

# FAQ

## Frequently Asked Questions

Get the answers by searching through our FAQs.



### ► Signature Protection Indexed Universal Life

**Q: What is Indexed Universal Life Insurance?**

**A:** Indexed Universal Life (IUL) allows the owner to allocate cash value amounts to either a fixed account or an equity index account. IUL policies offers a life insurance death benefit and tax-deferred cash accumulation that can be used to supplement retirement.

**Q: What issue ages are available?**

**A:** 18–80 Insured

**Q: What is the minimum face amount?**

**A:** The minimum face amount is \$250,000

**Q: When does the Signature Protection IUL mature?**

**A:** It matures on the policy anniversary following the Insured's attained age of 121. That means premium payments may be required up to age 121 to keep the policy in force and the surrender value will be paid to the owner at that time.

**Q: What underwriting classes are available on the Signature Protection IUL?**

**A:** Standard classes available at all face amounts:

- Standard Non-Nicotine User (Table 1-16; Flat Extras)
- Standard Nicotine User (Table 1-16; Flat Extras)
- Standard Plus Non-Nicotine User

Preferred classes available at ages 18+ to face amounts \$250,000:

- Preferred Non-Nicotine Use
- Preferred Plus Non-Nicotine User
- Preferred Nicotine User

**Q: What premium modes and methods are available on the Signature Protection IUL?**

**A:** Annual, semi-annual, quarterly, monthly EFT/PAC

**Q: What is the No Lapse Guaranteed Premium?**

**A:** The No Lapse Guaranteed Premium guarantees death benefit coverage for 15 years assuming that the total premium paid less any policy loans and partial withdrawals exceeds the cumulative No Lapse Guaranteed Premium for each of those years. Even if a policy has a negative surrender value, the policy will not lapse. If there is a negative surrender value on the anniversary of policy year 11 the policy will immediately be in grace.

**Q: What death benefit options are available?**

- A:**
- **Option A (Level):** Your death benefit will be the specified amount shown on the policy form or the minimum death benefit calculated under the standard guideline premium test.
  - **Option B (Increasing):** Your death benefit will be the specified amount plus the Accumulation Value, or the minimum death benefit calculated under the standard guideline premium test.

**Q: When can the death benefit options be changed?**

- A:**
- **Option A to Option B:** Prior to Age 85
  - **Option B to Option A:** Prior to Maturity

**Q: Can you explain the Interest Crediting Methods on the Signature Protection IUL?**

**A: S&P 500® – Value Cap:** The change in the S&P 500®, Participation Rate, Floor and the Cap are used in determining the Base Interest Crediting Rate. This Base Interest Crediting Rate is the Benchmark Crediting Rate for this product. Indexed interest is paid at the end of the Segment Term.

**Fixed Account:** The fixed account will earn interest at a rate periodically determined by the company. Interest is calculated using a compound method assuming a 365-day year.

**S&P MARC 5% – Low Volatility:** The crediting rate in this uncapped strategy is determined based on the annual change in the S&P MARC 5% Index and multiplied by a declared participation rate. The S&P MARC 5% Index is a derivative of the more well-known S&P 500® Index that is rebalanced daily to manage market volatility. There is not a cap on the crediting rate in this strategy, and yet, the rate will never be less than the floor.

**Nasdaq-100 Index® – Growth Cap:** The change in the Nasdaq-100®, Participation Rate, Floor and the Cap are used in determining the Base Interest Crediting Rate. This Base Interest Crediting Rate is the Benchmark Crediting Rate for this product. Indexed interest is paid at the end of the Segment Term.

**Q: What riders are available on the Signature Protection IUL?**

- A:**
- Disability Waiver of Stipulated Premium
  - Children's Term Rider
  - Overloan Protection Benefit
  - Accelerated Benefit Riders

**Q: Can you explain the Disability Waiver of Stipulated Premium rider?**

**A:** The Disability Waiver of Stipulated Premium rider will credit a specific premium amount, as shown on the data page of the issued policy, to the policy's accumulation value. (Not available in all states.)

- There is an additional cost for this rider.
- This rider may not be issued on substandard policies rated above table 2.
- This rider is designed to continue premium payments at the planned level in the event of disability.
- Since it does not waive monthly deductions, this rider will not prevent a policy from lapsing; however additional premiums may be paid while the insured is on disability.
- The stipulated premium to be credited will be equal to the planned premium except it cannot be greater than the guideline premium.
- The stipulated premium cannot be changed after issue.
- The rider can only be added at the time of issue.
- The issue ages on this rider are 18–55.
- The rider expires at age 65.
- This rider cannot be combined with any other disability benefit.
- Please see Benefits and Rider Guide 10695 for complete details.

**Q: Can you explain the Children's Term Rider?**

**A:** The Children's Term rider provides level term insurance on each Insured Child to the Insured Child's attained age of 25, or the policy anniversary immediately following the Insured's attained age of 65 or 30 years after Rider Effective date, whichever occurs first.

- There is an additional cost for this rider, determined by the number of units applied for.
- The rider minimum is one unit of \$1,000, with a maximum of 25 units (\$25,000) per family.
- The issue ages for an Insured Child are 15 days through 18 years, and for the Insured on the base policy age 18–55.
- The rider can be added at the time the policy is issued or after issue.
- Please see Benefits and Rider Guide 10695 for complete details.

**Q: Can you explain the Overloan Protection Benefit?**

**A:** The Overloan Protection Benefit is used to keep a policy from lapsing where policy debt is greater than the specified amount and less than 99.9% of accumulation value. There is no charge for this benefit unless or until it is exercised. It is automatically added to the contract. The Overloan Protection Benefit can keep a policy with a large debt from lapsing, assuming the following conditions:

- The Insured is age 75 or older;
- The Policy is in its 16th policy year or later;
- The Policy Debt is less than 99.9% of the accumulation value after the Overloan Benefit charge has been deducted from the accumulation value;
- The Policy Debt must be greater than the Policy's Specified Amount;
- The Policy is not a modified endowment contract. Please see Benefits and Rider Guide 10695 for complete details.

**Q: Can you explain the Accelerated Benefit Riders?**

**A:** These benefits will provide the potential to receive a discounted full or partial death benefit upon diagnosis of 1) terminal illness, 2) chronic illness, or 3) critical illness. The riders are offered at no additional premium. However, the accelerated payment will be less than the requested death benefit because it will be reduced by an actuarial discount and an administrative fee of up to \$500. The reduced amount is primarily dependent on American National's determination of the insured's life expectancy at the time of election. A shorter life expectancy will result in a larger benefit offer. A request for an accelerated death benefit may only be beneficial if the qualifying event results in significant deterioration of the rider insured's life expectancy. Chronic illness is not available on permanent products with term riders in California.

**Q: Can you explain the Definition of Life Insurance Test?**

**A:** Section 7702 of the Internal Revenue Code describes the tests a contract must meet to qualify as life insurance. Under current tax law, a certificate that satisfies the definition of life insurance provides for tax-deferred growth of the accumulation value as well as tax-free payment of the death benefit. Signature Protection IUL uses a Guideline Premium Test. The Guideline Premium Test sets a limit on the amount of premium that can be paid into a policy. This limit, called the guideline premium limit, is based on the insured person's age, face amount, nicotine status, and death benefit option.

**Q: What is the accumulation value on the Signature Protection IUL?**

**A:** The sum of the sweep account value, fixed account value, indexed strategies, and the loan collateral account value (if applicable). This amount is subject to surrender charges if accessed in first 19 years.

**Q: What is the participation rate on the Signature Protection IUL?**

**A:** The participation rate will be 100% for the life of the policy for all strategies, except S&P MARC 5% Excess Return Index, this participation rate may exceed 100%.

**Q: Are policy loans available on the Signature Protection IUL?**

**A:** Yes, policy loans are available beginning in the first policy year and are subject to a \$250 minimum and a maximum that cannot exceed the Surrender Value. The Policy's Surrender Value will be reduced by the amount of each loan plus unpaid loan interest. The death benefit payable is reduced by the amount of any outstanding loans and unpaid loan interest.

**Q: What is the minimum premium of the Signature Protection IUL?**

**A:** The minimum premium is the amount that is required to issue the policy. The minimum premium for the first policy year is equal to the No Lapse Guaranteed Premium.

**Q: What is the planned periodic premiums of the Signature Protection IUL?**

**A:** The planned periodic premiums amount for the Signature Protection IUL depends on the frequency and the method of payment selected. The owner of the policy may change the amount, frequency, and method of payment at the time of application, this is subject to the available Premium Methods and Premium Modes. American National will allow changes while the policy is in force and before the policy anniversary prior to the maturity date.

**Q: What is the unscheduled additional premium of the Signature Protection IUL?**

**A:** The unscheduled additional premium on the Signature Protection IUL allows the owner to pay additional premiums at any time while the policy is in force and up until the policy anniversary following the Insured's attained age of 121.

**Q: How does the sweep account work on this the Signature Protection IUL?**

**A:** When a premium is received, the net premium will be deposited into the Sweep Account. The Sweep Account will have a Sweep Account Minimum associated with it. This value is updated and calculated at the beginning of each policy month and is equal to that month's policy charges multiplied by 12. On any sweep date, any value in the Sweep Account above the Sweep Account Minimum will be swept to the Fixed and Indexed Accounts using the Policyholder's designated allocation. The designated allocation can only be changed by the Policyholder upon written request.

Each sweep to the Indexed Account creates a unique Indexed Segment. Each Indexed Segment has a term of one year, upon which it matures. Indexed interest is credited to the Indexed Segment on the maturity date. No interest is credited to the Indexed Segment before the maturity date.

Upon maturity of each Indexed Segment, and following the crediting of interest to each matured segment, a check against the Sweep Account Minimum value is made. If the sweep account minimum requirement is not met, the value is transferred to the sweep account. The remaining value, if any, goes directly to the newly created Indexed Segment per the policyholder's allocations.

**Q: What are the premium bands for Signature Protection IUL?**

**A:** The premium bands for Signature Protection Indexed Universal Life are:

- \$250,000 – \$499,999
- \$500,000 – \$999,999
- \$1,000,000+

**Q: Does Signature Protection IUL offer a Unisex option?**

**A:** No.

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