

Non-Qualified Assignment and Funding Agreement Assignment Products



A structured settlement issued by American General Life Insurance Company (AGL) and The United States Life Insurance Company in the City of New York (USL) is an effective option for personal physical injury cases as defined under IRC Section 130 qualified assignment. However, there are many other types of disputes that do not fall into this category. AIG's life insurance companies provide several options that may be the solution you need.

The Non-Qualified Assignment (NQA)

allows the transfer of a periodic payment obligation for claims that do not qualify for personal physical injury claims and litigation as defined in IRC Section 104(a)(1) and (2) and are not eligible for a qualified assignment under IRC Section 130.

With the NQA, instead of a lump sum settlement, the claimant/payee receives periodic payments and is tax reported for the amounts when they receive those payments¹.

Types of Claims or Disputes

The NQA can be used to resolve non-physical injury claims or disputes. Some of those cases may include:

- Construction defects
- Environmental claims
- D&O and E&O claims
- Contract disputes
- Punitive damages
- Employment litigation
- Wrongful termination
- Sexual harassment
- Discrimination
- Mental anguish
- Legal malpractice
- Divorce
- Attorney fees

IRC section 72(u) Requirements

The NQA is subject to IRC section 72(u) requirements which states that:

- Payments must begin within one year from purchase
- Payments must be substantially equal and no less frequent than annually

The Funding Agreement Assignment (FAA)

may be used for the resolution of disputes or settlement of claims not involving personal physical injury, and which may or may not involve non-natural person(s).

All requests for Funding Agreements are first subject to completion of a Due Diligence Questionnaire which must be approved by AGL and USL prior to quoting. All quotes must be run by Home Office.

Acceptable Transactions or Disputes

The list below includes some examples of acceptable cases but are not limited to:

- Environmental claims
- Construction defect claims
- Liability policy buy-outs
- Property disputes

The FAA is **not** subject to IRC section 72(u) requirements. Payout Options are limited to guaranteed benefits only (no mortality or morbidity contingencies). These benefits include:

- Fixed, level periodic benefits
- Lump sum benefits
- Increasing periodic benefits
- Immediate or deferred



Contact information

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Non-Qualified Assignment and Funding Agreement Assignment Products

Features

	Non-Qualified Assignment	Funding Agreement Assignment
Non-personal physical injury	May involve individual person(s)	May involve individual person(s) OR non-natural person(s)
Book rates available	Yes (Period Certain benefits only)	No
Commutation	Yes	TBD
Lifetime benefits	Yes	No
IRC section 72(u)	Yes	No
Available in all states and PR	Yes	Not in PA
Commission or service fee	Commission	Service fee
Premium requirement	≥ \$25K	≥\$250K
Corporate guarantee	Yes	Yes
Due diligence questionnaire	No	Yes

Please consult your tax, legal, financial and/or investment professional to understand the benefits and risks associated with the NQA, FAA, and a selection of either product



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¹AGL or its affiliates do not provide legal, financial, or tax advice. Please consult your personal advisors for questions pertaining to your factual situation.

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