

**COLLECTIVE BARGAINING
AGREEMENT**

BY AND BETWEEN

**AMERICAN NATIONAL
INSURANCE COMPANY
GALVESTON, TEXAS**

AND

**UNITED FOOD & COMMERCIAL
WORKERS INTERNATIONAL UNION**

EFFECTIVE AUGUST 5, 2008

EXPIRES MAY 4, 2010

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CONTRACT

THIS CONTRACT made this 8th day of August, 2008, by and between the American National Insurance Company of Galveston, Texas hereinafter referred to as the "Company" and the United Food and Commercial Workers International Union, its successors or assigns however designated, hereinafter referred to as the "Union."

ARTICLE ONE **Purpose and Intent**

The purpose and intent of the Company and Union in entering into this Contract is to set forth their agreement with respect to rates of pay, wages, hours of employment, and other conditions of employment of the Agents. Upon execution, this Contract shall supersede all previous Contracts or agreements entered into between the parties.

ARTICLE TWO **Recognition**

To the extent required by the National Labor Relations Act as amended, and certifications heretofore made thereunder, the Company agrees to and does hereby recognize the Union as the exclusive representative for purposes of collective bargaining in respect to rates of pay, wages, hours of employment and other conditions of employment of all Career Sales and Service Agents now employed or hereafter employed by the Company. This recognition and the terms and provisions of this Contract specifically do not include all other employees of the Company, professional employees, guards, watchmen, and supervisors as those terms are defined in the National Labor Relations Act, as amended. Such Career Sales and Service Agents are hereinafter referred to as "Agents" or "Agent."

ARTICLE THREE **Management Rights**

The parties recognize and agree that the Company retains the rights of management, except as those rights may be specifically abridged or modified by the terms of this Contract, management rights are unrestricted and vested exclusively with management.

Without limiting the generality of the foregoing in any way, the right to manage its business and to direct and supervise its Agents includes, but is not limited to:

1. The right to hire, train, and supervise its Agents;
2. The right to suspend or discharge its Agents. The parties recognize that nothing contained herein establishes a "just cause" standard for discharge or discipline;
3. The right to establish, continue, discontinue, or modify Company business practices, rules or regulations including, but not limited to those policies of the Company contained in the *Manual of Instructions for Agents*, Career Sales and Service Division.
4. The right to determine the existence, nonexistence, assignment, or location of each office and Agency, the equipment, supplies, and procedures within each District or Agency;
5. The right to control the collection, deposit, and accounting for premiums or other monies;
6. The unqualified right to, within its discretion, alter or amend underwriting practices, rules and regulations, including the right to determine the types and classes of policies to be sold, offered for sale, or withdrawn from the market.

ARTICLE FOUR
Agent's Agreement

1. Agent's Agreement.

- A. It is agreed that the Company will rewrite Agent's Agreement Form 83, so as to conform to the terms and provisions of this Contract.
- B. The Agents shall be compensated only to the extent and in accordance with the Agent's Agreement Form 83 as revised to conform to the terms and provisions of this Contract.
- C. Any reference made to Agent's Agreement Form 83 shall mean Agent's Agreement Form 83 as revised to conform to the terms and provisions of this Contract.
- D. Each new Agent shall be on a 'trial basis' for the initial one hundred twenty (120) calendar days of employment. Upon completion of this trial period, the employee will become a regular Agent of the Company.
- E. Each Agent will be required to properly execute a "Disclosure to Consumer and Consumer's Authorization for Procurement of Consumer Report" form as required by the 1997 Fair Credit Reporting Act.

2. Duties. An Agent's duties in fulfilling this Contract will be as follows:

- A. Perform the essential functions of the job, with or without reasonable accommodation, as described in the company's "Job Description for Career Sales and Service Agent" as last revised and as may be revised from time to time hereafter, the same being incorporated herein by reference as though set out verbatim.
- B. To assist policy holders and prospects in meeting their insurance needs or financial objectives by canvassing for and procuring applications for insurance and annuities of the kinds and classes of risks and on the plans designated by the Company; to use the appropriate forms as provided by the Company and approved for compliance by Corporate Affairs; to deliver in accordance with the Company's rules all policies issued by the Company on such applications; to collect the premiums payable upon delivery and such other premiums and such other monies as he/she may be authorized to receive; to account for and to pay over to the Company all monies paid to him/her as the Company's Agent, no later than the next regular reporting day after such receipt of such monies; to service and conserve the Company's business; to assist the holders of the Company's policies to realize the benefits provided by their policies; and to accept in full satisfaction for all services the salary, commissions and bonuses as provided and limited by this Contract.
- C. Further, an Agent will perform these duties in a manner that will result in premium increase on the Agency to which he/she is assigned. An Agent shall be available to perform the duties described above between the hours of 9:00 a.m. and 8:00 p.m., Monday through Friday of each week, which shall be the normal workweek for the purpose of this agreement. Provided, however, that no Agent shall be required to spend more than eight (8) hours in any one (1) day, five (5) hours on Friday. The 8 hr./5 hr. requirement mentioned previously, will include time spent by the Agent working in the field and/or in the office preparing sales illustrations and/or proposals. If an Agent's outside activities are such that they interfere with his/her obligations to the Company and its clients, he/she will discontinue such activities.

- D. Whenever an Agent is scheduled for joint field work with management, the Agent may be required to work for a maximum of eight (8) hours in any one (1) day, between the hours of 9:00 a.m. and 8:00 p.m. The actual hours worked will be at the discretion of management.

If an Agent has not been scheduled to work with management on any particular day, he/she may choose the hours worked, but must spend at least 8 hours between the hours of 9:00 a.m. and 8:00 p.m. performing the duties previously described.

If an Agent is scheduled to work with management, then management will set the schedule and may require the Agent to work anytime between the hours of 9:00 a.m. and 8:00 p.m., with an 8-hour cap.

Agents scheduled to work with management are expected to drive their own vehicle. Management will accompany the Agent in the Agent's personal vehicle, unless management chooses another form of transportation. Refusal of an Agent to accompany management on joint field work and/or refusal to work the hours stipulated by Management (up to the maximums described herein) will be considered insubordination, and will subject an Agent to disciplinary action up to and including termination.

3. **Liability Insurance.** Each Agent shall be required to obtain and maintain liability insurance coverage as a condition of employment in the minimum amounts required by law in the State(s) where the Agent works.
4. **Drivers License.** Each Agent shall maintain as a condition of employment a current operator's (driver's) license issued by the state in which he/she resides. Any Agent whose license is suspended shall remain responsible for working his/her Agency. However, any Agent driving a vehicle performing Company business while his/her license is suspended may be subject to immediate termination.
5. **Driving Record Standards.** Agents shall be required to maintain the same minimum standards currently in effect for new hires of the Company unless in the opinion of the Company, the overall driving record is unsatisfactory. Failure to do so may result in discipline up to and including discharge.
6. **Full-Time Employment.** It shall be the obligation of each Agent to devote his/her full time and effort to this Company's business. An Agent will not be permitted to be appointed by or under contract to any other insurance company. If an Agent has appointments with other insurance companies at the time he/she is employed by American National, such appointment(s) must be canceled immediately by the Agent. Any Agent who becomes appointed by other insurance companies following the date of his/her employment by the Company will be discharged immediately from the Company, on the first offense and without warning.
7. **Cash Bond.** Except for Agents employed by the Company within the confines of the State of California, all Agents:
 - A. As a condition of initial and continued employment, each Agent employed by the Company shall be required to provide the Company with written authorization to deduct from each pay check Five Dollars (\$5.00) per week to be placed in one (1) or more of its interest-bearing accounts.

The purpose of this authorization is to enable the Company to accumulate a Five Hundred Dollar (\$500.00) cash bond in each Agent's account. The Company shall be authorized to offset the amount so deducted and accumulated against any debt that the Agent may owe the Company upon termination of employment for any reason. If such debt is in an amount less than the total amount deducted and accumulated, the excess,

together with interest at a rate of two (2) points over "passbook," but in no event more than six percent (6%) thereon will be returned to the Agent. If the amount of any debt exceeds the total amount deducted from the Agent's pay, the Company is authorized to withhold from any compensation due or to become due to the Agent an amount necessary to liquidate such debt in its entirety.

B. Interest: During approximately the last pay period of January of each calendar year, the Company shall credit to each Agent's bond account having a balance of Two Hundred Sixty Dollars (\$260.00) or more, interest at two (2) points over "passbook," but in no event more than six percent (6%) APR until the account reaches the sum of Five Hundred Dollars (\$500.00). Once an Agent's account has reached the Five Hundred Dollar (\$500.00) figure the annual percentage interest (*i.e.*, two (2) points over "passbook," but no more than six percent (6%) APR) shall be paid directly to the Agent as opposed to credited to his/her bond account as noted above.

8. **Direct Deposit**. Each Agent will be paid by direct deposit to a bank or financial institution of his/her choice.

9. **Arbitration of Claims**. Each Agent wishing to pursue a claim of any kind, legal, equitable, statutory, common law, state, federal or municipal against the Company, its officers and/or representatives, before, during or after employment, is required to do so pursuant to the provisions of Article Forty-One and Forty-Two of the Collective Bargaining Agreement between the Company and the UFCW.

10. **Agent's Covenant**.

A. Upon an Agent's termination, resignation, or retirement, he/she shall not directly or indirectly engage in the following or aid or abet others in doing so:

- i. Retain in his/her possession any original, photocopy or otherwise duplicated or reproduced company record, file, manual, supply or form.
- ii. For a period of two (2) years following such termination, induce or attempt to induce any Company Agent, sales manager, district manager, regional representative, or clerical force to terminate his/her employment with the Company.
- iii. For a period of two (2) years following termination, resignation or retirement, an Agent will not directly or indirectly, or through another person, solicit a company's policy holder with whom the Agent had a policy during his/her term of his/her employment with ANICO for the purposes of replacing, or attempting to replace, the policy of insurance that was in force with that customer.
- iv. Upon learning that an Agent has replaced or attempted to replace one or more policies of an insured of the Company, the Agent agrees that the Company may, without liability, make a written report of the replacement activity to the appropriate State Insurance Department and to the company or companies involved in the replacement and/or attempted replacement.

B. Concurrent with the execution of the Agent's Agreement Form 83, the Agent will acknowledge receipt of, agree to the terms and conditions of, and execute the **Confidential/Proprietary Information Covenant** regarding confidentiality and non-disclosure, intellectual property ownership, and privacy obligations.

C. Concurrent with the execution of the Agent's Agreement Form 83, the Agent will acknowledge receipt of, agree to the terms and conditions of, and execute the **Business Associate Agreement**, for compliance with the Company's obligations as a Covered Entity under the HIPPA Privacy Rules.

ARTICLE FIVE
New Agent's Compensation

New Agents will be paid a minimum starting salary floor of Seven Hundred Dollars (\$700.00) per week for twenty-eight (28) weeks.

Such salaries mentioned above shall include, among other things, a training allowance of Twenty Dollars (\$20.00) and a collection commission and ordinary service commissions according to Article Eleven, and any payments that may become due from the Agent's sales account.

Payments out of the Agent's sales account will commence the sixteenth (16th) week or when the net of the Agent's sales account and lapse outstanding account exceed One Thousand Dollars (\$1,000.00), and the Agent becomes licensed by the state or states in which he operates.

The new Agent will be paid sales bonus commissions according to Article Ten, and service bonus commissions according to Article Twelve.

The terms and conditions of employment of those changing from other field positions to that of Agent shall be determined by the Company, taking into consideration such things as the individual's employment history with the Company.

ARTICLE SIX
**Schedule of Commissions for Regular Ordinary
and Monthly Debit Ordinary Policies**

The *Schedule of Commissions* as printed in this article is subject to change as the Company withdraws old products and/or adds new ones. Refer to the latest version of *Form 306*.

Two (2) asterisks next to a policy will indicate a policy that is not applicable to the *MDO and Regular Ordinary Life Sales Bonus* chart in Article 10.

TYPE OF POLICY LIFE AND ANNUITY	LINE OF BUS SOLD	1 ST YR'S COMMISSION %	RENEWAL COMMISSION %	
			2 ND - 10 TH Yr, Inclusive Policies Issued 01/01/01 and later	11 th Yr & <i>Thereafter</i>
Traditional Permanent:				
Whole Life, 20 Payment Life	(MDO, RO)			
\$50,000 and over		45	9	N/A
\$25,000 to \$49,999		52 ½	9	N/A
\$2,500 to \$24,999		57 ½	9	N/A
LPU90 & Permanent Coverage Rider (PCR)	(MDO, RO)			
\$50,000 and over		35	9	N/A
\$25,000 to \$49,999		42 ½	9	N/A
Minimum to \$24,999		47 ½	9	N/A
Increasing Benefit Whole Life	(MDO, RO)	47 ½	9	N/A
Freedom Plus **	(RO ONLY)	47 ½	5.5	N/A
(Interest Sensitive Life Paid-Up @ 90)				
Affinity 7 Par Whole Life**	(RO ONLY)			
Issue Ages:				
0-69		42 ½	4.0	N/A
70-79		32 ½	3.0	N/A
80-85		22 ½	2.0	N/A
Affinity Plus**	(RO ONLY)			
Issue Ages:				
0-44		42 ½	5.5	N/A
45-49		38 ½	5.0	N/A
50-54		28 ½	4.0	N/A
55-59		18	2.5	N/A
60 +		12	1.5	N/A

TYPE OF POLICY LIFE AND ANNUITY	LINE OF BUS SOLD	1 ST YR'S COMMISSION %	RENEWAL COMMISSION %	
			2 ND - 10 TH Yr, Inclusive Policies Issued 01/01/01 and later	11 th Yr & <u>Thereafter</u>
Traditional Term Policies:				
5 Yr Level Renewable Term to Age 65 (5YT65)	(MDO, RO)	32 ½	9	N/A
Freedom Term 20 & 30 Yr Level Premium, Then Annually Renewable to Age 90	(MDO, RO)	32 ½	9	N/A
ANICO Select Term**	(RO ONLY)			
10 Yr Level Premium		15	NONE	N/A
15 Yr Level Premium		20	NONE	N/A
20 & 30 Yr Level Premium		25	NONE	N/A
(all annually renewable to age 95)				
Premier Term	(RO ONLY)	15	9	N/A
Traditional Term Riders:				
5 Yr Level Renewable Term to Age 65 (5YT65R)	(MDO, RO)	32 ½	9	N/A
Freedom 20 or 30 Year Level Term, then Annually Renewable to Age 90	(MDO, RO)	32 ½	9	N/A
Freedom Spouse Rider 20 and 30 Year Level Term, then Annually Renewable to Age 90	(MDO, RO)	32 ½	9	N/A
Accidental Death Benefits	(MDO, RO)			
Disability Premium Waiver	(MDO, RO)			
Additional Insurance Option	(MDO, RO)			
Children's Term	(MDO, RO)			
Spouse's Level Term (SLT)	(MDO, RO)			
Premium Payer Benefit	(MDO, RO)			
Return of Premium Rider (ROP)**	(RO ONLY)			
Same First Year Commissions and Renewal Service Fees will be paid on these riders as are payable on the policy to which the rider is attached.				
Universal Life**		60***	2	N/A
Executive Universal Life:**	(RO ONLY)			
Issue Ages:				
0-69		60***	3	3
70-85		55***	3	3
UL Riders**	(RO ONLY)			
Level Term (Exec UL only)		5	3	3
All other UL Riders		Same as base	Same as base	
Par Term Riders:**				
ANICO Select Term Riders	(RO ONLY)			
10 Year Level Term Premium		15	NONE	N/A
15 Year Level Term Premium		20	NONE	N/A
20 & 30 Year Level Term Premium		25	NONE	N/A
(all annually renewable to age 95)				
Paid-Up Additions (PUA)	(RO ONLY)	4	4	N/A
Spouse Level Term (SLTR95)	(RO ONLY)	33	5.5	N/A
PW, AD, CTR, AIO, PPB, PPBJ		Same as base	Same as base	N/A
Annuities:**				
Multi Year Guarantee Annuity 5&7 Year:	(RO ONLY)			
Issue Ages:				
0-79		4.0	NONE	N/A
80-85		2.0	NONE	N/A
Single Premium Immediate	(RO ONLY)	4.0	NONE	N/A
Flexible Premium Deferred*	(RO ONLY)	5.6	NONE	N/A
Thereafter (defined) – As long as the agent is in any position; not terminated from the Company				
* New money deposits to old contracts, originally written by you, are commissionable at first year rates.				
** Do not enter Sales Chart				
*** Percentage of commissionable premium paid as premiums are received in Home Office, 5% of excess premium paid during 1 st year.				

**FIRST YEAR AND RENEWAL COMMISSION RATES ARE APPLIED AND PAID ACCORDING TO
YOUR AGREEMENT WITH THE COMPANY**

IN CONSIDERATION OF HAVING SUBSIDIZED THE AGENT DURING THE BEGINNING PORTION OF HIS/HER EMPLOYMENT, NO COMMISSIONS OR BONUSES SHALL BE PAID HIM/HER, NOR SHALL ANY AGENT HAVE A CLAIM THEREON UNLESS THE AGENT IS EMPLOYED AS OF THE DATE SAID COMMISSIONS OR BONUSES ARE DUE TO BE PAID. THIS IS TRUE EVEN THOUGH COMPANY STATEMENTS ARE MADE IN ADVANCE AND APPEAR TO SHOW SAID SUMS DUE THE EMPLOYEE. ALL COMMISSIONS AND BONUSES CEASE IMMEDIATELY UPON TERMINATION OF EMPLOYMENT BY AN AGENT WITH THE COMPANY REGARDLESS OF THE CAUSE. APPROVED DISABILITY LEAVE AND OTHER LEAVE OF ABSENCE TIME ARE NOT CONSIDERED TERMINATIONS.

SPECIAL PROVISIONS REGARDING LIFE INSURANCE COMMISSIONS

1. Policies issued on substandard tables higher than Table 6 will pay the same dollar First Year Commission and Renewals as would be payable if the policy were issued on a Table 6 rating.
2. An application for reinstatement of regular ordinary policies written by any representative of Career Sales and Service Division will be credited as follows:
 - (a) If reinstatement is within 60 days after the due date of the unpaid premium, commission credit will be given to the last Agent of record whether or not that Agent submitted the reinstatement.
 - (b) If reinstatement is 60 days or more after the due date of the unpaid premium, the Agent submitting the application for reinstatement will receive the remaining first year and renewal commission in accordance with the Commission Schedule 306 under which the policy was issued regardless of whether that Agent wrote the original policy.
3. An application adding a rider to an existing regular ordinary policy written by any representative of Career Sales and Service Division will be credited as follows:
 - (a) The Agent submitting the application for the rider will be considered the writing Agent for the portion of the total premium represented by the rider regardless of whether the original policy was written by that Agent.
 - (b) The writing Agent will be paid full first year commissions for the first 12 months after the date of the policy rider, and renewal commissions thereafter as though the policy rider were a separate policy.
4. The Agent completing an application to convert a regular ordinary term policy written by any representative of Career Sales and Service Division will be given commission credit as follows:
 - (a) Original date conversion - The Converting Agent will receive first year commissions equal to the difference between first year commissions payable on the new policy and the first year commission previously paid on the term policy.

Difference in renewal commissions from the date of the first renewal year to the current date will be allowed. Any further renewal commissions will be payable to the converting Agent.
 - (b) Full first year and renewal commission credit will be given the Converting Agent for a current date attained age conversion, as if it were a new policy.
5. There will be no withdrawal of renewal commissions allowed on regular ordinary policies where the premiums are waived under the waiver of premium disability provisions contained in the policy.

ARTICLE SEVEN
Health Insurance

SPECIAL PROVISIONS REGARDING HEALTH INSURANCE COMMISSIONS:

1. An application for reinstatement of Health Insurance policies written by any representative of Career Sales and Service Division will be credited as follows:
 - (a) If reinstatement is within 60 days after the due date of the unpaid premium, commission credit will be given to the last Agent of record based on the original policy effective date. In cases where back first year premiums are skipped upon reinstatement, first year commissions will be payable for the remainder of the first twelve full months of actual premium received.
 - (b) If reinstatement is 60 days or more after the due date of the unpaid premium, the reinstating Agent will receive commissions based on the original policy date. In cases where back first year premiums are skipped upon reinstatement, first year commissions will be payable for the remainder of the first twelve full months of actual premium received.
2. A Rewritten Career Sales and Service Division Health Insurance policy is defined as: Any Health Insurance policy written by any representative of Career Sales & Service Division and issued on one or more persons, one or more of whom were previously insured with American National under a Health Insurance policy which is discontinued within sixty days before or after the date of application for the new policy.

SCHEDULE OF HEALTH INSURANCE COMMISSIONS		
TYPE OF POLICY	First Year's Commission	Renewal Fees, 2nd & Subsequent Year's Premium
Cancer Expense* (RO ONLY)	35%	8%
Accident* (RO ONLY)		
Level A	35%	8%
Level B	35%	8%
Level C	35%	8%
Level D	35%	8%
* Policies do not affect Sales Charts		

FIRST YEAR AND RENEWAL COMMISSION RATES ARE APPLIED AND PAID ACCORDING TO YOUR AGREEMENT WITH THE COMPANY

IN CONSIDERATION OF HAVING SUBSIDIZED THE AGENT DURING THE BEGINNING PORTION OF HIS/HER EMPLOYMENT, NO COMMISSIONS OR BONUSES SHALL BE PAID HIM/HER, NOR SHALL ANY AGENT HAVE A CLAIM THEREON UNLESS THE AGENT IS EMPLOYED AS OF THE DATE SAID COMMISSIONS OR BONUSES ARE DUE TO BE PAID. THIS IS TRUE EVEN THOUGH COMPANY STATEMENTS ARE MADE IN ADVANCE AND APPEAR TO SHOW SAID SUMS DUE THE EMPLOYEE. ALL COMMISSIONS AND BONUSES CEASE IMMEDIATELY UPON TERMINATION OF EMPLOYMENT BY AN AGENT WITH THE COMPANY REGARDLESS OF THE CAUSE. APPROVED DISABILITY LEAVE AND OTHER LEAVE OF ABSENCE TIME ARE NOT CONSIDERED TERMINATIONS.

ARTICLE EIGHT
Modified Pro Rata First-Year Sales Commission Plan

1. First-year commission rates will be those shown in the "Schedule of Commissions for Regular Ordinary and Monthly Debit Ordinary Policies" appearing in Article Six of this contract. In the event a policy issued under this Modified Pro Rata First-Year Sales Commission Plan lapses during the first policy year, the first-year commission charge-back for such lapse will be made against the writing Agent in accordance with the following table:

MDO and REGULAR ORDINARY Lapsing After	COMMISSION Charge-back
1 month or less	100%
2 months or less	100%
3 months	80%
4 months	70%
5 months	60%
6 months	50%
7 months	40%
8 months	30%
9 months	25%
10 months	15%
11 months	10%
12 months	None

2. Charge-back of Regular Ordinary commission paid outside of the First-Year Sales Commission Account will be by payroll deduction.
3. Charge-back of MDO and Regular Ordinary commissions credited to the Lapse Outstanding Account, or the First-Year Sales Commission Account, will be charged to the Lapse Outstanding Account.

ARTICLE NINE
First-Year Sales Commission Account

1. Beginning with an Agent's fourth Agency week and continuing for each successive week that the Agency is actively conducted under the Agent's Agreement, there will be credited to that Agent's sales account through that Agent's Lapse Outstanding Account the net annualized Monthly Debit Ordinary and Regular Ordinary first-year commissions described in Agent's Agreement Form 83, pursuant to this Contract and as established by the Company's records.
2. Whenever the Lapse Outstanding Account shall have a positive balance, that balance will be applied to the Agent's First-Year Sales Commission Account balance.
3. Beginning with the Agent's sixteenth (16th) Agency week or earlier as provided in Article Five, and continuing for each week thereafter, an Agent, if licensed, either permanent or temporary, (temporary license availability limited by law) will be paid Ten Percent (10%) of the remaining First-Year Sales Commission Account balance. However, in no case shall a payment be made from the Sales Account that will reduce the net of the Sales Account and Lapse Outstanding Account to an amount less than zero (0).

If the sales account is Fifteen Hundred Dollars (\$1,500.00) or more and there is no lapse outstanding account balance, the Agent shall be paid Twenty Percent (20%) of the remaining first-year sales commission account balance. If the Sales Account is between One Thousand Dollars (\$1,000.00) and Fourteen Hundred Ninety-nine Dollars (\$1,499.99) and there is no lapse outstanding account balance, the Agent shall be paid Fifteen Percent (15%) of the remaining first-year sales commission account balance. Otherwise, the Agent shall be paid Ten Percent (10%) of the remaining first-year sales commission account balance.

The Agent's First-Year Sales Commission Account balance will be reduced by such payment that same week with such reduced balance to be carried forward to the next following week, in accordance with established Company rules and practices.

4. If, at the time the initial premium is reported paid on the annual premium basis on a Regular Ordinary policy, and if the writing Agent requests the full first-year commission, and if the Company pays such commission to the Agent in a single payment, no amount of first-year Regular Ordinary commission will be added to the Lapse Outstanding Account with respect to such policy.
5. If the annualized first-year commission on a Regular Ordinary policy issued to the credit of an Agent exceeds Two Thousand Dollars (\$2,000.00), only the first Two Thousand Dollars (\$2,000.00) of the annualized commission on such policy will be placed in the Agent's Lapse Outstanding Account. The remaining first-year commission on such Regular Ordinary policy will be paid to the Agent in accordance with Agent's Agreement Form 83, as the first-year premiums are paid in cash to the Company.
6. Upon termination of an Agent's Agency Agreement, no further first-year commission will be payable from the First-Year Sales Commission Account except in the following circumstances:
 - A. Upon retirement of an Agent while in active service under the Company's pension plan or, if not under the Company's pension plan, termination either on or after age 55 with 20 years service or upon retirement, the retired Agent will be eligible to receive the balance in the Sales Account, less all first-year commission charge-back. The net amount shall be paid in a lump sum three (3) months after the date of such retirement. Should the Agent die before the expiration of the three (3) months, the net amount shall be paid to the deceased Agent's estate or, at the option of the Company, to any relative of the Agent.
 - B. Upon the death of an Agent while in active service, the Agent's Sales Account balance, less all first-year commission charge-back, shall be paid to the deceased Agent's estate or, at the option of the Company, to any relative of the Agent. The net amount shall be paid in a lump sum three (3) months after the death of the Agent.
 - C. Any Agent who becomes eligible for the Company's Long-Term Disability benefits, and remains disabled for a continuous period of six (6) months, shall be eligible to receive the balance of the Sales Account, less all first-year commission charge-back. This net amount shall be paid in a lump sum six (6) months after the date of disablement of the Agent. Should the Agent die before the expiration of the six (6) month period, the net amount shall be paid to the deceased Agent's estate or, at the option of the Company, to any relative of the Agent.

ARTICLE TEN

Sales Performance Commissions

Sales Performance commissions shall be payable to an Agent beginning with the sixteenth (16th) Agency week completed by the Agent.

1. The amount of Sales Performance commission on Monthly Debit Ordinary and Regular Ordinary Life Sales will be determined quarterly, on the basis of the previous twenty-six (26)-week lapse experience, in accordance with the table in this Article and will be payable each week of the succeeding quarter.
 - A. First-year MDO lapse rate will be the Agent's net MDO first-year lapse during each quarter per One Hundred Dollars (\$100.00) of cumulative MDO issue during the same quarter. The rate will be calculated weekly and accumulated each quarter. The lapse rate applicable to the tables will be the aggregate of the Agent's lapse experience for the last two (2) completed quarters.

- B. First-year Regular Ordinary Life lapse rate will be the Agent's net Regular first-year lapse during each quarter per One Hundred Dollars (\$100.00) of cumulative Regular Ordinary Life issue during the same quarter. The rate will be calculated weekly and accumulated each quarter. The lapse rate applicable to the tables will be the aggregate of the Agent's lapse experience for the last two (2) completed quarters.
- C. The combined MDO first year lapse rate and regular ordinary first year lapse rate is calculated as follows:
- The Ordinary Life first year net lapse is added to the MDO first year net lapse. The Ordinary Life issue is added to the MDO issue. The new lapse rate is then the newly calculated lapse divided by the newly calculated issue.*
- D. Sales Commissions applicable to the table will be the weekly average of the net first-year MDO and Regular Ordinary Life commissions credited on the Agent's life register during the most recently completed quarter, except for commissions on those policies that do not go through the chart as indicated in the "Schedule of Commissions and Renewals" in Article Six.
- E. If the average weekly amount of sales commissions is less than the chart minimum or is negative at the end of any quarter, no payment shall be made during the succeeding quarter under this Article; and the total will be carried forward and combined with the commission used to calculate the weekly average for the next following quarter. However, if the first-year combined MDO and Regular Ordinary Life lapse rate is greater than the chart maximum, no payment shall be made and no totals will be carried forward to the next following quarter except as provided in (F) below.
- F. If the average weekly amount of sales commission for any quarter is greater than the chart maximum, such excess shall be carried forward and added to the weekly average credited during the next following quarter.

MDO AND REGULAR ORDINARY LIFE SALES BONUS CHART

LAPSE RATE	SALES COMMISSION MINIMUM							
	90 to 99.99	100 to 109.99	110 to 119.99	120 to 129.99	130 to 139.99	140 to 149.99	150 to 159.99	160 to 169.99
0.00-10.00	80.24	105.12	113.60	122.08	130.55	139.03	147.50	155.98
10.01-20.00	73.28	93.01	100.38	107.75	115.13	122.50	129.88	137.25
20.01-30.00	66.13	81.67	88.02	94.36	100.71	107.05	113.40	119.74
30.01-40.00	60.81	71.58	77.00	82.43	87.85	93.28	98.71	104.13
40.01-45.00	53.93	61.37	65.86	70.36	74.86	79.36	83.86	88.35
LAPSE RATE	SALES COMMISSION MINIMUM							
	170 to 179.99	180 to 189.99	190 to 199.99	200 to 224.99	225 to 249.99	250 to 274.99	275 to 300	
0.00-10.00	164.46	172.93	181.41	202.59	223.79	244.98	266.17	
10.01-20.00	144.63	152.00	159.38	177.81	196.25	214.68	233.12	
20.01-30.00	126.08	132.43	138.77	154.63	170.50	186.36	202.22	
30.01-40.00	109.56	114.99	120.41	133.98	147.55	161.11	174.68	
40.01-45.00	92.85	97.35	101.85	113.09	124.34	135.58	146.83	

ARTICLE ELEVEN
Collection and Service Commissions

1. At the time of hire, an agent is assigned a book of business. The parties agree the value of this book of business is substantial and that the agent made no contribution to said value. In exchange for the assignment of such valuable asset, the agent will accept a collection and service commission, as outlined below, in lieu of any reimbursement for expenses incurred by the agent in collecting premiums on the accounts assigned to his/her agency. Such expenses would include, but not be limited to: mileage, gasoline, automobile repairs and maintenance (including depreciation), telephone and pager expense, and postage expense.

A. A weekly service commission for Regular Ordinary Life business of three percent (3%) of the annualized premium assigned to the Agency, reduced to a weekly basis, as provided in Agent's Agreement Form 83.

The service commissions on debitized Regular Ordinary Life business paid each week shall be based upon the actual amount of the premiums in force in the Agency two (2) weeks prior to the current week.

B. A weekly collection commission for Monthly Debit Ordinary and Intermediate business, reduced to a weekly equivalent, of ten percent (10%), as provided in the Agent's Agreement Form 83.

Actual collections will be accumulated for the three (3) months of each calendar quarter (with a one-month setback) and will be paid out weekly during the next calendar quarter.

EXAMPLE – On a \$10,000 MDO agency, assume the following:

June collections	\$10,500
July collections	\$ 9,950
August collections	<u>\$10,100</u>
Total	<u>\$30,550</u>

$\$30,550 \times .10 = \$3,055$ divided by 13 weeks = \$235 per week

Under this example, the agent would receive a collection commission of \$235 per week for thirteen weeks beginning with the second pay period in October.

Collections for the months of September, October, and November would be accumulated and paid out in a similar manner during the first calendar quarter of the following year.

All collections credited to an agency, regardless of the source, will be used to calculate collection commissions, which will be paid to the Agent currently assigned to the agency.

***MDO Collection Commission will be based on actual collections,
not on MDO Premium in force on agency.***

C. Agents who maintain an average Net Advance for the three (3) months prior to the final month of the preceding calendar quarter will be paid a bonus collection commission in accordance with the following table:

Net Advance	Bonus Commission
\$1.00 to 24.99%	1.0%
25% to 49.99%	1.5%
50% and over	2.0%

The Agent in example B. maintained an average net advance for the months of June, July, and August, and would be paid an additional 1% on the amount of the average net advance of the \$30,550 total collections.

2. The monthly closing date will be the first Friday after the 1st of each calendar month.

ARTICLE TWELVE
Service Performance Commissions

1. Service Performance Commissions shall be payable to an Agent beginning with the sixteenth (16th) Agency week completed by the Agent.
2. The amount of Service Performance Commission on Monthly Debit Ordinary Sales will be determined quarterly on the basis of the previous twenty-six (26)-week-lapse experience, in accordance with the following tables, and be payable each week of the succeeding fiscal quarter.
 - A. MDO renewal lapse rate will be the Agent's net MDO renewal premium lapse per One Hundred Dollars (\$100.00) of cumulative premium in force. The rate will be calculated weekly and accumulated each quarter. The rate applicable to the tables will be the average lapse experience for the last two (2) completed quarters.
 - B. MDO Agency size applicable to the tables will be based on the amount of MDO premium in force in the Agency at the end of the preceding quarter.

SERVICE BONUS CHART

RENEWAL LAPSE RATE	MDO AGENCY					
	9,000 to 9,999	10,000 to 10,999	11,000 to 11,999	12,000 to 12,999	13,000 to 13,999	14,000 to 14,999
0-5.00%	88.30	100.00	110.00	120.00	130.00	140.00
5.01-10.00%	66.25	76.50	84.50	92.50	100.50	108.50
10.01-15.00%	42.40	49.20	55.70	62.20	68.70	75.20
15.01-20.00%	31.50	37.60	42.60	47.60	52.60	57.60
OVER 20.00%	00.	00.	00.	00.	00.	00.

RENEWAL LAPSE RATE	MDO AGENCY					
	15,000 to 15,999	16,000 to 16,999	17,000 to 17,999	18,000 to 18,999	19,000 to 19,999	20,000 AND OVER
0-5.00%	150.00	160.00	170.00	180.00	190.00	200.00
5.01-10.00%	116.50	124.50	132.50	140.50	148.50	156.50
10.01-15.00%	81.70	88.20	94.70	101.20	107.70	114.20
15.01-20.00%	62.60	67.60	72.60	77.60	82.60	87.60
OVER 20.00%	00.	00.	00.	00.	00.	00.

ARTICLE THIRTEEN
Career Agent Recognition

A bonus of One Dollar (\$1.00) weekly will be paid for each year of continuous service beginning after one (1) full year of continuous service.

ARTICLE FOURTEEN
**Payment of Renewal Commissions Under
The Company's Retirement and Pension Plan**

1. An Agent who is insured under the Company's retirement and pension plan, and either retires or leaves the Company's service due to total and permanent disability as that term is defined in the plan document, shall, during that Agent's lifetime only, continue to receive renewal commissions on Regular Ordinary insurance, and renewal commissions and service fees on Direct Pay Health and Accident insurance, at the same rates and for the same periods as would have been payable had the Agent continued in the Company's employ, whether or not the Agent is in the Company's pension plan.

2. An Agent who has either:
 - A. 20 years of service with the company and attained the age of 60 or older, or;
 - B. Whose age and years of service added together equal the number 70; and who retires, or who leaves the company's service due to total and permanent disability, shall, during that Agent's lifetime only, continue to receive renewal commissions on Regular Ordinary insurance, and renewal commissions and service fees on Health and Accident insurance, at the same rates and for the same periods as would have been payable had the Agent continued in the Company's employ, whether or not the Agent is in the company's pension plan.

ARTICLE FIFTEEN
Holidays

1. Agents shall not be required to report to the District Office or work on January 1, Martin Luther King Day, Good Friday, Memorial Day, July 4, Labor Day, Thanksgiving Day, the Friday following Thanksgiving Day, or on Christmas Day.
2. When any of the specified holidays falls on a Sunday, then the succeeding Monday shall be considered as that holiday. Similarly, when any of the specified holidays fall on a Saturday, then the preceding Friday shall be considered as that holiday.
3. The Company will determine whether or not Agents will be required to report on the day after any holiday according to business needs. This determination will be made and provided to Agents at least two (2) full calendar weeks in advance of the holiday.

During a week in which a holiday occurs, no Agent will be required to report to the district office more than two (2) times per week.

4. Additionally, the Company recognizes and embraces the diversity of cultures, religions and beliefs of its Agents. For this reason, in addition to the holidays specified above, Agents may take an additional three (3) floating days each calendar year on a day other than a regular account settlement day in order to accommodate particular religious and/or cultural observances. Of course, these floating holidays may be used by Agents for any purpose, but specifically should be utilized by an Agent to accommodate the Agent's particular religious and/or cultural observances occurring throughout each calendar year.

New Agents will be eligible for one floating holiday upon completion of their 120 day trial period. Additional floating holidays will be granted to the new Agent after the completion of six (6) months of continuous service.

5. An Agent may not accumulate or substitute holidays and shall not be entitled to any compensation in lieu of.

ARTICLE SIXTEEN
Annual Leave

1. After the completion of one (1) full year of continuous service, Agents will be entitled to Annual Leave. Subsequently, Annual Leave will be granted each year after an Agent passes his/her anniversary date.
2. The number of weeks of Annual Leave will be based on the number of years of continuous service the Agent has completed according to the following schedule:

One through the ninth year	2 weeks
Ten through fourteen years	3 weeks
Fifteen through nineteen years	4 weeks
Twenty or more	5 weeks

3. Payment during the period of Annual Leave shall be previously earned, but unpaid commissions due, as determined under the terms of the Agent's Agreement Form 83 and as calculated on the Life Register. No additional compensation shall be paid to the Agent during the period of Annual Leave.
4. An extra day of Annual Leave will be granted when a holiday falls on a regular workday during an Agent's leave.
5. Agents attending the Career Sales and Service Division Leaders' Conference may not take their Annual Leave the week before or the week after the conference.
6. Annual Leave can be designated to begin on any Monday date of the year other than the first Monday following an Agent's anniversary date.
7. If a week of Annual Leave is designated the last Monday date prior to the Agent's anniversary date and extends into the next service year, and if, the Agent is not employed by the Company during that next service year for any period of time in addition to such Annual Leave, then the Agent is not eligible for additional Annual Leave in the next service year by virtue of the Agent having been employed, but on Annual Leave, during that year.
8. When an Agent has scheduled one (1) or more weeks of Annual Leave, he/she will be allowed to begin such Annual Leave on Friday following completion of necessary detail work and attendance at all mandatory functions.
9. Annual Leave may be taken in one-day increments as long as such practice is not excessive and/or used by the Agent to avoid reporting days. Absent unusual circumstances, Annual Leave must be scheduled with the District Manager in advance.
10. No Agent shall be absent on Annual Leave for more than two (2) consecutive weeks. However, the Company agrees to favorably consider such requests for all Agents entitled to three (3) or more weeks of Annual Leave, provided the Company agrees that the condition of the Agent's Agency, and Staff, and the District generally, justify such request. The Company's decision in this matter will be final.
11. Annual Leave periods shall be designated by the Manager of the District where each Agent is employed. Designation criteria shall be based on seniority, except in the designation of second or subsequent weeks not taken consecutively with the first week of leave.
12. An Agent's failure to request designation of Annual Leave shall not be construed as denial of Annual Leave by the Company. Annual Leave periods shall be non-cumulative.
13. An Agent terminating at the close of the last Monday week in that Agent's service year shall not be eligible for Annual Leave in the following service year.
14. Annual Leave will not be granted to an Agent who has indicated, either verbally or in writing of his/her plans to resign or otherwise leave the company's employ. Further, Annual Leave will not be granted to an Agent who has been informed of his/her termination of employment, but who is accompanying management, or is to accompany management, on a final inspection of his/her agency.

ARTICLE SEVENTEEN
Career Bonus

1. The Company shall provide a "Career Bonus" to all eligible Agents as follows:

<u>Continuous Service as of December 1 of each calendar year</u>	<u>Amount of Bonus</u>
10 through 14 years	\$300
15 through 19 years	\$600
20 or more years	\$900

2. The "Career Bonus" will be paid to eligible Agents in a lump sum two weeks after the last Life Register of November of each calendar year, beginning with calendar year 2008.
3. The Agent may elect to have this bonus added to their sales account instead of receiving it as a lump sum.
4. An Agent will not be eligible to receive a Career Bonus unless the Agent is on all premium increase through November of the year in which the bonus is to be received.
5. Any employee changing from another Company position to Agent after January 1 of any year will not be eligible for a Career Bonus in that year.
6. An Agent who is due a Career Bonus, but who terminates with a deficiency before the bonus is actually received by the Agent will not be eligible to receive the career bonus.
7. This bonus will not be payable to anyone who has left the employ of the Company for any reason prior to payment.

ARTICLE EIGHTEEN
Annual Commission Bonus

1. Each Agent who has completed one (1) full year of continuous service with the Company shall be entitled to an annual commission bonus payable the first full pay period following his/her anniversary date. The annual commission bonus will be based on:

A. The average weekly Ordinary Life and Monthly Debit Ordinary first-year commissions received in the preceding fifty-two (52) weeks according to the company's accounting records, provided the total of such average weekly commissions is one hundred dollars (\$100.00) or more.

B. Number of years of continuous service:

YEARS OF CONT. SERVICE	% OF COMMISSIONS	TIMES
1 THROUGH 9	175%	2
10 THROUGH 14	175%	3
15 THROUGH 19	175%	4
20 YEARS OR MORE	175%	5

C. Only commissions paid out of the Sales Account will be included in the calculation of the Annual Commission Bonus.

2. An Agent who is due an annual commission bonus, but who terminates with a deficiency before the bonus is actually received, will not be eligible to receive the bonus.
3. The Agent may elect to have this bonus added to his/her sales account.

ARTICLE NINETEEN
All Premium Increase Bonus

1. Each Agent who has been in his/her current position for a minimum of 52 weeks as of the last pay period in December of each calendar year will receive a One Thousand Dollar (\$1,000.00) bonus if he/she meets the following criteria:
 - A. One Thousand Dollar (\$1,000.00) all premium increase for the calendar year.
 - B. Fifty-two (52) or more new business transactions during the calendar year.
2. An additional bonus amount of One Dollar (\$1.00) for every additional dollar of all premium increase over the minimum One Thousand Dollars (\$1,000.00) will be paid up to a maximum of Fifteen Hundred Dollars (\$1,500.00).
3. The bonus will be paid to qualifying Agents still in the employ of the Career Sales and Service Division of the Company in any position the first pay period in June each year based on the previous calendar year's result. No bonus will be payable to anyone who has left the employ of the Company for any reason prior to payment.
4. The Agent may elect to have this bonus added to their sales account.

ARTICLE TWENTY
Hold-Up Insurance

The Company shall provide hold-up insurance coverage for each Agent covered by this Contract in the amount of Seven Hundred Fifty Dollars (\$750.00). This amount shall include One Hundred Dollars (\$100.00) for the loss of an Agent's personal funds. However, nothing contained herein shall impair or diminish the obligation of each Agent to fully account to the Company for all Company funds in the Agent's custody from time to time, except to the extent of recovery by it under such insurance coverage without suit.

1. Agents may purchase money orders payable to American National Insurance Company for Seven Hundred Fifty Dollar (\$750.00) cash amounts or more. Said money orders must be completed in legible (printed) ballpoint pen. Upon submission of invoice, Company will reimburse Agent for the cost of said money order.
2. For a theft of funds covered under the hold-up insurance provided in this Article exceeding the Seven Hundred Fifty Dollar (\$750.00) reimbursable amount, the Agent may choose (in writing) to request payment of the difference to the Company from his/her cash bond. Should this request be made and subsequently approved by the Company, the Agent shall be required to replenish the cash bond account by minimum payments of Five Dollars (\$5.00) per week via payroll deductions until the bond account reaches Five Hundred Dollars (\$500.00).
3. The requirement for an Agent to replenish the cash bond account shall not be applicable to Agents employed by the Company within the State of California.

ARTICLE TWENTY-ONE
Leaves of Absence

1. General.

- A. If an Agent is required to be absent from work for ten (10) consecutive work days or more for medical/disability reasons occurring as a result of both on and/or off-the-job injuries, illnesses, and/or activities, and/or for personal reasons acceptable to the Company and/or for jury duty or other reasons acceptable to the Company, a leave of absence shall be granted. The leave may be with certain benefits, depending upon the circumstances. In order for a leave to be granted, the Agent makes his/her request in writing on the "Request for Leave of Absence" form at least ten (10) days prior to the requested absence, except in emergency situations. The leave of absence requested must be approved by the Home Office. In the event of an emergency, the request for leave form will be completed by the district manager. The Agent will be asked to sign it as soon as possible and a copy will be provided to the Agent.
- B. All leaves of absence granted by the Company shall be without loss of seniority, but an Agent's seniority shall not continue to accumulate during a leave of absence more than ten (10) weeks. Thus, a leave of absence interrupts the timetable for accumulating any employee benefits. This timetable resumes when the Agent returns to work.
- C. An Agent who does not return to work on the first regular working day following the end of the period provided in the leave of absence shall be terminated unless an extension is requested in writing by the Agent and granted by the district manager before the expiration of the originally approved leave.
- D. Leaves provided for herein are intended to and shall comply with all requirements of various state laws and regulations and applicable federal regulations, including but not limited to the Family and Medical Leave Act and the Americans with Disabilities Act. In that regard, regardless of the specific provisions of this Article as to the length of a particular leave or the Agent's entitlement to the leave or to reinstatement to his/her former position at the end of the leave, such provisions shall be modified as required by law. Accordingly, a person suffering a qualified disability as defined by the ADA may be entitled to additional leave over and above what is granted in specific provisions of this Article. Likewise, Agents qualified for FMLA leave or for pregnancy leave under California law will be eligible for reinstatement to their former position, including the location of their debit when taking a leave qualifying under either of these statutes. It should be noted that in accommodating the disabled Agent and/or in complying with statutorily mandated leave provisions, the circumstances surrounding an individual Agent's request for leave and the granting thereof shall be determined on a case-by-case basis.
- E. An Agent who is absent from work for three (3) or more scheduled work days, and who fails to inform his/her manager during those days (unless the employee has proof of a valid reason for such failure to notify his/her manager and such proof is in writing) will be considered as having voluntarily resigned his/her employment with the company.
- F. No leave, with or without pay, will be granted to an Agent who has indicated, either verbally or in writing, of his/her plans to resign or otherwise leave the company's employ. Further, no leave, paid or unpaid will be granted to an Agent who has been informed of his/her termination from employment, but who is accompanying management, or is to accompany management, on a final inspection of his/her agency.

2. Disability Leave.

- A. An Agent on disability leave of absence is required to keep the Company informed at least once every two weeks as to his/her status and condition. Additionally, the Agent, if requested, must provide the Company with documents from an attending physician and/or a Company-designated physician as to the medical condition, its seriousness, recommended future treatment, and anticipated dates of recovery, either partial or complete.
- B. Pregnant employees residing in states providing for pregnancy leave above and beyond that required by federal law may be entitled to additional time in the form of an unpaid leave over and above those granted by this Article. Agents may call the Home Office to determine whether or not they are eligible for this additional leave time as a result of laws within their respective jurisdictions.
- C. For Agents with a period of continuous active service of three (3) months or more, the first ten (10) days of any Agent's leave in any calendar year will be compensated for by the Company. Taking an excessive number of sick days on regular reporting days may subject the Agent to disciplinary action.
- D. If an Agent shall remain ill or disabled for a continuous period beyond the ten (10) days in a calendar-year period as provided above, then the Company will grant to such Agent the following additional leave of absence without pay; provided, however, that the disability or illness is certified by a licensed physician and concludes that the Agent is unable to perform the essential functions of the Agent's job due to the illness or disability:
 - i. Agents (unless pregnant and working in states providing for pregnancy leave above and beyond that required by federal law) with less than three (3) months of service--zero (0) weeks;
 - ii. Agents with at least three (3) months of service but less than five (5) years of service--twenty-six (26) weeks;
 - iii. Agents with five (5) years or more of service--fifty two (52) weeks.
- E. A disability leave of absence provided for in this Article shall continue only during such period of time as the Agent shall in fact remain ill or disabled to the extent that the Agent shall be continuously unable to perform the essential functions of his/her job and shall furnish to the Company written medical evidence of such fact upon request. Any medical examination made of such Agent, with the exception of the first examination, shall be at the Company's expense.
- F. An Agent shall not be granted nor entitled to any leave of absence under this Article for the purposes of engaging in any other occupation while disabled or ill and upon the Company's discovery of such fact, leave will automatically be cancelled and the Agent's employment terminated.
- G. The disability leave of absence without pay provided in D. above represents the maximum amount of leave of absence without pay which will be approved by the Company except:
 - i. In the event an ill or disabled Agent with three (3) months or more of continuous service returns to work within the time period provided in D above, and then again becomes ill or disabled in less than one (1) full year from the beginning date of the leave of absence without pay, the Agent will be granted a continuation of that leave of absence without pay, if necessary, up to but not exceeding the full remaining amount of time allowed in D above. One (1) week of leave of absence without pay will be restored for each week worked between the time returned to work and the time the Agent again becomes ill or disabled, but in no event shall that continuation leave of absence exceed the full amount allowed in D. above.

- ii. In the event a disabled Agent returns to work within the time limits specified above and works continuously for at least one (1) full year and then again becomes ill or disabled, the full period of disability leave of absence without pay will be granted in accordance with the schedule provided in D above, without regard to the previous periods of leave of absence granted to the Agent.
- iii. An Agent returning from disability with two (2) years or more of continuous service as herein provided shall have the privilege of being placed on the Agent's old Agency if it is open at the time of return. If not open, priority shall be given in placement on the Agent's old Agency when it next comes open, provided written request is made by the Agent within the posting period of the open Agency pursuant to this Agreement.

Period of Continuous Service When Disability Absence Begins	Number of Weeks Agency Will Be Reserved During a Calendar Year
2 through 5 years (Unless pregnant and working in states providing for pregnancy leave above and beyond that required by federal law)	13 weeks from beginning of disability
6 years or more	26 weeks from beginning of disability

H. When the request of an ill or disabled Agent to return to work is not approved by the Company on the grounds that the Agent is not able to resume agency duties, the Agent shall be examined by a Company-designated physician (at the Company's expense). The report of this physician shall be provided to the Agent and the Company. If it supports the Company's decision and the Agent and/or the Union disagree with such decision, then, the Agent shall be examined by a physician selected jointly by the Company and Union. This third physician will be supplied all prior relevant medical records from the Agent's physician and the Company's designated physician in order to render an opinion and decision of which physician is correct as to the Agent's ability to resume agency duties. The decision of this third physician shall be binding upon all parties.

If the Company and the Union are unable within ten (10) days to agree upon a physician to make such examination, then and in that event such examining physician shall be appointed by the president of the county or local medical society nearest the place of residence of such Agent, whose decision shall be conclusive and binding upon all parties and not subject to arbitration.

- I. Except as provided above, an Agent shall not be entitled to additional disability leave of absence with or without pay. And, upon the expiration of such disability leave of absence, employment with the Company shall terminate.
- J. An Agent who is granted a disability leave of absence without pay shall, upon returning to work from disability, be placed on an Agency, picking up from the week last worked by the Agent under the agreement and being compensated accordingly. Provided, however, that where "extenuating circumstances" exist, the Company, at its sole discretion, may increase the compensation to be paid the Agent.

3. Family and Medical Leave Act / Service Member Family Leave Act.

A. Agents who have been employed by the Company for twelve (12) full (not necessarily consecutive) months and who have worked a minimum of twelve hundred fifty (1250) hours during those twelve (12) months shall be entitled up to twelve (12) weeks of unpaid leave per calendar year and up to twenty six (26) weeks for Service Member Family Leave ("SFL"). While on FMLA/SFL leave, health insurance premiums will be paid by the Company at the same contribution level it was paying prior to the leave. In order to maintain insurance coverage while on leave, an Agent shall be required to make his/her premium payment in the appropriate amount to the Company. Should the Agent fail to do so, upon return from FMLA/SFL leave the

Agent may be required to reimburse the Company for the portion of the premiums not paid by the Agent while on leave. Upon an Agent's return to work from FMLA/SFL leave, provided the return to work is within the twelve (12)-week period or the twenty-six (26) week period, (whichever applies), he/she will be placed in his/her previous position or one that is generally equivalent.

- B. FMLA/SFL will normally only be granted if requested by the Agent thirty (30) days in advance or as soon as practicably possible under the circumstances and only under the following conditions:
 - i. For the Agent's serious health condition;
 - ii. For the birth, adoption or placement of a foster child in the Agent's home; or
 - iii. To care for a seriously ill child, spouse or parent.
 - iv. Upon the occurrence of a qualifying exigency, if a spouse, son, daughter or parent is on active duty or called to active duty in the Armed Forces in support of a contingency operation.
 - v. To care for a family member, including next of kin, who experiences any injury or illness in the line of duty while on active military duty (SFL – up to 26 weeks).
- C. Certification of the illness or injury may be required of the Agent to certify his/her condition and/or the condition of the child, spouse or parent whose illness gave rise to the leave.
- D. If unable to return to full-time regular employment at the end of the twelve (12)-week leave provided for herein or the twenty-six (26) week SFL period, the Agent will be entitled, if qualified, to use the remaining balance of the leave applicable in Paragraph 2(D) above.
- E. A pregnant employee shall be entitled to additional leave as described above in Paragraph 2(B) in addition to any leave for which she may be eligible under the Family and Medical Leave Act.
- F. Unlike other general leaves of absence as covered by this Article, FMLA/SFL leave may be granted in less than one (1)-day increments. Accordingly, the five (5) consecutive-workday absence requirement as noted above under the General Provisions of this Article shall not necessarily be applicable to those cases involving FMLA/SFL leave of a lesser period of time.
- G. Agents taking FMLA/SFL leave shall be required to use unused unpaid leave as described in Article 16 as part of the twelve (12)-week or twenty-six (26) week leave entitlement granted under FMLA/SFL. Additionally, in the event FMLA/SFL leave is for personal serious illness, the Agent shall be required to use unused sick leave.

4. Military Leave.

A leave of absence for service in the Armed Forces or National Guard, or for attendance at regular annual military encampment or cruise, and the terms of re-employment shall be governed by the Uniformed Services Employment and Re-Employment Rights Act of 1994 and other applicable laws. Such leave is granted upon written application (Request for Leave of Absence form) and presentation of appropriate military orders.

5. Bereavement Leave.

In the event of a death in the immediate family, an Agent will be allowed a leave of absence with pay not to exceed three (3) working days. For purposes of this policy, immediate family is defined as parent, spouse, sibling or child. An Agent's manager must be notified immediately of the forthcoming absence so that proper scheduling arrangements may be made.

ARTICLE TWENTY-TWO

Group Insurance With Disability and Comprehensive Medical Benefits

The Company will provide each Agent with group insurance through a company(ies) of its choice which will provide each Agent who has been employed for three (3) or more months of continuous, uninterrupted service with the Company the following basic benefits, or their substantial equivalents.

- A. Life insurance maximum \$50,000.00
- B. A.D. & D. maximum \$50,000.00
- C. Medical Benefits Deductible \$2,000.00
- D. Stop Loss Covered expenses (in excess of deductible) up to \$10,000.00 incurred in a calendar year are paid at 70%. Covered expenses over this amount incurred in a calendar year are paid at 100%.
- E. Maximum Benefit \$1,000,000.00
- F. Paid-up Life
 - Agents with less than 20 years continuous service: \$1,000 paid-up life insurance certificate
 - Agents with date of birth of 1940 or later and 20 years or more of continuous service and attained age of 60: \$5,000 paid-up life insurance certificate
 - Current agents with date of birth of 1939 or earlier and with 20 or more years of continuous service: Paid-up life insurance certificate equal to one fourth (1/4) of group term insurance in force immediately prior to retirement
- G. Cost participation Cost for HMOs not to exceed cost of company sponsored plan.

Eligibility rules for Company premium participation based on annual earnings are as follows:

Calendar Year	Cost Participation % Co./Member & Dependent
\$65,000 and up	90/10
\$50,000 to \$64,999	80/20
\$34,000 to \$49,999	70/30
\$32,000 to \$33,999	40/60
\$30,000 to \$31,999	30/70
Less than \$30,000	20/80

An Agent would have one (1) complete calendar year of service in the position of agent before these eligibility rules would be effective. During an Agent's first year of service, Company premium participation would be 70/30. Adjustments will be made in May each year, based on prior year calendar earnings.

- H. HMO option Company to provide HMO options for a group of ten or more employees. (Each location must select only one HMO – multiple HMO's in the same location will not be approved.) Since HMO coverage is usually first dollar coverage, or requires only a low cash payment from the Plan Member for each service, HMO coverage may be more expensive than the health benefits coverage provided under this plan. A Plan Member who elects the HMO alternative may have to pay more each month for such coverage than his/her contributions under this Plan.
- I. Flexible Spending Accounts Agents will have an opportunity to enroll in a Health Care Flexible Spending Account and/or a Dependent Care Flexible Spending Account. The Company will administer both accounts.

ARTICLE TWENTY-THREE
Disability

The Company will provide each Agent with a disability plan for non-occupational-related illnesses or injuries through a company(ies) of its choice which will provide each Agent who has been employed for three (3) months or more of continuous uninterrupted service with the Company the following basic benefits, or their substantial equivalents.

Continuous Active Service	Periods from Date of Non-Occupational Disability:					
	10 Days	+2 Weeks	+24 Weeks	+26 Weeks	+3 Months	+10 Years
5 or more years	SICK LEAVE 10 days at 100%	Waiting period before S-T D	SHORT-TERM DISABILITY 75% of salary reduced by Primary Social Security and other compensation*		Waiting period before L-T D	LONG-TERM DISABILITY
2 years but less than 5 years	SICK LEAVE 10 days at 100%	Waiting period before S-T D	SHORT-TERM DISABILITY (Same as above)	Waiting period before L-T D	10 years at 60% of average monthly earnings (earnings up to \$2,000) less Primary Social Security and Compensation.* No payment until S.S. Disability approved. Limited to 24 months for pre-existing conditions and some other causes.	
3 months but less than 2 years	SICK LEAVE 10 days at 100%	Waiting period before S-T D	SHORT-TERM DISABILITY (Same as above)	NO FURTHER PAYMENTS FROM AMERICAN NATIONAL		
Less than 3 months	NO PAYMENTS FROM AMERICAN NATIONAL					

* Note: For purposes of long-term and/or short-term disability payment entitlement, an Agent's salary shall be computed based upon the Agent's most recent fifty-two (52) weeks of earnings divided by 52 to determine average weekly pay.

ARTICLE TWENTY-FOUR
Retirement and Pension

The amended retirement and pension plan of the company DAC-1-66, together with all amendments thereto, is hereby ratified, affirmed and approved. It shall be amended as follows:

Beginning September 1, 2008, or as soon thereafter as practicable, the 2% of covered pay (the plan covers pay up to \$75,000.00 per year) employee contributions requirement would be eliminated for all future years.

Employee contributions already made for pay periods prior to September 1, 2008 would remain in the plan, and continue being credited with interest as before.

All current rights and features of the plan and the current participants accrued and projected benefits at 65 would remain as is. The current benefit formula for retirement pension at 65 would remain unchanged. However, the current plan stipulation that the benefit formula would apply only to pay periods for which eligible employees made required contributions would not apply for the purposes of determining additional benefit accruals after September 1, 2008.

All eligible employees currently not participating in the plan due to their election not to make the required contributions would be enrolled in the plan effective September 1, 2008.

The Company will provide Agents with a voluntary 401(k) plan to be funded by the Agents via payroll deduction.

ARTICLE TWENTY-FIVE
Open Agencies

1. When an Agency which has been assigned to an officially appointed Agent becomes open, other than by reason of a transfer made pursuant to the provisions of this Article, or when a new Agency is created, the Company agrees, if such Agency is available for transfer to an Agent, to post notice of such availability on its bulletin board in the District Office and Detached Office or Offices of the District in which such Agency is located. Such notice shall show the general location of the Agency and size thereof at the time of posting, and shall so indicate if it is the Company's intention to then reduce any part of the MDO Agency by transfer to another or new Agency. Except as provided in such notice, while said Agency is posted, it shall not be reduced in size by the Company. The notice shall be posted not more than four (4) weeks in advance of the day on which said Agency shall become open and available for transfer and shall remain posted for a period of seven (7) days after the date of posting. The Company may transfer an Agent to an agency that became open by reason of transfer pursuant to the provisions of this Article. Approval of such a transfer would be at the discretion of upper management of the Company.

2. The Company agrees to transfer to such Agency any Agent actively working in the District where the Agency is located, provided:
 - A. The Agent has been assigned to the Agency for at least one (1) year and has had at least one (1) year of current continuous service with the Company; and
 - B. The Agent's record and qualifications are, in the opinion of the Manager and Home Office management, such as to justify consideration and approval for transfer; and
 - C. The Agent makes written application within the posting period to the Manager of such District for such transfer; and
 - D. That subject to record and qualification of 2(B) above, the Agent has a longer period of current continuous service with the Company than any other Agent applying for such Agency; and
 - E. That the records of the Company shall be conclusive as to the period of current continuous service of an employee.

3. An Agency which becomes open or is newly created shall not become available for the transfer of an Agent under the provisions of this Article:
 - A. If, in the opinion of the Company, which shall be conclusive, it is advisable to merge such Agency with other Agencies, or to assign to it, as an Agent:
 - i. Anyone in a field supervisory position whose demotion is impending (however, if an Agent applying for a transfer to a vacant Agency under the provisions of Sections 1, 2, and 4 has a longer period of continuous service than that of the Sales Manager who is demoted or whose demotion is pending, such Agent shall be given preference, provided record and qualifications are, in the opinion of the District Manager and the Home Office management, such as to justify consideration and approval for transfer); or
 - ii. Any employee who may return to active duty following disability; or
 - B. If, in the opinion of the Company, which shall be conclusive, it is advisable not to make such transfer because of the possible return to duty as an Agent any employee who is on disability or who is absent with permission of the Company, or who has been temporarily promoted, or because of the possible return to duty as an Agent, or any former employee whose reinstatement may be required by any present or future law.

4. The Company further agrees that in the event an Agency in a district becomes available under the foregoing provisions of this Article for the transfer of an Agent and no transfer is made in accordance with said provisions, it will give consideration to a request for a transfer to such Agency of any Agent in said District whose record and qualifications are, in the opinion of the Manager and Home Office management, such as to justify consideration and approval for transfer, it being understood that the decision of the Company in this matter shall be final and conclusive.
5. If an Agency in a district becomes open and is available for transfer under the Agreement and no one in the same District requests it, the Company will consider the written request for transfer thereto of an Agent from another District in the same community provided, however, that the decision of the Company in the matter shall be final and conclusive. If such request is granted, the transferring Agent's former Agency shall not become available for transfer under this Contract.
6. Company to make transfers of Agents from one Agency to another in accordance with its established managerial practices, subject, however, to the provisions of Sections 1, 2 and 3 of this Article, or to reduce the size of any open or vacant Agency by transfer of a portion thereof to another established Agency or Agencies, or to an Agency or Agencies in process of creation.

ARTICLE TWENTY-SIX
Office Calls and Inquiries

All calls and inquiries relative to new business shall be given to the person specifically asked for by the inquirers. Otherwise, they shall be given to the Agent on whose Agency the business originates. Any other persons receiving such calls or inquiries who write new business resulting from such calls or inquiries will forfeit all commissions to the person to whom they are due.

ARTICLE TWENTY-SEVEN
Salaried Employees' Personal Production

Career Sales and Service Division salaried employees (District Managers, Sales Managers, Office Administrators, Clerks, or Home Office traveling personnel) will not be permitted to write for personal credit any Ordinary, Annuities, or Universal Life, Accident and Health, and Hospitalization, in homes having MDO insurance in force except on Agencies that are vacant or on their own immediate families.

ARTICLE TWENTY-EIGHT
Debitizing of Regular Ordinary

1. The Company will continue to debitize the Regular Ordinary Business in force in the Career Sales and Service Division by assigning the policies to the proper Agencies for service.
2. In addition to notice-billed and pre-authorized check plan, the Company will debitize all Salary Savings cases, and all policies being transferred from all other methods of payment to Government Allotment.
3. Agents will be paid Service commissions on debitized Regular Ordinary policies assigned to their Agencies as set forth in Article Eleven hereof.

ARTICLE TWENTY-NINE
Reporting to the Office

1. Agents will be required to report to the District Office on Tuesdays and Fridays no later than 8:30 a.m. for the purpose of remitting Company monies and attending agency meetings. Except:
 - A. A Detached Agent excused by the District Manager from reporting on Tuesday because of distance will be required to report by telephone on Tuesday morning.

- B. The Company reserves the right to call a special meeting on any working day for the purpose of introducing new material or for any other purpose beneficial to the Agent. This meeting may be called by Home Office officials.
 - C. There will be no regular mandatory Tuesday meeting. However, the District Manager reserves the right to schedule a meeting if there is new information that the Manager feels needs to be provided to the Agents. If such a meeting is scheduled, it will be limited to twenty (20) minutes in duration.
2. All Agents will be required to meet individually with Management on Tuesdays to review their activities and turn-in.
 3. Agents in their first fifty-two (52) weeks of employment will be required to attend Professional Development classes, unless a Senior Professional Development class is held during the same week. Classes will begin at 10:00 a.m. and end at 12:00 p.m. on Tuesday or Friday.
 4. Agents who have been employed for more than fifty-two (52) weeks will be required to attend Senior Professional Development Classes. Senior Professional Development Classes are held during close out weeks only on Tuesday or Friday and will begin at 10:00 a.m. and end at 12:00 p.m. (except when a substitute day and time has been approved in writing from the Home Office.)
 5. The Friday morning staff meeting will begin no later than 10:25 a.m. and will be limited to twenty (20) minutes duration immediately followed by the regular meeting which shall be limited to one (1) hour in duration. Any Agent requested by management to stay must remain in the office until the completion of the meeting.
 6. Agents shall turn in and tender all accounts by 10:15 a.m. on Fridays and 9:45 a.m. on Tuesdays.
 7. Agents must obtain permission prior to being absent from duty. In case of an emergency involving death, sickness or accident, the Company must be notified as soon as possible.
 8. Agents are required to call the district office if they are to be late reporting for work as required by the provisions of this Contract and/or the Company's published rules and/or regulations. The Agent should make every effort to speak to the District Manager or his/her Sales Manager.
 9. The Company has the right to communicate (either by phone or in person) with all Agents on any day of the normal work week to discuss business related matters. The "normal work week" is defined as Monday through Friday between the hours of 9:00 a.m. and 8:00 p.m.
 10. Whenever the term "office" is used in this article, it shall refer to the office maintained by the Company and not to any other physical location.
 11. For the purposes of this agreement, a Detached Agent is defined as one where the distance between the Agency and the District office is 60 or more miles. Distance will be measured from the agency border nearest the district office to the district office.

Detached Agents will be paid a travel allowance as follows:

<u>Distance from Agency to D. O.</u>	<u>Allowance</u>
Fewer than 60 miles	Zero
60 to 99.9 miles	\$100 per month
100 miles or more	\$160 per month

Payment will be included on the last pay period of the month.

These monthly reimbursement payments are considered wages for Detached Agents by the IRS.

ARTICLE THIRTY
Continuing Education

The Company will reimburse each Agent up to a maximum of Fifty Dollars (\$50.00) annually of the cost of state-mandated continuing education. Reimbursement will be made following receipt of proof of satisfactory completion of the required course. To be eligible, the Agent must be employed by the Company at the time the reimbursement is requested and received.

ARTICLE THIRTY-ONE
Transfer Approval by Management

All transfers are to be approved by management on Tuesday and Friday before the meeting that day. If a holiday falls on either day, the transfer received will be approved before the meeting on the next regular reporting day. In-district transfer rules shall conform to existing out-of-district transfer rules.

If a transfer is out of grace when so approved and lapses without further payment, the lapse will be charged back to the Agency of the transferring Agent. However, if the policies were issued on the Modified Pro Rata First-Year Sales Commission Plan and lapsed during the first policy year, the pro rate first-year commission lapse charge will be made against the writing Agent only.

Receiving Agents will have fourteen (14) days following the date a transfer is to be approved to reject the transfer in accordance with existing rules.

ARTICLE THIRTY-TWO
Out-of-Territory Transfers

1. Out-of-territory transfers of MDO and Intermediate business may be made to the Home Office Agency only under these conditions.

When a policyholder permanently changes place of residence from the territory of a regular Company Agency to a locality not embraced in the territory of any regular Company Agency and the policy subsequently lapses, the Agent assigned to the Agency where the policyholder formerly resided shall not be charged with the lapse if:

- A. The policy has been issued three (3) months and three (3) monthly premiums have been paid prior to such removal. It being understood, however, that a policy issued less than three (3) months will be accepted for transfer to the Home Office Agency upon receipt of a mail payment set forth below; but, acceptance of such policy will be subject to retransfer-lapse to the transferring Agent if premiums are not paid for three (3) months or more from date of issue;
 - B. The policyholder pays at least one (1) additional monthly premium after such removal;
 - C. And such additional premium payment made by the policyholder is mailed from a new place of residence direct to the Home Office, and the Home Office is satisfied the policyholder has permanently changed place of residence.
2. The Agent assigned to the Agency where the policyholder formerly resided shall not be relieved of the lapse of the policy unless each of the foregoing conditions exist.
 3. As to Monthly Debit Ordinary policies issued on the Modified Pro Rata Sales Commission Plan which lapse in the Home Office Agency during the first policy year, the Lapse Outstanding Account of the writing Agent will be debited as provided in this Agreement and Agent's Agreement Form 83.

ARTICLE THIRTY-THREE
Miscellaneous

1. An Agent must pay over to the Company all monies paid to him/her as the Company's Agent no later than next regular reporting day following receipt of such monies. Failure to do so will subject the Agent to termination on the first offense.
2. Each Agent is issued a unique ID for use with computerized Company information, including entering payment information into the Agent's company issued computer. No one else may enter collection information into an Agent's collection device using the Agent's ID and password.
3. All monies turned in by Agents shall be receipted for on a proper form, but their obligation to turn in monies collected shall not be diminished hereby.
4. When a new Agent enters the Company's employ or an old Agent is assigned to a new Agency, upon written request from the Union, the Company will furnish it a copy of the audit of the Agency for the last week of the Agent's first month. The request must be submitted within the Agent's first eight (8) weeks of employment. One (1) copy of such written request shall be mailed to the Director of Career Sales and Service Division at the Home Office, and one (1) copy handed to the District Manager, or Detached Sales Manager, as the case may be.
5. Upon an Agent being terminated, that Agent's Agency shall be inspected. The Company assumes responsibility for Agency being in balance the week a new Agent is introduced on same, and assumes the responsibility of the Agency.
6. Whenever reasonably possible, an Agent shall be paid on the Regular Account Settlement Day (Friday, unless otherwise designated by the Company) at the time the Agent's account is turned in, in full. Whenever Friday is a holiday, Agents' paychecks for the week will be dated on or before the last work day of the week.
7. During the term or any extension of this contract, the Company will make no changes in rates of pay or conditions of employment without first securing Union approval.
8. All new Agents will be required to complete Sales Planners each week during their first full fifty-two (52) weeks of employment. The Sales Planners are to be turned into management so that they will be available for review in the training conference with the sales manager and/or district manager. Agents with more than one (1) year of continuous service who fail to submit any new business during two (2) consecutive weeks, shall be required to complete the new Sales Planners each week during the following two (2) week period and submit them to management for review.
9. New Agents will be required to attend Company sponsored licensing training classes when scheduled.
10. All Agents will be required to complete a defensive driving course as scheduled by the Company. The costs of the course shall be borne by the Company. Agents will be scheduled to attend said course(s) during regular working hours.
11. Recognition of production and/or account conditions in the Agency meeting shall be limited to the upper one-third (1/3) in each category.
12. A Career Sales and Service Division field employee may purchase any Regular Ordinary, Annuity or Universal Life policy issued by the Company on that employee or on the employee's immediate family (namely, wife, husband, son or daughter) on the Salary Savings plan subject to the underwriting rules and the regulations published in the Company rate book at the time application is made for insurance.

13. The Company will earmark on the Life Register sheets all rewritten MDO business, so that any Agent can identify it.
14. Nothing in this Contract shall in any way limit the right of supervisors to work an Agency in emergency situations. While an Agent is on disability or leave as described in this Agreement, the supervisor(s) will, unless there is a valid reason for his/her unavailability, work the book and perform necessary duties in the Agency.
15. Revival of MDO or Intermediate business with premiums more than three (3) months in arrears at the time of the revival collection will be credited to the Agency of the reviving Agent where the premium payer is located. Revival of MDO or Intermediate business with premiums three (3) months or less in arrears at the time of the revival collection will be credited to the Agency of the lapsing Agent subject to the Company's regular rules.
16. Monthly Debit Ordinary business written by an Agent on another Agency shall be transferred to that Agency. If such business is discovered in the first or second policy year, was written on the Agency during the Agency of the receiving Agent while the writing Agent is still in the Company's employ in any capacity, first-year commissions will be charged back against that Agent, and the receiving Agent shall be given first-year commission credit. Otherwise, the receiving Agent shall be relieved of lapse occurring during the first policy year.

No Agent will be allowed to write monthly debit ordinary, regular ordinary, annuities, universal life, or health insurance in any home where another Agent is servicing existing business. Violation of this rule will result in commissions being reversed to the MDO servicing Agent, if that Agent was assigned to that Agency when the business was written.

17. Agents are responsible for the premiums they collect. All checks and money orders accepted for payment of premiums must be drawn to the order of American National Insurance Company and for the exact amount due. Agents are required to verify the identification of the person presenting the check or money order.

No agent shall accept checks or money orders, including third party checks or money orders, for payment of any premium in an amount in excess of the monthly premium to be collected. Acceptance of any check or money order in excess of the premium to be collected will subject the agent to disciplinary action, up to and including discharge. The only exception is firm checks or government checks, including Social Security checks.

If a check or money order in excess of the premium to be collected is accepted by an agent and later returned due to insufficient funds, or for any other reason, the agent will be terminated. However, the Agent may request and agree, in writing, to repay ANICO for the amount of the returned check or money order in excess of the premium collected and, in consideration therefore and in its sole discretion, ANICO may agree to reduce the discipline imposed.

Any Agent who loses or misplaces any money entrusted to him or her, including premiums, will be subject to disciplinary action up to and including discharge. An Agent who loses or misplaces any money entrusted to him or her, including premiums, due to misconduct or gross negligence, will be terminated.

18. **Lapse Relief Practices.** Monthly Debit Ordinary Premium Insurance. For a new Agent or transferred Agents, relief of lapse charge is automatic on all lapses appearing in that Agent's life register during the automatic lapse relief period.

Relief is automatic for lapses appearing on the life register bearing the Monday date of the Agent's assignment to the Agency (Pre-Agency) or the Monday date on which the transfer to the Agency was effective. Thereafter, relief is automatic for lapses appearing on the eight (8) registers next succeeding, a total of nine (9) registers.

A transferring Agent will be charged with all lapses appearing on the corresponding nine (9) registers of the Agency from which that Agent transferred. Included on these nine (9) registers will be MDO policies input for lapse and transmitted to the Home Office on Friday of the Agent's first week of placement or transfer and on those Fridays of the five (5) weeks next succeeding, a total of six (6) Fridays.

While the lapse charge practices as described above shall apply to all lapsing MDO policies, it is understood that for such policies issued on the Modified Pro Rata First-Year Sales Commission plan which lapse in the first policy year, the pro rata first-year lapse commission charge as referred to in Article Eight of this contract will be made against the Lapse Outstanding Account of the writing Agent.

19. If a term insurance policy is being paid for on a monthly mode of premium payment and if it lapses for nonpayment of the final premium due prior to expiration, the Agent will be relieved of such lapse for purposes of determining renewal lapse rate.
20. The period of time of discontinuing from a premium paying basis for determining whether a new life insurance policy is rewritten business shall be twelve (12) months.
21. Out-of-district transfers not reported on will not be force transferred to an Agent's Agency if there is an open Agency within the District to which it could be force transferred instead.
22. Unless, in the opinion of management, the condition of an Agent's accounts warrants, management review of an account will not be required more frequently than once every ten (10) weeks.
23. No sales campaigns are to be allowed which include contributions of money by an Agent.
24. The Company shall cause this Contract to be printed in booklet form, with the costs of such printing to be borne equally by the Union and the Company. In having the Contract printed in booklet form, the document will include a tear-off membership application and check-off authorization form. The Company shall deliver one hundred (100) copies of the printed Contract to the Union. Union stewards shall make copies of the printed Contract available to Agents at regular Union meetings. The company shall provide each Agent a copy of this agreement, requiring the agent to sign an acknowledgement of receipt thereof.
25. All material provided to the Agent by the Company including the PDA, electronic printer and related accessories shall remain and is at all times the property of the Company. Upon request, the Agent is required to deliver or show such supplies and equipment to the Sales Manager, District Manager or any authorized supervisory representative of the Company.
26. Upon request, the Company will provide an Agent with copies of Form 1487.
27. During an Agent's absence for the conducting of actual negotiations, the Company shall assign a Supervisor to work the Agent's book and perform necessary duties in the Agency.

ARTICLE THIRTY-FOUR
Dues Deduction/Credit Union Authorizations

1. During the period of this Contract and while the Agent remains in its employ as an Agent, the Company agrees to deduct weekly from the compensation of each Agent who signs an authorization in substantially the following form, or who has signed such an authorization and does not cancel it on or before the effective date of this contract, or in accordance with its terms, all sums required by such authorization:

Authorization for Check-Off of Union Dues		
To American National Insurance Company of Galveston, Texas:		
<p>I, the undersigned district Agent hereby assign to the United Food and Commercial Workers International Union, and authorize and direct the Company to deduct weekly from any compensation I earn, an amount not to exceed the equivalent of monthly membership dues and initiation fees as shall be certified by the Secretary-Treasurer of the United Food and Commercial Workers International Union, in accordance with the terms of the then applicable collective bargaining agreement between the Company and the Union and to remit same amount to said Secretary-Treasurer. This authorization and assignment is voluntarily made in consideration of the cost of representation and collective bargaining and other activities undertaken by the Union and is not contingent upon my present or future membership in the Union.</p>		
<p>This authorization shall, during the time I remain in the employ of the Company and am not retired or on authorized leave of absence, constitute an irrevocable assignment for the period of one year or until the termination of the applicable collective bargaining agreement in effect upon the date of execution hereof, whichever occurs sooner, and I direct that this authorization shall be automatically renewed and shall be irrevocable for successive periods of one year each, or for the period of each succeeding applicable collective agreement between the Company and the Union, whichever shall be shorter, unless written notice by mail is given by me to the Company and the Union not less than 10 days prior to the expiration of each period of one year or of each applicable collective agreement between the Company and the Union, whichever occurs sooner.</p>		
Dated _____	Signature _____	
Address _____	City and State _____	Zip _____
District _____	Local No _____	

2. Deductions shall be made only in accordance with the provisions of the Authorization for Check-off of Union Dues, signed by the Agent.
3. The Union shall give the Company sixty (60) days written notice of any change in the sums specified by the Union as an initiation fee or monthly membership dues, and the applicable changes in deduction shall be effected by the Company as soon as reasonably possible.
4. The Company will remit all such deductions monthly thereafter to:

UFCW Local 350-I
Membership Processing
4932 Old Oneida Road
Verona, NY 13478

5. Nothing herein contained shall ever be construed as requiring any Agent to execute such an authorization, or continue membership in the Union as a condition of employment, nor as obligating the Company to pay the Union any sum in excess of what may be owing and payable to the Agent at the time such monthly dues or initiation fees become payable.

ARTICLE THIRTY-FIVE
Union Activities

1. The Union agrees not to permit Union activities to interfere with the orderly conduct of Company business. Neither the Union, nor its officers, nor its members shall deprive or undertake to deprive any Agent of the right to work for the Company or discriminate against the Agent on account of non-membership in the Union; and the Company shall not discriminate against any Agent on account of Union membership. No representative or member of the Union shall conduct union business or solicit union membership within the confines of the District Office or in any place where the Company is conducting a special meeting.
2. However, Union local or Union members in a District may hold Union meetings once a month on any day. On a regular reporting day, or on a day of special meeting called by Home Office officials pursuant to the provisions of this Agreement, the meeting may not be held until completion of the office activities for that day. If the meeting is to be held on the first reporting day of a week (Tuesday), notice of intention to hold the meeting shall be given the Manager of the District in advance.
3. A special Union meeting may be held locally at any time if called by the International President of the Union, or his/her designee, provided the meeting will not conflict with the time the Agents are required to report to their District Offices and the consent of the Home Office executive or a Career Sales and Service Division Officer is first obtained upon being notified in advance of the time and purpose of the meeting.
4. The District Manager will provide the Union District Office Chairman (in districts where there is one) with the name, address, and telephone number of any new Agent in the first two (2) weeks of the new Agent's employment.

ARTICLE THIRTY-SIX
Discrimination

1. Neither the Company nor the Union shall discriminate against a person because of that person having filed a claim for benefits due to an on-the-job injury and/or illness or because of that person's race, religion, color, national origin, sex (including sexual or other forms of actionable harassment); age (if over 40); disability/handicap, (if otherwise qualified); veteran status; or union membership or non-membership in the union. As indicated, the above described anti-harassment policy not only specifically addresses sexual harassment but also prohibits harassment of employees, members of management, job applicants, suppliers, visitors and/or customers that is in any way related to the individual's race, sex, religion, national origin, citizenship status, age (if over 40), disability or any other legally protected status or classification. Any discrimination grievance must be based on one of these factors or because of sexual preference in those jurisdictions mandating non-discrimination on this basis by ordinance or otherwise.
2. Sexual harassment is defined as unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature (e.g. verbal abuse, leering, touching). Sexual harassment violates Title VII of the Civil Rights Act of 1964 whenever:
 - A. Submission to such conduct is made a term or condition of an individual's employment;
 - B. Submission to or rejection of such conduct by an individual is used as a basis for employment decisions affecting the individual; or,
 - C. Whenever such conduct creates an intimidating, offensive, or hostile working environment.

Sexual harassment is strictly prohibited at American National and will not be tolerated. Any employee who believes that he or she has been subjected to sexual harassment should report the

matter to his or her district manager, or if that person may be involved in the allegations, directly to the Home Office in Galveston, Texas to the Vice President, Career Sales and Service Division Administration, One Moody Plaza, Galveston, Texas 77550 (409) 766-6516 immediately after the offensive conduct occurs. All complaints will be promptly investigated. Persons who engage in acts of sexual harassment will be subject to disciplinary action, up to and including discharge. Further, no employee who, in good faith, reports conduct in violation of this policy or who otherwise participates in any investigation of harassment will be subject to retaliation.

3. In undertaking and recognizing its obligations to disabled persons under the mandates of the Americans with Disabilities Act, the Company reserves the right, power and authority to make whatever reasonable accommodation is necessary to a disabled individual, whether or not the providing of such accommodation violates the express and/or implied terms of this Contract. The Company will provide the Union with written notification of any accommodation made for a bargaining unit employee as a result of the provisions of this section.
4. The Company agrees to fully comply with all applicable laws relating to reemployment of Agents now or hereafter serving in the Armed Forces of this Nation.
5. Where the words he, his, him, man or any other words are used in this Contract, such usage is not intended to designate gender; rather, these words are intended to refer to any person regardless of sex.
6. Both parties to this Contract agree that they will cooperate with one another in complying with the provisions of this Article of this Contract.
7. Any complaint alleging discrimination as defined in Paragraph 1 above shall be processed through the grievance and, if necessary, arbitration articles of this Agreement.

ARTICLE THIRTY-SEVEN **Bulletin Board**

The Company agrees that the Union may have the privilege of installing its own bulletin board in each of the District and Detached Offices of the Company in a suitable place, but at its expense, and subject to all rules and regulations of the building in which such offices are located, to be used for posting announcements of Union activities affecting Career Sales and Service Agents of the Company and restricted to notices of:

1. Union recreational and social affairs.
2. Union elections.
3. Union appointments and results of Union elections.
4. Union meetings and activities.
5. Copy of the current contract with the Agents' Union.

A service representative of the Union will be allowed to service Union bulletin boards in the presence of the District Manager, a Sales Manager, or district office clerk, on any regular business day at times other than Company meetings and/or reporting times.

ARTICLE THIRTY-EIGHT **Absences for Union Purposes**

1. The Company agrees to give time off to any Agent, without deduction from compensation, for the purpose of attending any convention or conference of the Union, subject, however, to the following conditions:
 - A. No more than two (2) such Agents or ten percent (10%) of the bargaining unit employees employed within the district, whichever number is lower, from a district shall be given time off without deduction from compensation to attend any such convention or conference, except that where an Agent from a district is an officer of the union other than the local union, three

(3) Agents at a time or not more than fifteen percent (15%) of the number of employees in the district, whichever number is lower, shall be given such time off.

- B. Such Agents shall be given such time off only upon written request of the Union addressed to the Company at its Home Office in Galveston, Texas, made approximately fourteen (14) days in advance of the period during which it is desired that they be given time off for convention or conference.
2. The Company agrees to grant a leave of absence to an Agent who terminates service with the Company to take a full-time position with the United Food and Commercial Workers Union and to re-employ the Agent in an Agency, provided that:
- A. The Agent is not subject to dismissal for violation of a Company rule.
 - B. The Agent has at least five (5) years of current continuous service with the Company and has been actively employed as an Agent for at least the last two (2) years preceding termination of service with the Company.
 - C. The Union and the Agent, before terminating service with the Company, notify the Company in writing of the Agent's intention to terminate service under the provision of this Article.
 - D. The Agent commences employment with the Union within ten (10) days after termination of service with the Company.
 - E. The period of the Agent's employment with the Union does not exceed one (1) year, unless the period is extended by mutual agreement of the Company, the Union, and the Agent.
 - F. The Agent applies in writing to the Company for reemployment under the provision of this Article within ten (10) days after being informed by the Union of the termination of employment with the Union.
 - G. The Agent, from the date of termination of service with the Company, has not engaged in any pursuit or calling other than in full-time Union business from which financial remuneration was received.
 - H. The Agent is physically and mentally capable of performing all the duties of an Agent. However, it is understood and agreed that:
 - i. The Agent will not be entitled to any commissions following the last week of active service with the Company, which a continuance of the Agent's Agreement would have secured to the Agent. Any indebtedness of the Agent to the Company will be a prior lien on any amounts due until the amount of indebtedness is fully paid.
 - ii. The period of the Agent's employment with the Union will not be included in calculating the Agent's length of continuous service; and, during such Union employment, neither the Agent nor dependents of the Agent will be entitled to any employee or dependent benefits.
 - iii. Upon reemployment, the Agent will be granted credit for continuous service covering only the period commencing with the Agent's continuous service date with the Company and ending with the last day of active service with the Company immediately prior to the Agent's employment with the Union.
 - iv. From the date of reemployment of the Agent under the provisions of this Article, the Company will reinstate the Agent's Agreement, resume the fiscal week count, and pay the Agent commissions in accordance with the terms of the Agent's Agreement as herein modified.
 - v. At no time shall more than one (1) Agent be absent and entitled to reemployment under the provisions of this Article.

ARTICLE THIRTY-NINE
Lockouts, Strikes and Stoppages

1. During the period of this Contract, the Company will not lock out any Agents.
2. During the period of this Contract, the Union will not cause or permit its members to cause, nor will any member of the Union take part in any sit-down or stay-in, in any of the Company's offices.
3. During the period of this Contract, the Union will not cause or permit its members to cause, nor will any member of the Union take part in any strike, stoppage, mass late reporting, mass blank production weeks, or slow down of duties or production, or picket any of the Company's offices, for any reasons whatsoever; nor will the Union or its members engage or participate in any demonstration, display, publication, or advertisement, tending to incite sympathy or protests concerning the relations between the Company and its employees. The term "strike" shall include a strike of any nature, including such as are termed "sympathetic," as well as any cessation or reduction of normal business activities, or efforts by a group of Agents for the purpose of coercing the Company.

ARTICLE FORTY
**American National Insurance Company's Drug
and Alcohol Policy for Career Sales and Service Agents**

As a condition of employment, all employees covered by this Bargaining Agreement shall also be governed by American National Insurance Company's Drug and Alcohol Policy for Career Sales and Service Agents. All employees shall be provided a personal copy of such policy. An employee must acknowledge receipt of such policy by signing and returning the acknowledgement to the Company to be placed in the employee's personnel file. Any changes and/or additions mandated by any appropriate regulatory body (state or federal) will become a part of the Company's policy upon the effective date of the mandate. Any other changes will be provided to the Union and subject to the provisions of this Agreement. Nothing contained herein or in American National Insurance Company's Drug and Alcohol Policy for Career Sales and Service Agents shall subject Agents to random testing for the existence of drugs or alcohol within their systems.

ARTICLE FORTY-ONE
Grievance Procedure

1. The purpose of this Article is to establish the exclusive procedure for the fair and prompt processing and settling of all disputes, including, but not limited to, any alleged violations of federal or state laws prohibiting discrimination or harassment based on the protected classes listed in this Agreement, as between the Company, the Union and/or any Agents covered by this Agreement.
2. For the purpose of this Contract, the Grievance procedures set out below shall be available to the employees and to the Union. However, the procedure shall not apply to the following issues:
 - A. Any matter reserved solely to the rights of management or to the discretion of the Company by the terms of this Contract, or any matter which is not regulated by this Contract; or except as otherwise specifically provided in this Contract, any matter which would require a change, however slight, from the wages, hours, and conditions of employment set forth in this Contract, or;
 - B. Questions concerning a violation of the Article on Strikes and Lockouts or the damages arising from a violation of such Article, or;
 - C. Any matter arising out of negotiations over any agreement intended to supplement or replace this Contract, or;

- D. In states whose workers' compensation statutes provide that the same is the exclusive remedy available, grievances involving the application of said states' workers' compensation statutes, or;
- E. Matters involving issues related to retirement benefits as found in this Agreement.
- F. Administrative functions performed in the Home Office are not subject to the grievance procedure.

3. Step One:

- A. The Union may establish in each District Office or detached office a grievance committee consisting of not more than three (3) persons, all of whom must be Agents working in said District Office or detached office. The Union may change the membership of the grievance committee whenever it deems such change is necessary.
- B. All grievances shall be submitted in the District or detached office in which the Union believes the action complained of occurred; except that if this is impractical, as in the case of an action committed by personnel in another district affecting the Agent, the grievance may be submitted in the Agent's district or detached office.
- C. The grievance committee shall first present the grievance in writing on an approved grievance form (see "Exhibit A") to the manager in the District Office, or to the Sales Manager in a detached office, within fourteen (14) calendar days if the grievance questions discharge of an Agent, or within thirty (30) calendar days if the grievance questions the application or non-application of the terms of this Contract or within the time limit specified by the applicable statute of limitations of the jurisdiction where the act or omission occurred if involving an allegation of a violation of the anti-discrimination provisions of this Agreement. The time periods specified are from the date of the event complained of or when the Agent learned or should have learned of the event. The grievance must describe the provisions of this Contract allegedly violated, the date of the violation, the date the Agent became aware of the problem, and the remedy sought.
- D. The Manager of the District Office or Sales Manager in a detached office shall review the grievance with the grievance committee, and give the grievance committee and Agent a written answer within fourteen (14) calendar days after the presentation of the grievance to the Manager.
- E. All grievances impractical to institute at the First Step may be instituted at Step 2 if the Company consents. Such consent shall not be withheld unreasonably.

3. Step Two:

- A. If the union is dissatisfied with the answer of the manager, it may give written notice of its dissatisfaction to the Director of Career Sales and Service Division within twenty-one (21) days of receipt of the written answer of the manager. The grievance shall then be referred for conference to the Director of Career Sales and Service Division and to the president of the union, or their designees, who shall not exceed three (3) in number. Neither the National Field Directors nor a District Manager of the district involved shall be the designee of the Company.
- B. Unless the parties mutually agree otherwise, the step two conference shall be held no later than fourteen (14) calendar days after the receipt by the Company of the union notice of dissatisfaction with the step one decision, in the Home Office of the Company, unless some other place is mutually agreed upon.
- C. The decision of the Director of Career Sales and Service of the Company or his designee or designees shall be conveyed to the union in writing within ten (10) calendar days after the conference.

ARTICLE FORTY-TWO
Arbitration

1. In the event any party (the Union, Grievant or the Company) is dissatisfied with the resolution of a grievance pursuant to the provisions of Article Forty-One of this contract, such party may submit the grievance to final and binding arbitration pursuant to the following:
 - A. Such request for arbitration shall be made to the Company within fourteen (14) days after notice of determination of the matters in issue by such Director of Career Sales and Service Division or the Director's appointee. Such requests shall be in writing, addressed to the Company at its Home Office in Galveston, Texas, and deposited for delivery via regular mail within fourteen (14) days after mailing in like manner of notice of such determination by such Director of Career Sales and Service Division or the Director's appointee.
 - B. Grievances which have not been heard by an Arbitrator within a period of ninety (90) calendar days from the date the grievance was filed will be considered to have been abandoned and settled in the Company's favor and may not be submitted to arbitration. Where the Arbitrator has been selected and notified within the ninety (90) calendar day period from which the grievance was filed but the Arbitrator, due to his/her schedule is unable to hear the matter within the ninety (90) day calendar period, the foregoing provision shall not bar the grievance because of such Arbitrator delay.
 - C. The Board of Arbitration shall consist of one (1) arbitrator selected from a list of seven (7) persons provided by the Federal Mediation and Conciliation Service. After the receipt of said list, the Union or the Agent and the Company shall each have the right to strike three (3) names from the list provided by the FMCS in the following manner: the representatives of the Company and the Union or the Agent shall determine by lot the order of elimination and, thereafter, each shall in that order alternately eliminate one (1) name until only one (1) remains. The seventh or remaining person shall be accepted by both the Union or the Agent and the Company as the impartial Arbitrator. The parties may, by mutual agreement, agree to an individual to act as an impartial Arbitrator rather than pursuing the selection process noted above through the FMCS. Should the parties fail to agree to an impartial arbitrator in the matter, then the parties are required to pursue the selection of an Arbitrator as noted above.
 - D. Expenses will be borne equally by the Agent and/or the Union on behalf of the Agent and the Company, except in the case where the Union has chosen not to represent the Agent in the Arbitration process in which event the Company shall bear the cost of the Arbitration after the Agent has paid an initial fee of \$125.00.
 - E. Such arbitration shall be conducted in the state in which the grievance arises and shall be governed by the laws of that state. In the event the Company and Union or the Agent are unable to agree upon a city in that state, then such arbitration shall be held in the city that is the capital of each state.
2. The arbitration procedure established herein is considered by the parties to be the most expeditious and most effective manner to resolve any and all disputes, potential disputes and/or claims as between the Company, the Union, and/or Agents, their heirs and assigns and is the exclusive method for the resolution of all such claims and/or disputes. The Company, the Union, and the Agents covered by this Agreement shall be required to exhaust all available remedies through grievance and/or arbitration as provided for herein.
3. The arbitrator selected to hear the dispute has the authority to grant full equitable relief to the grievant and/or other adversely affected Agent. The arbitrator shall not be at liberty to change, add to or subtract from the wording or terms of this Agreement or any supplementation thereto except as required by applicable law.
4. Parties to the arbitration procedure shall be entitled to representatives, including attorneys, of their own choosing with the understanding that each party shall be responsible to bear the cost of their respective representation. At least thirty (30) calendar days before the arbitration is scheduled,

each party shall provide to the other a list of witnesses, their names, addresses and phone numbers that it intends to call at the arbitration proceeding. No other witnesses shall be heard by the arbitrator except those previously identified. Similarly, at least thirty (30) calendar days before the arbitration proceeding, the parties shall provide to each other any and all documents that each party intends to use as exhibits at the arbitration proceeding. Failure to provide exhibits shall preclude their being introduced or considered as evidence at the arbitration proceeding. The parties may enter a written agreement in advance identifying any exhibits that are not required to be produced.

5. Should any term of this arbitration procedure be declared illegal, unenforceable, or unconscionable, the remaining terms of this arbitration procedure shall remain in full force and effect. To the extent possible, both Employee and the Company desire that the arbitrator modify the term(s) declared to be illegal, unenforceable, or unconscionable in such a way as to retain the intended meaning of the term(s) as closely as possible.
6. The award of the arbitrator shall be final and binding upon the Company, its Agents, and the Union and its members. The decision of the arbitrator shall be given in writing with both parties being provided the opportunity to file a post-hearing brief with the arbitrator in support of its position. If any party so desires, the decision of the arbitrator may be judicially converted and entered on the docket rolls as a judgment under the respective state's arbitration act.

ARTICLE FORTY-THREE **Conformance to Law**

In making this contract, the Company reserves each and all of its rights under existing applicable laws, orders and regulations; and it is agreed that the terms of this contract shall be deemed amended from time to time as may be necessary to bring about compliance by either party with the federal, state or municipal laws relating to the subject matter hereof and regulating or applicable to life insurance or departmental rulings made pursuant to law now or hereafter in force in any of the states within the consolidated unit.

This Contract is subject to the official rulings, requirements, regulations, and executive orders of all applicable governmental agencies. In the event any change is required in any provisions hereof, the adjustment shall be made in a Special Weekly Allowance.

ARTICLE FORTY-FOUR **Exclusive Agreement**

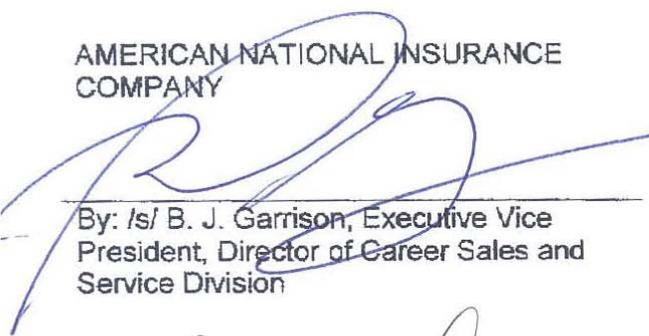
1. This Contract supersedes all prior agreements, commitments, and practices, whether oral or written, between the Company and the Union and between the Company and any of the covered employees, and expresses and includes all obligations and restrictions imposed on the Company and the Union.
2. The Company and the Union acknowledge that during the negotiations which resulted in this Contract each party had the unlimited right and opportunity to make demands and proposals with respect to any subject or matter not removed by law from the area of collective bargaining, and that the understandings and agreements arrived at by the parties after the exercise of that right and opportunity are set forth in this Contract. All rights and duties of both parties are specifically expressed in this Contract, and such expression is all-inclusive. This Contract constitutes the entire agreement of the parties and concludes collective bargaining for its term. Therefore, the parties hereto, for the life of this Contract, each voluntarily and unqualifiedly waives the right, and each agrees that the other shall not be obligated to bargain collectively with respect to any subject or matter not specifically referred to or covered in this Contract, even though such subjects or matters may not have been within the knowledge or contemplation of any or all of the parties at the time they negotiated or signed this Contract.
3. Any practice of the Company in the past, not specifically set out herein, is expressly eliminated as a subject for bargaining and, during the life of this Contract, may not be raised for further bargaining or negotiations.

ARTICLE FORTY-FIVE
Effective Date and Duration of Contract

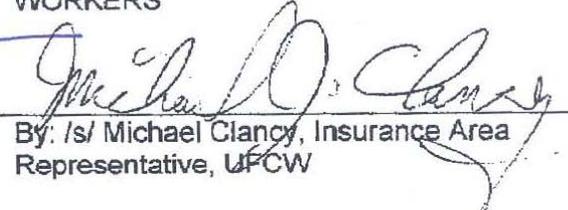
1. Except as otherwise provided in specific articles hereof, the first day of the term of this Contract is August 8, 2008, through midnight, May 4, 2010, unless extended as provided in paragraph 2 below.
2. It is agreed, further, however, that unless one of the parties shall, at least sixty (60) days prior to the said expiration date, notify the other party in writing of its election that this contract shall not be extended, the contract shall be automatically extended for a period of one year, and thereafter shall automatically continue to be extended from year to year, unless such notice of election not to extend shall be given at least sixty (60) days before the end of any such year.
3. Whenever such written notice not to extend this contract is officially given as set forth above, both parties agree to meet for the purpose of negotiating a new contract as soon as possible after the notice is given; provided, however, that in no case shall such negotiations start less than fifteen (15) days before the expiration date as above set forth, unless mutually agreed to the contrary.
4. Provided, further, that this contract shall continue in full force and effect pending such negotiations for a new contract and may not be terminated during such negotiations by either party and without giving the other party sixty (60) days prior written notice thereof.

EXECUTED the 17th day of November, 2008.

AMERICAN NATIONAL INSURANCE
COMPANY


By: /s/ B. J. Garrison, Executive Vice
President, Director of Career Sales and
Service Division

UNITED FOOD AND COMMERCIAL
WORKERS


By: /s/ Michael Clancy, Insurance Area
Representative, UFCW

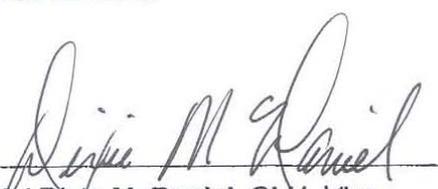

By: /s/ Dixie McDaniel, CLU, Vice
President, Career Sales and Service
Division

EXHIBIT A

GRIEVANCE – United Food & Commercial Workers International Union,
4932 Old Oneida Road, Verona, NY 13478

To: _____ Date Submitted: _____
(Name of Company Official)

NATURE OF GRIEVANCE
OR
REASON FOR CONFERENCE

UNION'S POSITION

RECOMMENDED SOLUTION:

Local _____ Company _____
District _____ Office Chairperson
City _____ Committee
_____ Committee

AUTHORIZATION AND CONSENT

I, _____ hereby authorize and consent to have the
representatives of the UFCW act on my behalf with
AMERICAN NATIONAL INSURANCE COMPANY.

I hereby further consent and agree that any and all matters discussed with them shall be considered privileged, and that the company and the union in discussing such matters are doing so at my expressed request and shall be free of any and all liability whatsoever arising from such discussion or as a consequence thereof.

Date: _____

Signed: _____

Agency Number: _____

District:
(Name and Number) _____

PRINT OR TYPE

**UNITED FOOD AND COMMERCIAL WORKERS INTERNATIONAL UNION
MEMBERSHIP APPLICATION**

LOCAL _____ **CITY** _____ **STATE** _____

LAST NAME		FIRST NAME		INITIAL	SEX	DATE OF BIRTH MO DAY YR		SOCIAL SECURITY NUMBER	
ADDRESS				CITY		STATE	ZIP CODE		
HOME PHONE		MARRIED <input type="checkbox"/> SINGLE <input type="checkbox"/>	REGISTERED VOTER IN STATE AND COUNTY OF RESIDENCE? YES <input type="checkbox"/> NO <input type="checkbox"/>		DATE OF HIRE MO DAY YR		RETURN TO: UFCW MEMBERSHIP PROCESSING DEPT. Attn: Insurance Division 1775 K Street, NW Washington, DC 20006-1594		
COMPANY NAME		STORE NO.	DEPT. NO.	BUSINESS ADDRESS		<input type="checkbox"/> FULL TIME <input type="checkbox"/> PART TIME			
TYPE WORK PERFORMED		PREV. AFFIL. LOCAL NO.		LOCAL UNION USE ONLY					
I hereby make application for membership in the UNITED FOOD & COMMERCIAL WORKERS INTERNATIONAL UNION and affirm that the above statements are true, and I agree that all moneys paid by me shall be forfeited and my membership declared void if they are not true. I authorize the UNITED FOOD & COMMERCIAL WORKERS INTERNATIONAL UNION to represent me for the purposes of collective bargaining and handling of grievances, either directly or through such local union as it may duly designate.				APPLICANT'S SIGNATURE		DATE SIGNED			
				LOCAL UNION EXECUTIVE OFFICER'S SIGNATURE		APPLICATION DATE			

NEW MEMBERS

AUTHORIZATION FOR CHECK - OFF OF UNION DUES

TO: AMERICAN NATIONAL INSURANCE COMPANY OF GALVESTON, TEXAS

I, the undersigned district Agent hereby assign to the United Food and Commercial Workers International Union, and authorize and direct the Company to deduct weekly from any compensation I earn an amount not to exceed the equivalent of monthly membership dues and initiation fees as shall be certified by the Secretary-Treasurer of the United Food and Commercial Workers International Union in accordance with the terms of the then applicable collective bargaining agreement between the Company and the Union and to remit same amount to said Secretary-Treasurer. This authorization and assignment is voluntarily made in consideration of the cost of representation and collective bargaining and other activities undertaken by the Union and is not contingent upon my present or future membership in the Union.

This authorization shall, during the time I remain in the employ of the Company and am not retired or on authorized leave of absence, constitute an irrevocable assignment for the period of one year or until the termination of the applicable collective bargaining agreement in effect upon the date of execution hereof, whichever occurs sooner, and I direct that this authorization shall be automatically renewed and shall be irrevocable for successive periods of one year each, or for the period of each succeeding applicable collective agreement between the Company and the Union, whichever shall be shorter, unless written notice by mail is given by me to the Company and the Union not less than 10 days prior to the expiration of each period of one year or of each applicable collective agreement between the Company and the Union, whichever occurs sooner.

Dated _____ Signature _____

Address _____ City and State _____ Zip _____

District (name and number) _____ Local No _____

DUES PAID TO THE UNITED FOOD AND COMMERCIAL WORKERS INTERNATIONAL UNION ARE NOT DEDUCTIBLE AS CHARITABLE CONTRIBUTIONS FOR FEDERAL TAX PURPOSES.

