

SERVICE BULLETIN: 20 Day Rule Implementation



March 18, 2019

For Fixed Annuity and Fixed Index Annuities, the following change will be implemented effective 05/01/2019.

As you may know, no interest is earned on the funds received by AIG and the interest / interest crediting does not begin until the policy / contract is issued. To ensure that funds are not sitting un-invested for an extended period of time, the following policy will be implemented.

Funds received will be held for up to 20 business days from the date of receipt, after which they will be returned to the originating source. During this timeframe, New Business will work with the Advisor/Case Manager to resolve any Not in Good Order (NIGO) items that prevent us from applying the funds and sending the Policy/Contract to issue.

If at the end of the 20 business days there are still outstanding NIGO items, funds will be returned to the originating source.

We will allow an additional extension of 10 business days, if the policy/contract owner provides permission for us to do so. This permission can be secured either through written direction or on a recorded line. At the end of this period if the NIGO items are still outstanding, the funds will be returned to the originating source.

Example:

- **Day 1** – Funds are received with paperwork. NIGO items are identified. Email is sent to the Case Manager informing them of the NIGO and the 20 day Rule. (Clock Starts)
- **Days 5/10/15** - Follow-up email is sent to the Case Manager to inform them that the business is still NIGO and that the funds will be returned if not resolved by the 20th business day.
- **Days 5/15** - A call will be placed to the Case Manager that the paperwork is still NIGO and that funds will be returned on the 20th business day.
- **Day 20** - Final follow-up email is sent to the Case Manager to inform them that the business is still NIGO and that the funds will be returned if not resolved by the end of the day. We will also let them know that we can extend the hold period by an additional 10 business days if the client provides us that direction.
- **Day 21** – We will initiate the return of the funds back to the originating source.

Important Information:

- **In the scenario where an application with cash and a 1035/transfer(s) is received, and the only pending item is the receipt of funds from the surrendering company, the 20 day rule is not applicable. Applicable to Single Premium Products only.**
- **In the scenario where an application with cash and a 1035/transfer(s) is received and there are NIGO items at the surrendering company pending client/advisor resolution, then the 20 day rule is applicable with the clock starting with the date that the funds were received. Applicable to Single Premium Products only.**

We appreciate your attention to these new requirements.

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