

**REINSURANCE AGREEMENT WITH RELEASE  
FACULTATIVE REINSURANCE AGREEMENT OF  
PERIODIC PAYMENTS**

AGREEMENT NUMBER: \_\_\_\_\_

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

**THIS DATE**, \_\_\_\_\_ by and between  
**REINSURED**, \_\_\_\_\_,  
a duly authorized insurance corporation existing under the laws of the State of \_\_\_\_\_  
(hereinafter referred to as the “Reinsured”) and the

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

This Agreement is entered into with the knowledge and consent of the  
**CLAIMANT**, \_\_\_\_\_,  
a resident of the State of \_\_\_\_\_ (hereinafter referred to as the “Claimant”).

WHEREAS, the Reinsured has entered into a settlement agreement or release with the Claimant  
(including a Workers’ Compensation Stipulation) dated \_\_\_\_\_, \_\_\_\_\_,  
or the Reinsured is otherwise liable to make periodic payments to the Claimant, which relate to a claim  
or cause of action asserted by the Claimant (the settlement agreement, release or periodic payment  
liability being hereafter referred to as the “Obligation”);

WHEREAS, the Obligation is attached hereto as **Appendix A**, the terms of which are  
incorporated herein;

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

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

WHEREAS, the Claimant has consented to the transfer of the liability of the Reinsured to the  
Reinsurer.

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 Obligation to pay the Periodic Payments to, or for the benefit of, the Claimant.

2. The Reinsurer hereby agrees to pay to or for the benefit of the Claimant 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 Claimant 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 Claimant's cause of action resulting in the Obligation.

3. The Periodic Payments cannot be accelerated, deferred, increased or decreased by the Claimant or by any person or entity claiming an interest in such Periodic Payments through the Claimant, 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 the 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 Claimant 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 Claimant 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 Claimant, or any beneficiary designated by the 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 the 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 Claimant shall be responsible for maintaining current mailing addresses, account information, and beneficiary/s designation/s with the Reinsurer. If the 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 the 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, Appendix A 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. By signing below, the Claimant consents to the Reinsured's transfer to the Reinsurer of the Reinsured's liability and obligations to make the Periodic Payments set forth in Exhibit 1, and the acceptance by the Reinsurer of the obligation to make such Periodic Payments to the Claimant.

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

15. 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.

16. The Reinsurer has made no representations to the Reinsured or to the Claimant with respect to any tax implications regarding this Agreement. The Reinsured and the Claimant are responsible for determining the tax effect of this Agreement solely from their own respective tax advisors or consultants.

17. 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.

18. 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: \_\_\_\_\_

CLAIMANT:

\_\_\_\_\_

**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: \_\_\_\_\_

=====  
=====  
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

\_\_\_\_\_  
Agency or Company Name

\_\_\_\_\_  
Date