



AMERICAN NATIONAL INSURANCE COMPANY
Independent Marketing Group
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August 2010

To: Regional General Agents
Senior General Agents
General Agents
Agents

Re: Commission/Production Credit Update
Addendum to Compensation Schedules

Effective August 1, 2010, the Company has established new rules for Term Conversions and Production Credit for Policies on Producers' Relatives. The rules are outlined on the reverse side of this notice.

If you have any questions regarding this information, please contact your marketing organization.

American National Insurance Company
The Independent Marketing Group

See Reverse Side for Addendum

**AMERICAN NATIONAL INSURANCE COMPANY
INDEPENDENT MARKETING GROUP
ONE MOODY PLAZA, GALVESTON, TX 77550**

Addendum to Current Compensation Schedules for all

**Regional General Agents
Senior General Agents
General Agents
Agents**

Effective August 1, 2010

This Addendum shall be incorporated into and made a part of your Compensation Schedule for American National Insurance Company, Independent Marketing Group. It shall not impair your rights to commissions or fees, if any, earned under the provisions of any prior Compensation Schedules. Commissions are expressed as a percentage of premiums paid. Compensation Schedules are subject to change and may be revised from time-to-time by American National Insurance Company.

Term Conversions

For Term Conversions prior to the second anniversary of the term policy the following rules apply:

- First-year commission rates apply to only the excess of the new permanent plan commissionable premium over the term plan commissionable premium.
- Production credit will be earned only to the extent that the production credit on the new permanent plan exceeds the production credit received on the term plan.

For Term Conversions after the second policy anniversary the following rule applies:

- After two full annual premiums have been received, the Term Conversion is fully eligible for first-year commission and production credit.

Production Credit for Policies on Producers' Relatives

Effective August 1, 2010, life insurance insuring a relative of any producing agent in the hierarchy associated with the policy, as well as life insurance covering the life of any producer in the hierarchy, will be ineligible for production credit until two full annual premiums have been paid on the policy. For the purpose of this Addendum, relative is defined as the agent's spouse (including common law), mother, father, mother-in-law, father-in-law, and grandparent. Relative is further defined as the following and their spouses: children, grandchildren, siblings, children of siblings, and grandparents of the agent's spouse.

By submission of an application after July 31, 2010, or the acceptance of commission relative to the rules listed above you agree to be bound by the provisions of this Addendum.

AMERICAN NATIONAL INSURANCE COMPANY GENERAL AGENT COMPENSATION SCHEDULE



This compensation schedule shall cancel and supersede all previously effective Compensation Schedules and Paid Production requirements, but it shall not impair your rights to commissions or fees, if any, earned under the provisions of any prior schedules. Commissions and fees are expressed as a percentage of premiums paid unless otherwise noted. **Schedule consists of 5 pages total.**

Life Products	Ages	1st Year	Additional Deposits/Renewals				
		Target Premium	Yr. 2 - 3	Yr. 4 - 5	Yr. 6 - 7	Yr. 8 - 10	Yr. 11+ ¹
ANICO Indexed UL ²	18-69	80	2	2	2	2	0.6
<i>excess</i>	18-69	2	2	2	2	2	0.6
	70-85	75	2	2	2	2	0.6
<i>excess</i>	70-85	2	2	2	2	2	0.6
ANICO Executive UL ²	0-69	80	2	2	2	2	2
<i>excess</i>	0-69	2	2	2	2	2	2
	70-85	75	2	2	2	2	2
<i>excess</i>	70-85	2	2	2	2	2	2
Affinity 7 Par Whole Life	0-69	80	2	2	2	2	0.7
	70-79	60	2	2	2	2	0.7
	80-85	30	2	2	2	2	0.7
Paid Up Additions Rider	0-85	2	2	2	2	2	2
	Ages	Yr. 1	Yrs. 2-5	Yrs. 6-10			
ANICO Signature Term (Annual policy fee is non-commissionable)							
ART	18-65	80	-	-	-	-	-
10 year term ³	18-70	80	-	-	-	-	-
15 year term	18-65	85	-	-	-	-	-
20 year term	18-60	90	-	-	-	-	-
30 year term	18-50	90	-	-	-	-	-

Commissions on riders originally issued with the policy are paid at the same rates as the base policy unless otherwise shown, except for the Level Term Rider on ANICO Executive UL. Any additional premium paid because of this rider will be commissioned at the policy's rate for excess premium. Commissions for policy increases and riders added after the policy is issued are paid at the same first year and renewal rates as the policy for the amount of the increase unless otherwise shown. Commissions on increases and on riders added after the policy is issued will be paid to the agent who writes and submits the application for the increase or addition.

Universal Life Products:

Full First-Year Commissions will be paid at the First-Year rates up to the Premium Target. Flat Extras, Temporary Extras, or Service Fees may increase the Premium Target and thus be paid at the First-Year rate. First-Year Premiums in excess of the Premium Target will be paid at excess rates and all Premiums paid after the first year will be paid at renewal rates. Note, if the product has a rolling target First-Year rates will be paid for the first two years until the Target Premium is met.

Whole/Term Life (Traditional) Products:

Full First-Year Commission, Renewal Commission, and Service Fees are paid on the entire premiums of a policy issued with a table rating of 6 or less, permanent flat extra premium, or temporary extra rating of 6 years or longer. If a policy is issued with a temporary extra rating of 5 years or less, then no First-Year Commission, Renewal Commission, or Service Fees are paid on the premium charged for the temporary extra rating. Whole/Term Life products do not pay commissions for premium allocated to cover table rating in excess of Table 6.

New Money Premium Payments:

Commissions are only payable on new money premium payments made by the policy owner and received by the Company at its home office. Monthly deductions from cash value made by the Company to continue coverage are not premium payments and are not commissionable.

AMERICAN NATIONAL INSURANCE COMPANY GENERAL AGENT COMPENSATION SCHEDULE

Term Conversions:

For Term Conversions prior to the fifth anniversary of the term policy the following rules apply:

1. First-year commission rates apply to only the excess of the new permanent plan commissionable premium over the conversion credit.
2. Production credit will be earned only to the extent that the production credit on the new permanent plan exceeds the production credit received on the term plan.

For Term Conversions after the fifth policy anniversary the following rule applies:

1. The term conversion is fully eligible for first-year commission, production credit, and production bonuses, if available.

Production Credit for Policies on Producers' Relatives:

Life insurance insuring a relative of any producing agent in the hierarchy associated with the policy, as well as life insurance covering the life of any producer in the hierarchy, will be ineligible for production credit until two full annual premiums have been paid on the policy. For the purpose of this Schedule, relative is defined as the agent's spouse (including common law), mother, father, mother-in-law, father-in-law, and grandparent. Relative is further defined as the following and their spouses: children, grandchildren, siblings, children of siblings, and grandparents of the agent's spouse.

Life Products Footnotes

1. Service Fees are not vested. They are payable only while you are actively under contract with American National Insurance Company.
2. First-year target commission rate will be paid on all premiums collected until an amount equal to the target premium has been paid regardless of when it is paid.
3. Issue ages for the SI version are 18-64.

**AMERICAN NATIONAL INSURANCE COMPANY
GENERAL AGENT COMPENSATION SCHEDULE**

Annuity Products										
Palladium MYG Annuity ^{1,2}	Guarantee Period									
	Ages	3 Yr.	4 Yr.	5 Yr.	6 Yr.	7 Yr.	8 Yr.	9 Yr.	10 Yr.	
	0-79	1.5	2	2.5	2.5	2.5	2.5	3	4	
	80-85	0.5	1	0.5	0.5	0.5	0.5	1	2	
Palladium Immediate Annuity ¹	Payout periods			All other		All other				
	Ages	5-9	0-90	payouts		payouts				
				0-84	85-90					
		1.5		3	1.5					
Non-Registered Group Variable Annuity ^{1,3}	0-500k					5.01k-1m				
		0-500k	5.01k-1m	1.01m-3m	3.01m-5m	5.01m +				
Option A	6	4.25	2.5	1	0.1					
Option B	4.5	2.75	1	0.22	0.02					
Palladium Century ^{1,2}	Ages	1 Yr.	2 Yr.	3 Yr.	4 Yr.	5 Yr. +	Trails ⁴			
	0-74	5	4	3	2	1	-			
	75-90	2.5	1.5	0.5	0.4	0.4	-			
Palladium Century ^{1,2,6}	0-74	3	2	1	0.2	0.2	0.4			
	Trail Option	75-90	0.5	0.4	0.2	0.2	0.2	0.4		
Palladium Century 1 ^{1,2}	0-74	7	-	-	-	-	-			
	75-90	4.5	-	-	-	-	-			
Palladium Century 1 ^{1,2,6}	0-74	5	-	-	-	-	0.4			
	Trail Option	75-90	2.5	-	-	-	-	0.4		
Palladium Century 3 ^{1,2}	0-74	6	-	-	-	-	-			
	75-85	3.5	-	-	-	-	-			
Palladium Century 3 ^{1,2,6}	0-74	4	-	-	-	-	0.4			
	Trail Option	75-85	1.5	-	-	-	-	0.4		
Palladium Century 5 ^{1,2}	0-74	5	-	-	-	-	-			
	75-80	2.5	-	-	-	-	-			
Palladium Century 5 ^{1,2,6}	0-74	3	-	-	-	-	0.4			
	Trail Option	75-80	1	-	-	-	-	0.4		
Palladium Century 7 ^{1,2}	0-74	4	-	-	-	-	-			
	75-80	2	-	-	-	-	-			
Palladium Century 7 ^{1,2,6}	0-74	2	-	-	-	-	0.4			
	Trail Option	75-80	0.4	-	-	-	-	0.4		

**AMERICAN NATIONAL INSURANCE COMPANY
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	Owner	Ages	1 Yr.	2 Yr.	3 Yr.	4 Yr.	5 Yr.	6 Yr. +	Trails ⁴	
Strategy Index Annuity 10 (Option A) ^{1,2}		0-75	8	-	-	-	-	-	-	
		76-80	6.5	-	-	-	-	-	-	
		81-85	5	-	-	-	-	-	-	
Strategy Index Annuity 10 (Option B - Trails) ^{1,2,7}		0-75	5.5	-	-	-	-	-	0.4	
		76-80	4	-	-	-	-	-	0.4	
		81-85	2.5	-	-	-	-	-	0.4	
Strategy Index Annuity 7 (Option A) ^{1,2}		0-75	5	-	-	-	-	-	-	
		76-80	4	-	-	-	-	-	-	
		81-85	3	-	-	-	-	-	-	
Strategy Index Annuity 7 (Option B - Trails) ^{1,2,7}		0-75	3	-	-	-	-	-	0.4	
		76-80	2	-	-	-	-	-	0.4	
		81-85	1	-	-	-	-	-	0.4	
	Owner	Ages	1 Yr.	2 Yr.	3 Yr.	4 Yr.	5 Yr.	6 Yr. +		
Value Lock 10 Year EIA ^{1,2}		0-75	10	-	-	-	-	-		
		76-80	8	-	-	-	-	-		
Value Lock 7 Year EIA(Non-MVA) ^{1,2}		0-75	6	-	-	-	-	-		
		76-80	4	-	-	-	-	-		
		Ages	1 Yr.	2 Yr.	3 Yr.	4 Yr.	5 Yr.	6 Yr. +	Trails ⁴	
ANICO EIA ^{1,2}		0-79	5	-	-	-	-	-	-	
		80-85	3	-	-	-	-	-	-	
Group Unallocated Annuity - Fixed ¹		-	4	4	4	4	4	4	-	
WealthQuest Citadel Diamond Annuity 5 ^{1,2}		0-80	3	-	-	-	-	-	-	
		81-85	2	-	-	-	-	-	-	
WealthQuest Citadel Diamond Annuity 7 ^{1,2}		0-80	3.5	3.5	3.5	-	-	-	-	
		81-85	2.5	2.5	2.5	-	-	-	-	
	Owner	Ages	1 Yr.	2 Yr.	3 Yr.	4 Yr.	5 Yr.	6 Yr. +	Trails 2-7 ⁴	Trails 8+
Palladium Advisor (Non-Qualified Sales Only) ^{1,2,5}		0-79	3	-	-	-	-	-	0.4	0.8
		80+	1	-	-	-	-	-	0.4	0.8
Palladium Advisor (Qualified Sales Only) ^{1,2,5}		0-79	3	2	1	0.65	-	-	0.4	0.8
		80+	1	0.2	-	-	-	-	0.4	0.8

AMERICAN NATIONAL INSURANCE COMPANY GENERAL AGENT COMPENSATION SCHEDULE

Annuity Products Footnotes

1. Commission chargeback is 100% on the following products if during the **first policy year** a policy terminates due to a **death claim or full policy surrender** for Palladium MYG (all issue ages), Citadel 5 & 7 (applies to issue ages 80+ for death claims and all issue ages for surrenders), Palladium Advisor (applies to issue ages 80+ for death claims and all issue ages for surrenders), ANICO EIA (all issue ages), Palladium Century (all issue ages), Value Lock EIA 7 & 10 (all issue ages), and Strategy 7 & 10 (all issue ages). Commission chargeback of 50% applies to the **second policy year** for Palladium Advisor (all issue ages) **full policy surrender only** and Palladium Century (all issue ages) **death claim or full policy surrender**.

Commission chargebacks for **partial surrenders** are as follows:

First Year - All issue ages - 100% of the portion of a partial surrender which incurs a surrender charge for Palladium MYG, Citadel 5 & 7, Palladium Advisor, ANICO EIA and Palladium Century.

Second Year - All issue ages - 50% of the portion of a partial surrender which incurs a surrender charge for Palladium Advisor and Palladium Century.

Commission chargebacks will apply to the Palladium Immediate Annuity if the contract is rescinded in the first year.

Commission chargebacks will apply to the Non-Registered Group Variable Annuity and the Group Unallocated Fixed Annuity if the contract is rescinded in the first year. In addition, any rollover/takeover funds totaling \$50,000 or more will be subjected to a 100% commission chargeback if the funds do not remain in the group contract for a minimum of 12 months. This rule will apply to any rollover/take over contribution, regardless of the policy duration.

2. Chargeback and issue age is based on **age of Annuitant** for Palladium MYG, Citadel 5 & 7, and ANICO EIA.

Chargeback and issue age is based on **age of Oldest Owner** for Palladium Advisor, Palladium Century, Value Lock EIA 7 & 10, and Strategy 7 & 10.

3. For the writing agent, with Option B there is a 0.25% trail commission up to \$5m and a 0.05% trail commission for \$5.01m and above.

4. Trail commissions start in the 13th month.

5. Renewal Asset Based Commission: Beginning policy year two and for as long as the policy is in force, you shall receive a percentage of Policy Account Values (as valued on the last day of each month) less outstanding policy loans if any. These commissions will be paid monthly based upon a formula that pays one-twelfth (1/12) of forty tenths of one percent (0.40) on the Palladium Advisor for years 2-7 and one-twelfth (1/12) of eighty tenths of one percent (0.80) on the Palladium Advisor for years 8+.

6. Renewal Asset Based Commission: Beginning policy year two and for as long as the policy is in force, you shall receive a percentage of Policy Account Values (as valued on the last day of each month) less outstanding policy loans if any. These commissions will be paid monthly based upon a formula that pays one-twelfth (1/12) of forty tenths of one percent (0.40) on the Palladium Century and Palladium Century 1,3,5,7.

7. Renewal Asset Based Commission: Beginning policy year two and for as long as the policy is in force, you shall receive a percentage of Policy Account Values (as valued on the last day of each month) less outstanding policy loans if any. These commissions will be paid monthly based upon a formula that pays one-twelfth (1/12) of forty tenths of one percent (0.40) on the Strategy Index Annuity 7 & 10 (Option B).