



Policy Dating and Draft Timing

Producer Guide

Policies issued by American General Life Insurance Company (AGL), Houston, TX, except in New York, where issued by The United States Life Insurance Company in the City of New York (US Life).

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The policy effective date and your client’s choices of draft dates or back dates may affect the timing and amount of premium drafts. This guide explains the factors that can determine the policy effective date and draft, so you can better advise your client of their options.

The case examples provided use common scenarios that may occur. They do not include every possible situation. If you have additional questions, please discuss with your AIG representative or assigned Case Relationship Manager.

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Recorded Webinar Available
A Guide to Policy Dating and Premium Drafts

POLICY DATING BY PRODUCT

IUL, GUL AND VUL CASES

Except NY (Value+ IUL)

OPTION	POLICY EFFECTIVE DATE	TO REQUEST
Standard Policy Effective Date	<ul style="list-style-type: none"> Equal to current date of Conditional Issue (the date on which an approved case is processed by the AIG New Business team). Allows policy to derive maximum benefit from accrued interest 	No action needed. This is the default if no other option is requested.
Preferred Withdrawal Date	<ul style="list-style-type: none"> May forward-date by up to 2 weeks to match the requested withdrawal date. If requested forward-date is greater than 2 weeks in advance, the policy will be back-dated to the previous month's requested date. 	Provide Preferred Withdrawal Date (1st-28th) where noted on Bank Draft Authorization (AGLC108943-2015).
Back Date	<ul style="list-style-type: none"> Up to 6 months (3 months in Ohio) from the date the application was signed may be requested to lock in a lower-age (save age) premium. The policy will be dated to match the Preferred Withdrawal Date nearest this back date, while still saving age. 	Include back-date request on the cover/transmittal sheet.

For IUL, GUL and VUL case examples, see page 6.

VALUE+ IUL CASES (NY ONLY)

OPTION	POLICY EFFECTIVE DATE	TO REQUEST
Standard Policy Effective Date	<ul style="list-style-type: none"> One of four default dates are used – the 5th, 12th, 20th or 28th of the month. If no other option is requested, the first available default date after the date of Conditional Issue (the date on which an approved case is processed by the AIG New Business team) will be the policy effective date. 	No action needed. This is the default if no other option is requested.
Preferred Withdrawal Date	<ul style="list-style-type: none"> Client may select one of four default dates of the month (5th, 12th, 20th or 28th) as a Preferred Withdrawal Date. This will also be the Policy Effective Date. If the request is for any date other than one of the four default dates, AIG New Business will contact the agency or agent to advise one of the default dates must be selected. This may require an updated Bank Draft Authorization form. Depending on withdrawal date requested and the date the case is processed, the Policy Effective Date will be forward-dated up to 2 weeks to match the withdrawal date. If the requested withdrawal date is more than 2 weeks in the future, we will back-date the policy to match the withdrawal date. 	Provide Preferred Withdrawal Date (5th, 12th, 20th or 28th) where noted on Bank Draft Authorization (AGLC108943-2015)
Back Date	<ul style="list-style-type: none"> A Back Date of up to 6 months from the date the application was signed may be requested to lock in a lower-age (save age) premium. This will be the Policy Effective Date. Client may select one of the four default dates of the month (5th, 12th, 20th or 28th) as a Back Date, or the closest available date will be assigned during processing to provide the maximum save age. 	Include back-date request on the cover/transmittal sheet

For Value+ IUL case examples, see page 7.

POLICY DATING BY PRODUCT

TERM CASES

OPTION	POLICY EFFECTIVE DATE	TO REQUEST
Standard Policy Effective Date	<ul style="list-style-type: none"> 21 days forward from the date of Conditional Issue (the date on which an approved case is processed by the AIG New Business team). For California cases only, the standard Policy Effective Date is 30 days forward from the date of Conditional Issue. 	No action needed. This is the default if no other option is requested.
Preferred Withdrawal Date	<ul style="list-style-type: none"> If this option is requested, we will forward-date the policy to the chosen draft date of the next month. If the Preferred Withdrawal Date changes the client's age, we will back-date the policy by one month to save age. 	Provide Preferred Withdrawal Date where noted on Bank Draft Authorization (AGLC108943-2015)
Back Date	<ul style="list-style-type: none"> A Back Date of up to 6 months (3 months in OH) from the date the application was signed may be requested to lock in a lower-age (save age) premium. This will be the Policy Effective Date. The policy will be dated to match the Preferred Withdrawal Date nearest this back date, while still saving age. 	Include back-date request on the cover/transmittal sheet

For Term case examples, see page 8.

COMBINATION SALES OF TERM AND PERMANENT PRODUCTS

- If term and any of the permanent products are combined in a single case or sale, the policy date and draft timing for each policy will be based upon the practice for the specific product type, not together.
- If requested, the dating can be coordinated to align with the GUL, IUL or VUL product guidelines.

Depending on case specifics, **up to three premium drafts** may occur within a short time frame:

1 INITIAL PREMIUM

The **Initial Premium** pays for the first period of coverage under the policy and is drafted on the date the policy is placed in force, which is once final delivery requirements have been received.

2 BACK PREMIUM (Only if Back Dating is requested)

- **For IUL, GUL and VUL cases**, the Back Premium is generally drafted along with the Initial Premium. The client should be made aware that multiple drafts will appear on their account.
- **For Term cases where a back date has been requested**, the Back Premium paying for previous periods of coverage is drafted the next business day after the policy is placed in force (i.e., the next business day after the Initial Premium has been drafted).

3 SECOND PREMIUM AND SUBSEQUENT PREMIUMS

The **second premium (and subsequent premiums)** will be due for subsequent periods of coverage. Depending on several factors (receipt of delivery requirements, policy effective date, draft date selected), the second premium may be drafted at the same time or shortly after the initial premium has been collected.

- Use the New Business Coversheet to provide special instructions such as saving age and companion situations.
- It is not necessary to reissue a forward-dated term policy to place coverage in force. Simply provide all outstanding delivery requirements. Coverage begins immediately and commissions will be paid in the next commission cycle.

Note: If more than one premium will be due when delivery requirements are received, the financial advisor may request the policy be re-dated. This request should be submitted with the requirements. If a policy is re-dated, the policy owner will receive a policy dating endorsement as confirmation. A new policy contract will not be issued.

CASE EXAMPLES: IUL, GUL AND VUL CASES

For the examples below, consider policies with the following parameters:

- Monthly payment modal selected
- Monthly premium of \$100
- Conditional Issue date is May 1
- Policy placed in force May 8

	Conditional Issue Date	Policy Effective Date	Initial Premium Draft Date (Amount)	Back Premium Draft Date (Amount)	Second Premium Draft Date (Amount)	Subsequent Premium Draft Date (Amount)
CASE 1						
<ul style="list-style-type: none"> • No Preferred Withdrawal Date selected by client • No Back Date to save age 	May 1	May 1	May 8 (\$100)	N/A	June 1 (\$100)	July 1 (\$100)
CASE 2						
<ul style="list-style-type: none"> • Preferred Withdrawal Date selected by client: 12th • No Back Date to save age 	May 1	May 12 <i>Forward-dated because the requested withdrawal date is within 2-week window</i>	May 8 (\$100)	N/A	June 12 (\$100)	July 12 (\$100)
CASE 3*						
<ul style="list-style-type: none"> • Preferred Withdrawal Date selected by client: 20th • No Back Date to save age 	May 1	April 20 <i>Back-dated because the requested withdrawal date is beyond 2-week window</i>	May 8 (\$100) <i>Coverage for April</i>	N/A	May 20 (\$100)	June 20 (\$100)
CASE 4*						
<ul style="list-style-type: none"> • Preferred Withdrawal Date selected by client: 12th • Back Date requested to save age: February 18 	May 1	February 12 <i>Matches Preferred Withdrawal Date</i>	May 8 (\$300) <i>Coverage for February, March and April</i>		May 12 (\$100)	June 12 (\$100)

*Back-dating a VUL may require a new signed illustration.

CASE EXAMPLES: VALUE+ IUL (NY ONLY)

For the examples below, consider a **Value+ IUL policy** with the following parameters:

- Monthly payment modal selected
- Monthly premium of \$100
- Conditional Issue date is May 1
- Policy placed in force May 8

	Conditional Issue Date	Policy Effective Date	Initial Premium Draft Date (Amount)	Back Premium Draft Date (Amount)	Second Premium Draft Date (Amount)	Subsequent Premium Draft Date (Amount)
CASE 1						
<ul style="list-style-type: none"> • No Preferred Withdrawal Date selected by client • No Back Date to save age 	May 1	May 5	May 8 (\$100)	N/A	June 5 (\$100)	July 5 (\$100)
CASE 2						
<ul style="list-style-type: none"> • Preferred Withdrawal Date selected by client: 12th • No Back Date to save age 	May 1	May 12 <i>Forward-dated because the requested withdrawal date is within 2-week window</i>	May 8 (\$100)	N/A	June 12 (\$100)	July 12 (\$100)
CASE 3						
<ul style="list-style-type: none"> • Preferred Withdrawal Date selected by client: 20th • No Back Date to save age 	May 1	April 20 <i>Back-dated because the requested withdrawal date is beyond 2-week window</i>	May 8 (\$100) <i>Coverage for April</i>	N/A	May 20 (\$100)	June 20 (\$100)
CASE 4						
<ul style="list-style-type: none"> • Preferred Withdrawal Date selected by client: 12th • Back Date requested to save age: February 18 	May 1	February 12 <i>Matches Preferred Withdrawal Date</i>	May 8 (\$300) <i>Coverage for February, March and April</i>		May 12 (\$100)	June 12 (\$100)

CASE EXAMPLES: TERM CASES

For the examples below, consider policies with the following parameters:

- Monthly payment modal selected
- Monthly premium of \$100
- Conditional Issue date is May 1
- Policy placed in force May 8

	Conditional Issue Date	Policy Effective Date	Initial Premium Draft Date (Amount)	Back Premium Draft Date (Amount)	Second Premium Draft Date (Amount)	Subsequent Premium Draft Date (Amount)
CASE 1						
<ul style="list-style-type: none"> • No Preferred Withdrawal Date selected by client • No Back Date to save age 	May 1	May 22 (CA: May 31) Standard Forward Date of 21 days (30 days in California)	May 8 (\$100)	N/A	June 22 (\$100)	July 22 (\$100)
CASE 2						
<ul style="list-style-type: none"> • Preferred Withdrawal Date selected by client: 15th • No Back Date to save age 	May 1	May 15 Matches Preferred Withdrawal Date	May 8 (\$100)	N/A	June 15 (\$100)	July 15 (\$100)
CASE 3						
<ul style="list-style-type: none"> • Preferred Withdrawal Date selected by client: 15th • Back Date automatically applied to save age: April 18 	May 1	April 15 Matches Preferred Withdrawal Date	May 8 (\$100) Coverage for April	N/A	May 15 (\$100) Coverage for May	June 15 (\$100)
CASE 4						
<ul style="list-style-type: none"> • Preferred Withdrawal Date selected by client: 15th • Back Date requested to save age: February 18 	May 1	February 15 Matches Preferred Withdrawal Date	May 8 (\$100) Coverage for February	May 9** (\$200) Coverage for March and April	May 15 (\$100) Coverage for May	June 15 (\$100)

**Next business day



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