfeited, surrendered or partially surrendered, assigned to the replacing insurer or otherwise terminated;
2. Used to finance the purchase of a new life insurance policy or annuity contract. A financed purchase means the purchase of a new contract involving the actual or intended use of funds obtained by withdrawal of, surrender of or borrowing from some or all of the contract values, including accumulated dividends, of an existing contract to pay all or part of any purchase payment on a new contract;
3. Reissued with any reduction in cash value;
4. Amended so as to effect either a reduction in benefits or in the term for which coverage would otherwise remain in force or for which benefits would be paid; or
5. Converted to reduced paid-up insurance, continued as extended term insurance or otherwise reduced in value by the use of nonforfeiture benefits or other policy values.

C. Use of Definition

For each sale, the Producer should look to the appropriate state's replacement definition to determine whether the transaction would be a replacement. If the state's laws define the transaction as a replacement the Producer should 1) disclose the transaction as a replacement on the application, 2) complete any state required replacement forms, and 3) follow the Company's replacement policies and guidelines. If the transaction is not considered a replacement pursuant to the state's definition, the Producer must still determine whether the sale would be a replacement under the Company's replacement definition. If so, then the Producer should disclose the replacement on the application and follow the Company's replacement policies and guidelines.

D. Definition and Treatment of an Internal Replacement

Internal replacements are transactions where the replacing insurer and the existing insurer are the same or subsidiaries or affiliates under common ownership or control. These transactions are considered replacements for purposes of complying with all state and federal regulations.

E. Determination of a Replacement

Because the law requires Producers to indicate that a transaction is a replacement in circumstances when they knew or should have known about it, the Company requires Producers to exercise diligence in determining if a transaction involves a replacement.

Producers must fully understand the definition of replacement, ask each customer all questions necessary to make a determination as to whether the proposed transaction is a replacement and provide the customer with all relevant completed and executed Company or state-required replacement disclosures and forms.

F. Determination of Appropriateness

The Producer's responsibility to determine the advantages and disadvantages of the replacement transaction- and to make a recommendation to the customer on appropriateness-can be a complicated process influenced by the customer's needs and objectives, the type(s) of policies or contracts being replaced and purchased, the amount of replacement information obtained and the identification and comparison of the relevant replacement factors.

Replacement transaction comparison factors include, but are not limited to, the following:

1. The advantages and disadvantages of meeting the customer's needs through the purchase of life insurance or annuities;
2. Whether the customer's goals can be better served by keeping or modifying an existing policy or contract;
3. A comparison of the guaranteed and non-guaranteed elements of the existing and proposed policies or contracts and the effects on the cash value buildup, death benefits, lapse dates, etc.;
5. How surrender charges that may be assessed on the surrender of the existing contract and those applicable to the proposed contract will affect the values (e.g., a comparison of net cash value directly before and after the replacement transaction);
6. The effect of the replacement on the customer's liquidity needs;
7. The consequences of new incontestability provisions;
8. Whether changes in the insured's health after the date the existing contract was issued will adversely change mortality costs;
9. Any increase in mortality costs;
10. Any differences between the existing and proposed contractual provisions, duration and amount of coverage, loan interest rates and/or tax treatment of the replacement transaction;
11. Any favorable provisions or grandfathered rights that may be lost;
12. Any potential tax consequences; and
13. The quality and financial stability of both the existing and the replacing company(ies).

G. Replacement Analysis

To help Producers effectively evaluate the appropriateness of a proposed replacement the following factors should be considered with the customer.

1. **Values:**
 - a. Acquisition costs for the old contract may have been paid, and you will incur costs for the new one.
 - b. What (if any) surrender charges do the contracts have?
 - c. What expense and sales charges will you pay on the new contract?
 - d. Does the new contract provide more benefits?

3. **Insurability:**

If you are surrendering an annuity or interest-sensitive life product:

 - a. Will you pay surrender charges on your old contract?
 - b. What are the interest rate guarantees for the new contract?
 - c. Have you compared the contract charges or other contract expenses?

Other issues to consider for all transactions:

- a. What are the tax consequences of buying the new contract?
- b. Is this a tax-free exchange? (See your tax advisor.)
- c. Is there a benefit from favorable grandfathered treatment of the old contract under the federal tax code?
- d. Will the existing insurer be willing to modify the old contract?
- e. Do the quality and financial stability of the new company compare favorably with the quality and financial stability of your existing company?

H. Producer's Responsibilities

The time and effort needed to fulfill the following responsibilities will depend on the types of products involved in the replacement transaction. To help ensure the replacement transaction is appropriate, each

Producer-prior to application submission-should:

1. Identify the customer's current needs and objectives;
2. Determine whether the customer's current needs and objectives can be met by the existing contract or contract, a modification of the existing contract or contract, or a new contract or contract;
3. Determine whether the purchase of the new contract or contract meets the definition of a replacement;
4. Provide, help the customer obtain, or direct the customer to information necessary to determine the appropriateness of the proposed replacement transaction (e.g., contracts, annual statements, re-proposals and illustrations);
5. Provide complete disclosure and analysis of all relevant replacement information and factors-help the customer understand the advantages and disadvantages of the replacement transaction;
6. Ensure that the customer understands the difference between guaranteed and non-guaranteed elements of the existing and proposed policies or contracts and that non-guaranteed elements are based on specific assumptions and are never a guarantee or a predictor of future results;
7. Determine whether the replacement is appropriate and tailor recommendations accordingly;
8. Comply with the Company's replacement policies and guidelines and with all relevant state and federal requirements;
9. Document and maintain a complete and accurate record of customer discussions, including all materials reviewed, relating to the appropriateness determination and the replacement decision. Products involved in the transaction will dictate the proper amount of documentation necessary;
10. Not engage in deceptive or fraudulent conduct; and
11. Not make oral or written statements misrepresenting or making an incomplete comparison of the terms, conditions or benefits of a contract or contract in an effort to induce the lapse, forfeiture, exchange, conversion or surrender of a contract or contract.

I. Prohibited Activities

Producers are prohibited from engaging in "churning" or "twisting", as these are considered unfair methods of competition and deceptive acts or practices in the business of insurance.

Churning occurs when the contract value of one existing insurance policy or annuity contract (including, but not limited to cash, loan values, or dividend values, and in any riders to that policy or contract), is used to purchase another policy or contract with the same insurer for the purpose of earning additional premiums, fees, or commissions, or other compensation and one of the following situations exist:

1. There exists no objectively reasonable basis for believing that the replacement or extraction of one policy or contract for another policy or contract with the same insurer results in an actual and demonstrable benefit to the policy or contract; or
2. The replacement of the policy or contract is obtained in a fashion that is fraudulent, deceptive or otherwise misleading or that involves a deceptive omission; or
3. The policy or contract is not informed that the policy or contract values, including cash values, dividends, and other assets of the existing policy or contract will be reduced, forfeited or utilized in the purchase of the replacement or additional policy or contract if applicable; or

Twisting occurs when a Producer knowingly makes any misleading representations, incomplete or fraudulent comparisons, or fraudulent material omissions of or with respect to any insurance policies or contracts for the purpose of inducing, or tending to induce, any person to lapse, forfeit, surrender, terminate, retain, pledge, assign, borrow on, or convert any insurance policy or contract or to take out a policy or contract with another insurer.

If the Company determines that such a replacement does constitute churning or the Producer engaged in twisting, a replacement contract will not be issued and the Producer will be informed of such denial.

J. Role of the Customer

The determination of whether any particular replacement is in a customer's best interest and whether to proceed with the transaction is ultimately to be made by the customer after obtaining any and all information necessary to make that determination. If appropriate, the customer's decision should be made in conjunction with his or her tax, legal and/or insurance advisor. Producers will be subject to disciplinary action by the Company, up to and including, termination of appointment and/or employment with the Company.

K. Role of the Company

The Company will monitor the replacement activity of its Producers to ensure compliance with the Company's policies and guidelines and the applicable regulatory requirements. In addition, the Company will monitor a Producer's sales activities to identify inappropriate replacements and undisclosed replacements. The Company will take necessary steps to enforce its policies and guidelines and any commission adjustment guidelines and to sanction any violators.

L. Questions and Answers about the Company's Replacement Policies and Guidelines**1. When is a transaction considered to be a replacement?**

A replacement occurs when a new annuity contract is to be purchased and Producers know (or should know) that because of the purchase, an existing policy or contract will be terminated, altered or used in a financed purchase. For more detailed information, see the "Definition and Effect of Replacement and Replacement Analysis" sections of this chapter.

2. Do these new guidelines apply to all replacement transactions and all products?

The guidelines apply to all external, internal and affiliate replacements of any existing life insurance policy and annuity contracts. The Company's definition of replacements generally excludes the following:

- a. Credit life;
- b. Group life and annuities;
- c. COLI/BOLI;
- d. Life insurance that is employer or association paid;
- e. Exercise of a contractual change or a conversion privilege;
- f. Group life and annuities used to fund prearranged funeral contracts;
- g. Life insurance proposed to replace insurance under a binding or conditional receipt issued by the same Company;
- h. Nonconvertible, nonrenewable term life that will expire in five years or less;
- i. Immediate annuities purchased with proceeds from an existing life or annuity contract;
- J. Policies used to fund a tax-qualified plan or a nonqualified deferred compensation arrangement; and
- k. Structured settlements.

These exemptions track the NAIC 2000 Model Regulation. However, some states do not exempt all of the above, so Producers must determine whether the transaction is considered a replacement in the state in which it takes place.

3. What is a *financed purchase*?

The term financed purchase describes the actual or intended use of contract values (partial surrender values, loan values or accumulated dividends) from an existing contract to pay all or part of any purchase payment on a new contract, either prior to or subsequent to the issuance of the new policy. See the "Definition and Effect of Replacement" section of this chapter.

4. How do these new guidelines apply to state and FINRA requirements for registered products?

These policies and guidelines apply to the replacement recommendation or purchase of any annuity contract regardless of whether they are registered or traditional products. State regulatory requirements, including the use of specified forms, must always be followed. Any replacement recommendation made by a registered representative should not only be in accordance with these guidelines but also with the procedures and requirements of their broker-dealer relative to appropriateness and suitability.

5. What is an *internal replacement*?

Whenever both the existing and replacing contracts in a transaction are purchased from the same insurer, its subsidiaries or affiliated companies, the transaction will be considered an internal replacement. As with all other replacements, internal replacements must comply with all state and federal regulations as well as the Company's replacement rules.

6. Are state replacement forms required for a conversion?

Generally, state replacement forms will not be required for a transaction when it involves the exercise of this contractual provision. Be sure to review the appropriate state's replacement definition to determine if

replacement forms are required for these types of transactions.

7. How do I determine appropriateness?

A replacement is appropriate when it is in the best interest of the contract owner to replace the existing policy. Determining the advantages and disadvantages of the replacement transaction-and making the ultimate decision on appropriateness-can be a complicated process that will be influenced by the customer's needs and objectives, the type(s) of contract being replaced and purchased, the amount of all replacement information obtained and the comparison of relevant factors. For more detailed information, see the "Determination of Appropriateness" and "Replacement Analysis" sections of this chapter.

8. What are penalties for violations of the new guidelines?

Violations of replacement guidelines and regulations may subject both the Company and the Producer to significant penalties. Penalties may include the revocation or suspension of a Producer's or a Company's license, monetary fines and the forfeiture of commissions or compensation paid to a Producer as a result of the transaction in connection with which the violations occurred. In addition, the Producer will be subject to discipline by the appropriate disciplinary body.

XII. Delivering the Policy or Contract

Timely delivery of a customer's contract is an important Company obligation. Proof of contract delivery avoids non-delivery market conduct-related violations and service related complaints by establishing that a contract is delivered and the date the applicable free-look period commences. The Company will deliver the contract directly to the client by way of the United States Postal Service. Certain Broker Dealers or Agencies may elect to have the contract delivered to their business address so that their producers may hand deliver the contract to the client. If your Broker Dealer or Agency has made this election the Company's expectation is that producers will comply with state delivery requirements and obtain proof of contract delivery, if required, and maintain such proof in the customer's file and provide such proof of delivery to the Company if required. A Producer who fails to deliver a contract in a timely and appropriate manner is subject to disciplinary action. A commission may be subject to charge-back when a contract is rescinded because there is no satisfactory evidence a contract was delivered in an appropriate and timely manner.

A Producer is prohibited from delivering a contract to the customer when the Producer is aware there has been an adverse change in the insured's health subsequent to the application date.

XIII. Policy Regarding Supervision of Producers

The Company has implemented supervisory structures appropriate to its distribution systems. A Producer's primary supervisory relationship with the Company is defined by the Producer's agreement. That contract sets forth the Producer's obligation to follow the policies and procedures of the Company, including those contained in this Manual.

The Company maintains an appropriate structure for the supervision of Producers that is appropriate and applicable to its various distribution channels. The Company supervises and monitors the activities of Producers through a number of processes, including but not limited to, monitoring regulatory and customer complaints and regulatory and internal Company reports to identify particular issues and trends. In cases where the Company's monitoring of activities identify potential supervisory issues related to a Producer, the Company reserves the right to implement proper disciplinary procedures (see "Discipline for Policy Violations" Chapter of this Manual).

XIV. Complaints

Working earnestly to resolve customer dissatisfaction strengthens relationships with existing customers and helps enhance the Company's and the Producer's reputation for responsive service. For these reasons, it is imperative that: (i) all complaints be submitted to the Company's Compliance/Consumer Affairs Department within two business days of receipt and (ii) Producers work cooperatively and diligently with the Compliance/Consumer Affairs Department to resolve customer complaints.

A. What is a Complaint?

Complaints are written or verbal communications expressing any grievance with the Company, its services, practices, products, employees or Producers. While differentiating an actual complaint from a misunderstanding or an inquiry requires judgment, the following guidelines may be helpful. A communication from a customer is probably a complaint if the customer claims: (i) he or she has not received expected benefits or service; (ii) the Company or a Producer has made a mistake or has acted or failed to act in a way prejudicial to the customer; or (iii) he or she is displeased with the Company or its representatives.

Any of the following assertions made by a customer will likely be considered a complaint:

1. Failure of the Company or its Producer, if authorized by the Company, to collect purchase payments.
2. Sale of a product that is unsuitable or inappropriate for a customer's needs.
4. Improper replacement.
5. Delay or failure by the Producer or Company to respond to or process a request.
6. Misrepresentation or failure to disclose important information.
7. Failure to discontinue automatic withdrawal of purchase payments.
8. A deficiency or misapplication of purchase payments
9. Unprofessional or rude behavior by a Company representative.
10. A processing error.
11. A customer request for a return of purchase payments other than during the free-look period or due to extenuating circumstances.
12. A customer indication that an attorney state insurance department other regulatory agency or company management will be contacted.
13. Conduct the customer perceives to be illegal, immoral or unethical (e.g., fraud, stolen money, forgery, sexual harassment or misconduct, alcohol or drug abuse).
14. Improper claims handling.

While most complaints come from insured customers, complaints also may come from a customer's advocate (e.g., attorney, attorney-in-fact or relative), a contract beneficiary or assignee, a state insurance department FINRA or other regulatory agency, a competitor insurance company, the Better Business Bureau or a consumer advocacy group.

Verbal complaints (e.g., complaints received via telephone or in person) are included within this policy and should be documented by the Producer or employee receiving the verbal complaint. A suggested format is provided as Appendix A.

Any communication that could arguably be considered a complaint should be treated as such and reported as explained in the next section.

B. Reporting Complaints

Together with supporting documents and background information, complaints received by employees in the Company or by Producers must be referred within two business days of receipt to the Compliance/Consumer Affairs Department. If the complaint is verbal, this report should be documented on a complaint form such as in Appendix A. Any Producer referring a complaint should retain copies of the information in a complaint file.

In addition, customers may report complaints directly to the Compliance/Consumer Affairs Department via fax, mail, e-mail or telephone.

To report complaints involving individual contracts and group contracts issued by the Company contact:

Consumer Affairs Department
530 S. American General Center
Nashville, TN 37250
Phone: 877-574-3136 or 800-448-2542
Fax: 806-378-6716 or 615-749-2840
Email: compliance.consaffairs@aglife.com

Special Assistance (hearing impaired and/or non-English speaking customers):
Annuities: 888-436-5257

C. Resolving Complaints

After receipt, the Company investigates each complaint and makes every effort to resolve it promptly and to the customer's satisfaction. To this end, Producers may be requested by the Company to provide a statement or further information. Producers are not to contact the complaining customer about the complaint unless requested to do so by the Compliance/Consumer Affairs Department.

Any individual dissatisfied with the Company's position on a complaint may submit a letter to the Compliance/Consumer Affairs Department requesting reconsideration and explaining why the Company's resolution was inadequate.

XV. Discipline for Policy Violations

The Company has prepared this Manual and adopted the policies and procedures that it reflects as part of a comprehensive effort to subscribe to high standards of conduct. To help us achieve this goal, we expect our Producers to abide by applicable laws and regulations and to uphold the Company's policies and procedures as reflected in this Manual and other established Company practices. The Company reviews suspected violations of laws, regulations or Company policies.

As part of its commitment to the highest standards of conduct, the Company relies upon its employees and Producers to report violations of the Company's policies, which includes noncompliance with laws and regulations and Company policies and procedures. Known or suspected policy violations should be reported to the Compliance Department (see "Compliance Contact Information" chapter of this Manual).

As appropriate, the Company will investigate alleged violations by Producers, and, where the investigation concludes that a violation has occurred, it will determine any appropriate disciplinary action.

In determining whether a particular disciplinary action is appropriate, a variety of factors will be weighed by the Company, including, but not limited to:

1. Prior or similar violations.
2. Whether a reasonable explanation for the violation exists.
3. Whether the conduct was intentional, reckless or negligent.
4. The scope, nature and magnitude of the violation.
5. The Company policies that were violated by the improper action.
6. Whether the violation was caused principally by a failure to supervise rather than by the Producer's or employee's misconduct.
7. The harm done to the contract owner or the Company's reputation.
8. How the Company learned of the violation.
9. Any other additional details.

With respect to policy violations by Producers, among other things, the Company has available to it the following actions:

1. Termination of contract/employment.
2. Increased supervision.
3. Reversal or alteration of commissions or other financial penalties.
4. Privilege revocation (awards and conventions).
5. Letter of reprimand and/or probationary status.
6. Counseling.
7. Additional required training courses.

The above disciplinary actions are not mutually exclusive and should not be read as in any way limiting the Company's discretion to impose another sanction that it deems appropriate based on the actual facts and circumstances presented.

XVI. File and Record Maintenance

All Company Producers are required to maintain complete and accurate files for transactions related to the Company. Experience indicates that the records Producers keep will be the best (or only) way to establish the care and professionalism exercised when dealing with a particular customer. Carefully maintained files also provide the best protection against inappropriate or wrongful complaints or legal claims in the future. The appropriate time to build such files is when a particular transaction is in process, since it can be difficult or impossible to reconstruct the file months or years later when questions or issues may arise. These files should be maintained for at least seven years (or as required by law) after the contract ceases to be in force.

A. Customer Files to be Maintained by Producers

1. All sales presentation or other marketing material used by you or shown to the customer.
2. Fact-finding tools (including annual reviews) or any other documents used to collect customer data and determine the customer's insurable needs and financial objectives (see "Disclosures to Customers: During the Sales Process" Chapter of this Manual).
3. Copies of all illustrations shown to the customer and, if required by state law or the Company's policy, a signed copy of the illustration of the contract actually delivered (see "Disclosure to Customers: The Creation and Use of Life Insurance and Annuity Illustrations" Chapter of this Manual). For any customer who buys a contract, this should include any written solicitations and/or product comparisons and every proposal shown to the customer (even if the customer did not buy all of the products that were proposed).
4. All correspondence between the Producer and the customer (or a representative of the customer).
5. A record of dates and notes memorializing any substantive telephone conversations or meetings between the Producer and customer (or a representative of the customer).
6. A signed Acknowledgment Receipt Form, if applicable.
7. If a replacement was involved, signed copies of all state replacement forms or any ledger statements used in a conversation.
8. Signed transfer or 1035 exchange forms, if applicable.
9. Copies of all applications.
10. A signed contract Delivery Receipt (contract Delivery Checklist, where applicable) or record when a contract was mailed, if applicable.
11. A copy of the customer's check, if applicable.
12. A copy of any written complaints from or relating to the customer.
13. Copies of all Asset Transfer Forms involving qualified plan transactions.

We encourage Producers affiliated with the Company to maintain complaint files and a complaint log for complaints received that relate to policies issued by the Company. The complaint file should include a copy of the complaint (or in the case of a verbal complaint the completed complaint form) and all relevant correspondence and memoranda setting forth the nature, background and disposition of the complaint. The complaint log should list and provide the following information for all complaints: the complainant's name, the date the complaint was received by the Producer, the substance of the complaint, the date the complaint was sent to the Company, the date the complaint was resolved and how the complaint was resolved.

In addition, agencies should maintain copies of all advertising/sales material created by any agency office personnel. The file should also include documentation of the required Company approval of the material with attached clean versions of the material including required modifications.

Agencies also should maintain records of training provided to Producers or that Producers attended as part of a continuing education requirement to maintain their licenses.

Generally, most states view electronic record retention or imaging as an acceptable format for file retention so long as the electronically retained record is an accurate, exact reproduction of the original hard copy which cannot be altered, and, a hard copy may be reproduced quickly and easily from the electronic image. Producers should become familiar with the file and record maintenance regulations of the states in which they write insurance business to assure compliance with record retention laws.

B. Variable Product Files

Note that variable product files should be maintained separately from non-variable product files. With regard to other requirements for variable products, all books and records are to be maintained in accordance with the guidelines set forth in the broker-dealer manual.

XVII. Purchase Payments and Transactions by Producers Prohibited

To comply with applicable laws, the Company prohibits the commingling of contract owner funds with those of Producers. Further, administrative problems may develop when the Company accepts funds from a Producer or an agency to make a purchase payment.

All initial purchase payments collected from the customer are to be remitted immediately to the Company in an acceptable form of payment, made payable to the Company.

Transactions creating a conflict of interest are prohibited. Producers have broadened their insurance practices by serving as real estate agents, mortgage brokers, settlement brokers, trustees, or other types of advisors. Representing multiple parties or serving multiple roles in one transaction creates a risk of conflict and is prohibited. Producers should refer to "Disclosures to Customers: During the Sales Process" regarding each Producer's obligation to inform customers of the Producer's role in the transaction, the nature of the product, and that the Producer is acting as an insurance producer.

Producers are prohibited from purchasing a customer's contract and cannot become the owner or beneficiary, or address of record of a customer's contract.

Producers are prohibited from becoming the trustee of a trust that is the owner or beneficiary of the customer's contract unless the contract is owned by a member of the Producer's immediate family.

XVIII. Unfair Competition is Prohibited

In conducting Company business, all Producers must engage in fair competition. Fair competition means that the Company, its employees and its Producers will not use tactics that unfairly hurt competitors (e.g., competitor bashing) or consumers (e.g., agreements with other insurers to raise prices). In particular, Producers shall provide only information that is factually accurate and shall avoid withholding information that is clearly relevant to the customer's decision to buy an insurance product.

To this end, Producers must not engage in (i) making disparaging remarks about competitors; (ii) anti-competitive or unfair or deceptive trade practices; and (iii) tying or bundling (all defined below).

A. Disparaging Remarks

In conducting Company business, Producers should focus on the strength of the Company and must refrain from making disparaging remarks about competitors (i.e., untrue or misleading statements, inaccurate comparisons, malicious or derogatory criticisms of any kind regarding an insurer's financial condition or comments that could be considered competitor bashing). Both oral and written disparaging remarks are prohibited. While disparaging remarks do not include relevant, factually accurate information, they do include statements made to dissuade a consumer from doing business with a competitor if the information is not accurate or complete. Note that those who make disparaging remarks in violation of Company policy may also be personally subject to legal proceedings.

B. Anti-competitive or Unfair or Deceptive Trade Practices

Producers must refrain from engaging in any activity that may cause an unreasonable restraint of trade or is an unfair method of competition. An unreasonable restraint of trade generally results from written or oral communications between competitors (including discussions at trade meetings) that stifle competition, effect a monopoly, artificially maintain prices or otherwise obstruct the free and natural course of trade. Such prohibited activities include, but are not limited to:

1. **Allocation of markets**, which is an arrangement between two or more competitors to divide customers, allocate territories or markets or control their respective output of goods or services.
2. **Price fixing**, which is a formal or an informal agreement between competitors that interferes with free market prices (even if the prices are lowered as a result). In the insurance industry, the term price fixing includes anything that impacts the cost to the Company or the value received by the customer, such as premiums (or any part of the premium formula), dividends, surrender charges,

- commission rates, classification ratings, deductibles and interest rates (on reserves, contract loans, prepaid premiums and settlement options).
3. **An agreement among competitors to boycott** or to refuse to deal with a third party, such as a competitor, a consumer, a supplier or an independent Producer.
 4. **Inducements.** Producers must not offer, promise, allow, give, set off or pay any inducements not specified in the contract including: (i) any refund or return of premium; (ii) any return of commissions; (iii) any special advantage in the contract or age of issue; (iv) any paid employment; (v) any contract for services; (vi) any stocks, bonds, securities or property; or (vii) any other valuable consideration. Producers with questions regarding the use or value of consideration of gifts should contact the Compliance Department.
 5. **Tying or Bundling.** Tying or bundling is an arrangement to sell one product or service on the condition that the buyer also purchase an additional product or service. Producers must not attempt to tie the sale of one Company product or service to the sale of another product or service. Customers may, of course, be offered the opportunity to purchase multiple products, so long as they are not required to purchase one product in order to be offered another product. Additionally, Producers are prohibited from requiring or implying that a supplier must make purchases from the Company as a condition of obtaining or maintaining the Company's patronage.

XIX. Workplace Issues

Every individual who is employed by or contracted with the Company is required to follow the ethical and professional standards set forth in this Manual in all interactions with customers, colleagues, and Company employees. The Company expects Producers to maintain professionalism and uphold these same standards in the operation of their workplaces and in their interactions with customers, colleagues, and Company employees. Producer appointments with the Company are dependent upon compliance with all Company policies and procedures, and professional conduct that is consistent with the Company's standards.

XX. Anti-Money Laundering

As a representative of the Company, you are the front-line of defense against potential money laundering activity involving the insurance industry. Money laundering is the process by which criminals attempt to conceal the nature or source of their illegal funds and disguise them to make them appear legitimate.

The Financial Crimes Enforcement Network (FinCEN) issued regulations requiring insurance companies to develop and implement an Anti-Money Laundering (AML) program. The Anti-Money Laundering Rules for Insurance Companies require insurance companies to fully integrate Producers into their AML program and to provide ongoing AML training.

Key Considerations:

The following considerations are relevant to help ensure that the firm is collecting sufficient information to know its customers. In other words, after collecting relevant information it can be established that there is reason to believe that the client is who they claim to be, and factors which may be indicators of exposure to elevated risks to the firm, in terms of money laundering activities and/or economic sanctions law (see Chapter XXI. Economic Sanctions, which follows), may be identified and acted upon in a timely manner.

A. New Business Submission

Conduct information analysis to help ensure the documentation is in good order for submission:

- Has all required information been provided?
- Has supporting documentation for the required information been provided?
- Has the Social Security number been collected?
- Signatures of relevant parties present on documents?

B. Acceptable Form of Initial Purchase Payment

- The proposed insured's or contract owner's personal check*
- A check* drawn on the proposed insured's or contract owner's business account
- Bank Draft Authorization and voided check*
- Another insurer's check* issued in connection with a transfer of funds, rollover or exchange
- Check* drawn on a trust established for the proposed insured
- Cashier's Check (a.k.a. Official Bank Check) purchased from a U.S. bank
- Cashier's Check* issued by a financial institution that is also the contract owner

- Domestic Wire Transfers

**All checks must be drawn on a U.S. financial institution*

C. Unacceptable Form of Initial Purchase Payment

- Cash
- Money Orders
- Temporary/Starter Checks
- Producer or agency checks
- Traveler's checks
- Foreign Wire Transfers
- Checks drawn on foreign institutions

D. Identifying Potentially Suspicious Activity

Following is a list of "Red Flags" to keep in mind as you meet with customers and prospects (not intended to be all-inclusive) and may warrant escalation:

1. Shows little or no concern for the investment performance of the product but a great deal of interest about the early termination features and seems to be knowledgeable about early surrender, loans, withdrawals, and free look periods.
2. Is reluctant to provide identifying information when purchasing the product, provides minimal or seemingly fictitious information.
3. Uses a deceased person's Social Security number or provides information that is inconsistent or appears suspicious.
4. Does not want to meet Producer at residence or place of employment or wants to meet during odd hours.
5. Pays initial purchase with checks or wire transfers from the account of an unrelated (NOT the Owner, Payor, or Insured) third party.
6. Applies for contract from a distant location when comparable coverage can be obtained closer to home.
7. Accepts unfavorable underwriting conditions for his/her age or health.
8. Does not ask how much the product will cost does not want to compare products based upon cost/benefit ratio and may offer to pay higher purchase payment for speed and other accommodations.
9. Presents unusual or suspect personal or business identification documents.
10. Questions whether a government report will be filed based upon transaction.
11. Has criminal record or is publicly associated with known felons.
12. Customer, their family, or close associates, are senior foreign political officials.
13. Has accounts in a country identified as a tax haven.
14. Asks for details about or exception to policies/procedures that deter money laundering.
15. Buys policies from several insurers in a short period of time.

E. Reporting Potentially Suspicious Activity

If you observe suspicious activity, whether on the part of a customer or a prospect or are unsure as to whether or not your observations should be considered as potentially suspicious you must take the following steps:

Contact your Compliance Officer; or

Report your suspicions to the AML Department via email at AMLOfficer@aglife.com.

You must not disclose to the customer or prospect that such a report has been made.

F. AML Training

Covered product applications will not be processed if one or more of the writing Producers have not completed the required AML training.

G. Disciplinary Action for Non-Compliance

Facilitating an attempt to launder funds, or the failure to report suspicious activity, will result in disciplinary action, including the termination of your appointment or employment with the Company.

XXI. Economic Sanctions

The Company is subject to the provisions of certain programs and economic sanctions administered by the Office of Foreign Asset Control (OFAC). OFAC maintains various government lists, including, but not limited to the 'list of Specially Designated Nationals and Blocked Persons' ("SDN List"). The lists include entities, organizations, persons or marine vessels that are connected to, or suspected of, certain activities, such as global terrorism, proliferation of weapons of mass destruction, and narcotics trafficking. U.S. persons are not allowed to transact business with parties designated on the various lists, unless specifically authorized by OFAC via a license or interpretive ruling. Such license or interpretive ruling would be obtained through coordination with AIG Global Compliance, who communicates directly with OFAC.

As the initial point of contact with the customer, it is important that you obtain appropriate information to verify the identity of all parties (Insured/Annuitant Owner, Payor, and Beneficiary) to the contract. Information provided at application is essential to enable the Company to identify a true match to a subject on one, or more, of the watch lists as well as to promptly resolve an invalid match. The following information will facilitate the validation of the insured/annuitant owner and/or payor's identity without delay to the new business process. As applicable based on business line:

1. Social Security number
2. Driver's license number and issuing state
3. Physical home address (no PO. Box)
4. Mailing address (if different from physical home address)
5. Date of birth
6. Country of birth
7. Passport and/or visa number (if not a U.S. citizen)

If you encounter a customer unwilling to provide the required information, you should:

Contact your Compliance Officer; or
Report the information via email to AMLOfficer@aglife.com

XXII. Fraud

Each year, insurance fraud costs companies and consumers alike tens of billions of dollars. Most states have adopted laws that require insurers to implement an anti-fraud program to prevent and detect insurance fraud. In many states, insurance fraud is also a felony crime. People who commit insurance fraud may face criminal charges, be ordered to make restitution, and be sued in civil court.

A. What is Insurance Fraud?

Fraud occurs when an individual or entity, an insurance company, Producer, adjuster or consumer, knowingly lies to obtain an illegitimate gain or to deny some benefit that is due and to which someone else is entitled.

B. What are the Elements of Fraud?

The elements of common-law fraud must include an act of deceit that consists of:

1. Intentional misrepresentation of a past/existing material fact or of a promise to perform that the perpetrator knows is false; or
2. Intentional concealment of or a failure to disclose a material fact known to the perpetrator who has a duty to disclose that fact or
3. Representation of a past/existing material fact that is untrue and that the perpetrator does not believe is true and has no reasonable basis to believe to be true.
4. The perpetrator's intent to induce the victim to rely on the misrepresentation (or on the absence of a concealed material fact) to the victim's detriment (e.g., the victim's parting with money, property, or something else of value);
5. The victim's lack of knowledge of the true facts or of the concealed facts;
6. Actual reliance on the false statement by the victim; and
7. Damages suffered by the victim.

C. Who commits fraud?

Fraud can be committed by anyone: applicants for insurance, contract owners, health care providers, third party claimants, Producers, employees of insurance companies and/or professionals who provide services to be paid by insurance.

D. What are fraud indicators?

Fraud indicators are generally referred to as "red flags". Red flags are items or circumstances that may arise which may warrant a more thorough investigation.

Note: No one indicator by itself may be necessarily suspicious. Even the presence of several indicators, while suggestive of possible fraud, does not mean that fraud has been committed. Indicators of possible fraud are "red flags" only and are not automatically considered actual evidence of fraud.

E. What are some examples of red flags?

- Consistent submittal of photocopied or altered claims or withdrawal forms.
- Inconsistent provider signature.
- Gut feeling (when something just doesn't feel right).
- Death occurred during contract's contestable period.
- Identification of insured shows inconsistencies through document examination.
- Multiple policies in force at a coverage amount that does not require physical exams.
- Infidelity at work/home.
- History of mental problems.
- Financial distress.
- Beneficiary pushing for quick settlement.
- Requestor pushing for expedited processing of a withdrawal or surrender.
- Large surrender charge to be incurred by contract owner.
- Contract being replaced has been in place for only a short period.
- Death occurring outside of the United States.
- Unsolicited, new walk-in business, not referred by existing contract owner.
- Applicant's given address is inconsistent with employment/income.
- Applicant cannot provide driver's license or other government-issued photo identification.
- Information provided on application appears inconsistent with applicant's business or lifestyle.
- Applicant prefers to make purchase payment in cash, money order, or cashier's check.
- Applicant is never available to meet in person and communicates and provides all information only by telephone.
- Applicant has an extensive claim history.
- Applicant has a criminal record.
- Owner has no insurable interest.
- Purpose of insurance question reveals a potentially fraudulent activity.
- Applicant insists on involving the producer or broker in expediting the application and offers a gratuity to do so.
- Applicant submits documents that appear questionable or altered.
- Individual believes they have a contract with the company, but the producer indicates the individual loaned them money or invested in their agency or business.
- Signature on loan, withdrawal, or surrender request does not appear to match original contract owner signature.
- Contract owner indicates they did not request a loan, withdrawal, or surrender.
- Multiple address changes in a short period of time.
- Multiple withdrawal requests in a short period of time.

F. What are the rights and duties of the insurance carrier?

All business areas within the Company, including but not limited to New Business, Underwriting, Contract Owner Services/Customer Services, Claims, Information Technology, Compliance, Legal, and Corporate Security are responsible for the detection of potential fraudulent activity by checking for the existence of any "red flag" indicators of potential fraud in the daily performance of their job duties

G. Prevention, Detection and Reporting of Fraud

The Company has established the Special Investigative Unit (SIU) with the primary responsibility for protecting the Company, insured members, business partners, and customers from those who commit fraud. The SIU is responsible for prevention, detection, reporting, record-keeping and employee training. Should you feel you have detected fraud, you

may report this by contacting your compliance department directly.

H. Loss Prevention, Recovery, and Prosecution

The Company is committed to preventing and recovering losses sustained through pursuing legal action to terminate contractual liability when warranted, seeking restitution and/or prosecution, or undertaking civil actions against persons who have engaged in fraudulent activities. Where the Company has sustained economic or monetary loss, legal counsel will be asked to evaluate the merits of cases to determine the feasibility of a civil recovery action or criminal prosecution.

I. Confidentiality

Investigation results are not disclosed or discussed with anyone other than those who have a legitimate need to know.

XXIII. AIG Global Anti-Corruption Policy Summary for Third Parties

American International Group, Inc., along with its subsidiaries and affiliates (collectively "AIG"), is committed to conducting its business in accordance with the highest ethical standards and in full compliance with all applicable anti-corruption laws and regulations in the United States and in other jurisdictions in which AIG operates or does business.

As part of that commitment AIG's Global Anti-Corruption Policy ("the Policy") requires Third Parties acting on behalf of AIG, including but not limited to, consultants, Producers, and sales agents, to comply with AIG's standards in connection with anti-corruption compliance.

The purpose of this document is to summarize AIG's expectations, as dictated by the Policy, for Third Parties acting on behalf of AIG around the world.

A. Definitions

1. "Anything of value" includes, among other things, cash and cash equivalents (e.g. gifts cards) in any amount; gifts; meals, travel, and other hospitality (including that associated with training); training; in-kind services; business, employment or investment opportunities; contractual rights or interest; discounts or credits; commissions, brokerages, kickbacks, rebates, loans, or other compensation; assistance to or support of family members; payment of medical expenses; political donations and charitable contributions.
2. "Government Official" includes, among others, all officers, employees, agents, etc. acting in an official capacity for or on behalf of any government its departments, agencies, or instrumentality, including government- or state- owned or controlled entities (e.g., national oil companies, state-run utilities, public hospitals, sovereign wealth funds). The term also includes any officer, employee, agent etc. of a political party, public international organization (e.g. the United Nations or the World Bank); members of royal families; and candidates for political office.
3. "Improper Performance" means the performance or non-performance of an act, or the making of a decision, in breach of an expectation or duty of good faith, impartiality, and/or trust

B. Prohibited Conduct

The Policy expressly prohibits third parties acting on behalf of AIG from engaging in the following types of conduct:

Government Official Bribery

- Offering, promising, authorizing, or paying anything of value to any Government Official for the purpose of inducing the Government Official to use his/her influence to obtain, retain, or direct business to AIG or to any other individual or entity, or to otherwise secure an improper business advantage; and
- Agreeing to provide anything of value to a Government Official or other person/entity when directly or indirectly demanded by the Government Official or person/entity in exchange for a promise to act or refrain from acting in relation to his or her duties.

Commercial Bribery

- Offering, promising, authorizing, or paying anything of value to any employee, agent or representative of another company, or to any other person or entity, to induce or reward the Improper Performance of any function of a public nature or an activity connected with business

activity.

Accepting or Receiving a Bribe

- Requesting, agreeing to receive, or accepting anything of value from any individual or entity as an inducement or reward for the Improper Performance of any function of a public nature or an activity connected with business activity.

C. Potentially Risky Conduct

The Policy recognizes that a number of otherwise permissible activities pose a particular risk of resulting in violation of anti-corruption laws, and requests third parties acting on behalf of AIG to use heightened caution when engaging in these activities. In addition, AIG requires third parties to adhere to the following guidelines when acting on behalf of AIG:

1. Gifts, meals, travel, and other hospitality for Government Officials or other individuals are permitted provided such expenditure:
 - a. Is not lavish or extravagant;
 - b. Does not occur on a regular or frequent basis;
 - c. Is directly related to the promotion of AIG products or services; and
 - d. Is permissible under the relevant laws and regulations of the recipient's country.
2. Government Official customers are permitted provided that they are not given special benefits, credits, discounts, services, or anything of value that are not otherwise provided or available to similarly situated non-Government Official customers.
3. Third parties may hire Government Officials or family members of a Government Official provided the hired individual does not receive special treatment or favors because he/she is a Government Official or family member of a Government Official.
4. Third parties are permitted to obtain government licenses, permits, and regulatory approvals on behalf of AIG provided no payment is made that will ultimately be given to a Government Official for his/her benefit in exchange for the Government Official's assistance or influence in improperly obtaining a government license. The same limitation applies to payments made to resolve disputes with local government agencies or departments.
5. Third parties acting on AIG's behalf are generally not permitted to offer, promise or make facilitation payments, which are small payments to Government Officials in exchange for performance or expedition of a routine, non-discretionary act.

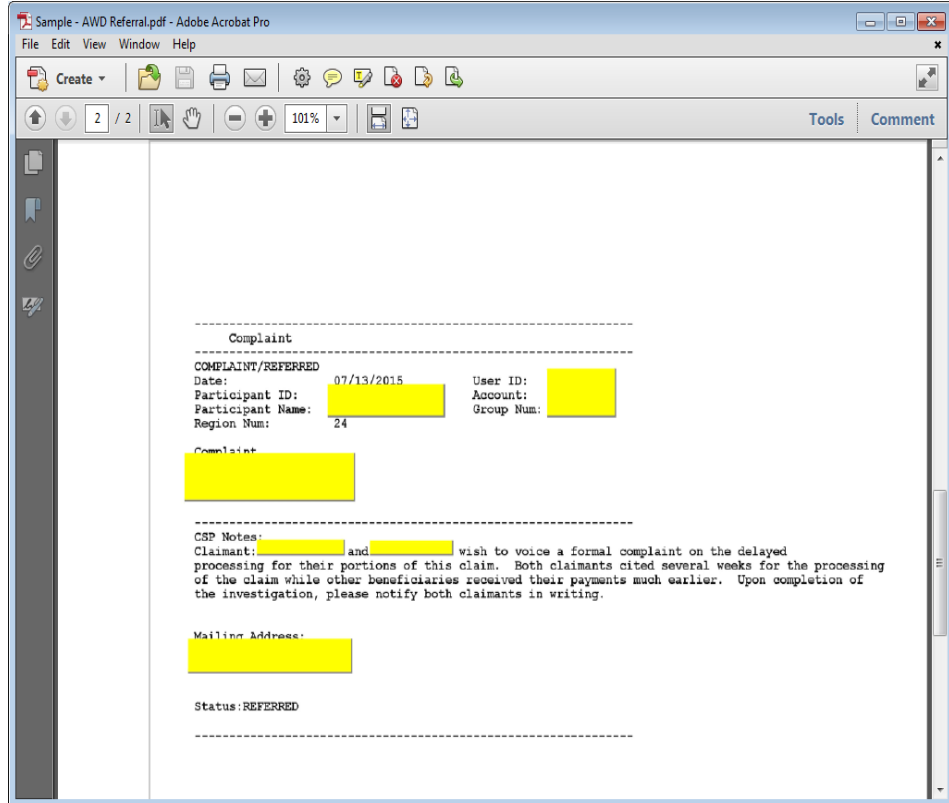
XXIV. Compliance Contact Information

VALIC Independent Channel
2929 Allen Parkway L6-30
Houston, TX 77019
Telephone Hotline: 877-246-4501
Fax: 713-831-6161

Appendix A

Verbal Complaint Form

This first example documents receipt of a verbal complaint handled by the call center and routed to the Complaint Team via AWD.



The second example presents the form used by the call center in Nashville to document and route information to the appropriate team.



Phone_Log.pdf



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