

REINSURANCE AGREEMENT
FACULTATIVE REINSURANCE AGREEMENT OF
PERIODIC PAYMENTS
(Without Release Language)

AGREEMENT NUMBER: _____

THIS FACULTATIVE REINSURANCE AGREEMENT (“Agreement”) made as of

THIS DATE, _____ by and between

REINSURED, _____,
a duly authorized insurance company existing under the laws of the State of _____
(hereinafter referred to as the “Reinsured”) and

REINSURER, **AMERICAN GENERAL LIFE INSURANCE COMPANY**, an insurance
company domiciled in the State of Texas (hereinafter referred to as the “Reinsurer”).

WHEREAS, the Reinsured is liable to make periodic payments to the Claimants, which relates to workers’ compensation claims or causes of action asserted by the Claimants (the periodic payment liability being hereafter referred to as the “Obligations”);

WHEREAS, under the Obligations, the Reinsured is required and legally bound to make certain periodic payments to or for the benefit of the Claimants as described in **Exhibit 1** attached hereto entitled “**Addendum of Payment Information**” (the “Periodic Payments”); and

WHEREAS, the Reinsured desires to assign and transfer to the Reinsurer the obligation to make the Periodic Payments to, or on behalf of, the Claimants, and the Reinsurer, upon receipt of the applicable premium, agrees to accept the liability of the Reinsured to make the Periodic Payments.

NOW, THEREFORE, the Reinsured and the Reinsurer hereby agree as follows:

1. In consideration of the premium paid to the Reinsurer by the Reinsured, the Reinsured shall cede, and the Reinsurer shall accept, the liability of the Reinsured under the Obligations to pay the Periodic Payments to, or for the benefit of, the Claimants.

2. The Reinsurer hereby agrees to pay to or for the benefit of the Claimants the Periodic Payments set forth in Exhibit 1. The Reinsurer further agrees to indemnify the Reinsured, for all amounts up to but not exceeding the present value of the aggregate of all Periodic Payments (which present value shall be determined in the same manner as described in paragraph 9 of this Agreement), against all losses sustained by the Reinsured resulting from the claims of or through the Claimants to the Periodic Payments due and payable under the Obligation. The Reinsurer assumes no liability to make any payment not specified in Exhibit 1. The Reinsurer will not be liable for any changes, revisions or future claims arising out of the Claimants’ cause of action resulting in the Obligation.

3. The Periodic Payments cannot be accelerated, deferred, increased or decreased by the Claimants or by any person or entity claiming an interest in such Periodic Payments through the Claimants, except to the extent required by law.

4. No interest in the Periodic Payments may be sold, mortgaged, encumbered, pledged, assigned, hypothecated, transferred or anticipated by assignment or otherwise. If attempted said action will be void.

5. The Periodic Payments, if any, payable after the death of an individual Claimant shall be made to the person(s) or entity(ies) designated in the Obligation or Exhibit 1 as the beneficiary(ies). The Claimant may designate or change the beneficiary at any time by delivering such designation or change of beneficiary in writing to the Reinsurer if such designation or change is not otherwise prohibited by law or agreement (including the Obligation). If no person or entity is so designated by the Claimant, or if the person designated is not living at the time of the Claimant's death, such remaining Periodic Payments shall be made to the estate of the Claimant as they become due and not in a lump sum unless the Obligation or this Agreement expressly provides for a lump sum or cash refund payment. No such designation of a beneficiary, or payee by the Claimant, nor any revocation thereof shall be effective unless it is in writing and delivered to the Reinsurer. The designation must be in a form acceptable to the Reinsurer and received by the Reinsurer before such Periodic Payments are made.

6. The Reinsurer's liability to make the Periodic Payments to or on behalf of the Claimants is no greater than that of the obligation of the Reinsured to make such Periodic Payments immediately preceding this Agreement. The Reinsurer shall not set aside specific assets to secure the Periodic Payments. The Claimants has no greater rights against the Reinsurer for the payment of the Periodic Payments than those of a general creditor.

7. Except as otherwise provided herein, the Reinsured hereby directs the Reinsurer to make all Periodic Payments hereunder to the Claimants, or any beneficiary designated by a Claimant pursuant to paragraph 5 hereof. To the extent allowed by law, such payments shall continue to the Claimant even in the event of the insolvency of the Reinsured.

8. The Reinsurer shall make the Periodic Payments by forwarding funds to a Claimant (or beneficiary) in the specified amount to the Claimant's (or beneficiary's) last known address or account of record on or before the due date of each Periodic Payment. The Reinsured shall provide notice to the Claimant (a copy of which shall be provided to Reinsurer) that the Claimant shall be responsible for maintaining current mailing addresses, account information, and beneficiary/s designation/s with the Reinsurer. If a Claimant (or beneficiary) reports a lost check, a replacement check will be issued, provided that a stop payment order is issued prior to actual negotiation and presentment of such lost check to the bank on which it is drawn.

Before making any payment under this Agreement, the Reinsurer may ask for proof that the claimant (or beneficiary) is still living. If proof is requested, no payment will be made or considered due until the Reinsurer receives such proof.

9. In the event that the Obligation or this Agreement is rescinded, invalidated, nullified or terminated by a court of law or any governmental agency or instrumentality having appropriate jurisdiction, or other similar body, or upon any other disqualification under any applicable law of the Claimant's right to receive the Periodic Payments, the Reinsurer shall pay the Reinsured either the Periodic Payments as they become due or in a single lump sum, at the option of the Reinsured. In the event that the Reinsured elects payment in a lump sum, the amount shall be calculated by the Reinsurer based upon the present value of the remaining Periodic Payments due under the Obligation. The lump sum present value shall be based upon:

- a. interest rates which are the larger of:
 - (1) those used in determining the premium under this Agreement, and
 - (2) those used by the Reinsurer for similar reinsurance agreements or structured settlements on the date that the Claimant's right to future Periodic Payments is rescinded, invalidated, nullified, or terminated as described above.
- b. appropriate mortality rates as determined by the Reinsurer.

If the Reinsurer and the Reinsured are unable to agree on the appropriate amount of the lump sum payment, then payments will be made as they become due. Payment of such amounts by the Reinsurer to the Reinsured shall constitute a complete discharge of the Reinsurer's obligations under this Agreement.

10. The Reinsurer and the Reinsured hereby acknowledge that the premium paid hereunder may have been based upon the information regarding the age or sex of each Claimant and/or other certain material information, provided by the Reinsured. If the Reinsured later learns such information was incorrect, the Reinsured will promptly notify the Reinsurer of such error. In the event any error in age, sex or other material information provided by the Reinsured to the Reinsurer would have caused the premium to be greater than that paid by the Reinsured, the Reinsured shall pay such additional amount, together with interest at one percent (1%) over the statutory valuation rate for single premium annuity contracts in effect on the date hereof, from the date the original premium was paid. In the event that the error in age or sex or other material information would have caused the premium to be less, the Reinsurer will pay the Reinsured the difference between the premium paid and the amount that should have been paid.

11. The Reinsurer and the Reinsured each hereby acknowledge that it understands the legal effects of this Agreement and it has not relied upon any representations of the other party, except those set forth herein, and Exhibit 1.

12. This Agreement shall be binding, and of full force and effect, on the successors and assigns of the Reinsurer and the Reinsured, respectively, and upon any person or entity that may assert any right hereunder or to any Periodic Payments.

13. This Agreement shall be interpreted and construed in accordance with the laws of the State of Texas.

14. The invalidity or unenforceability of any provision in this Agreement shall not impact the other provisions hereof, and this Agreement shall be construed as if such invalid or unenforceable provision were omitted.

15. The Reinsurer has made no representations to the Reinsured with respect to any tax implications regarding this Agreement. The Reinsured is responsible for determining the tax effect of this Agreement solely from its own respective tax advisors or consultants.

16. The Reinsurer has made no representations to the Reinsured as to the application of generally accepted accounting procedures or statutory accounting procedures with respect to this Agreement and the substance thereof, nor whether or not this Agreement will provide any surplus relief, release of reserves or any other impact on the Reinsured's statutory annual statement, the determination of which rests solely with the Reinsured.

17. This Agreement embodies the entire representations, agreements, premises and understandings between the parties hereto, supersedes any and all prior correspondence, conversations, memoranda, or agreements, whether oral or written, between the parties hereto, and shall remain in full force and effect until terminated as provided herein.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective as of the ____ day of _____, _____.

REINSURED:

By: _____
Title: _____

AMERICAN GENERAL LIFE INSURANCE COMPANY

By: _____
Title: _____

Exhibit 1

ADDENDUM OF PAYMENT INFORMATION

CLAIMANT: _____
SEX: _____ DATE OF BIRTH: _____
SOCIAL SECURITY NUMBER: _____
RESIDENCE ADDRESS: _____

PAYMENT ADDRESS: _____

PRIMARY BENEFICIARY: _____
RELATIONSHIP: _____
DATE OF BIRTH: _____ SOCIAL SECURITY NUMBER: _____

CONTINGENT BENEFICIARY: _____
RELATIONSHIP: _____
DATE OF BIRTH: _____ SOCIAL SECURITY NUMBER: _____

SPECIAL REQUESTS: COMMUTATION ADDENDUM UPON ELIMINATION
OF LIABILITY OF THE REINSURED
 COMMUTATION ADDENDUM UPON THE
MARRIAGE OF THE CLAIMANT

PAYEE: _____

PAYMENTS: _____

Agent Use Only: I represent that the information given above is true and complete to the best of my knowledge and belief.

Signature of Agent Agent or Company Name Date