

SERFF Tracking Number: AGNN-126796383 State: Arkansas
 Filing Company: The Variable Annuity Life Insurance Company State Tracking Number: 46705
 Company Tracking Number: GRP-FAE(810) & PART-FAE(810)
 TOI: A02.1G Group Annuities - Deferred Non- Variable and Variable Sub-TOI: A02.1G.002 Flexible Premium
 Product Name: Amendatory Endorsements
 Project Name/Number: GRP-FAE(810) & PART-FAE(810)/GRP-FAE(810) & PART-FAE(810)

Filing at a Glance

Company: The Variable Annuity Life Insurance Company

Product Name: Amendatory Endorsements SERFF Tr Num: AGNN-126796383 State: Arkansas
 TOI: A02.1G Group Annuities - Deferred Non- Variable and Variable SERFF Status: Closed-Approved- Closed State Tr Num: 46705
 Sub-TOI: A02.1G.002 Flexible Premium Co Tr Num: GRP-FAE(810) & PART-FAE(810) State Status: Approved-Closed

Filing Type: Form Reviewer(s): Linda Bird
 Author: Nancy R Smith Disposition Date: 09/07/2010
 Date Submitted: 09/02/2010 Disposition Status: Approved-Closed

Implementation Date Requested: On Approval Implementation Date:
 State Filing Description:

General Information

Project Name: GRP-FAE(810) & PART-FAE(810) Status of Filing in Domicile: Not Filed
 Project Number: GRP-FAE(810) & PART-FAE(810) Date Approved in Domicile:
 Requested Filing Mode: Review & Approval Domicile Status Comments: Not filing endorsements in Texas.
 Explanation for Combination/Other: Market Type: Group
 Submission Type: New Submission Group Market Size: Small and Large
 Overall Rate Impact: Group Market Type: Employer
 Filing Status Changed: 09/07/2010 Explanation for Other Group Market Type:
 State Status Changed: 09/07/2010

Deemer Date: Created By: Nancy R Smith
 Submitted By: Nancy R Smith Corresponding Filing Tracking Number:

Filing Description:

The form included in this SERFF filing is being submitted for your review and approval. The form is new and does not replace any form previously approved by your Department. The filing includes no assumption or provisions that unfairly discriminate in availability, rates, benefits, or any other way for prospective insureds of the same class, equal expectation of life, and degree of risk. This filing does not contain any unusual or controversial items. To the best of our knowledge, information and belief, the forms submitted herewith are in compliance with the provisions of the insurance laws, rules, regulations and bulletins of your state, and such form contains no provisions previously disapproved by your

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Department. We certify that we are in compliance with Regulations 19 and 49 as well as AR. Code Ann. 23-79-138.

The attached endorsements are intended to amend certain provisions of the group or individual policy as follows:

- Changes the method of crediting the guaranteed minimum interest rate (“GMIR”) on the underlying group and/or individual policies to [1.0% to 3.0%]. Currently, the policies have a set minimum guaranteed rate that does not change or fluctuate in response to changes in the treasury markets. These endorsements will allow the company to declare a new GMIR for new certificates under a group policy or new issues of an individual policy on a quarterly basis thus allowing the company more flexibility to set minimum rates in response to changes in the financial markets.
- Changes the range of the guaranteed minimum interest rate used to determine fixed annuity payments during the Annuity Period to [1.0% to 3.0%].
- Remedies a contractual loophole which has the unintended possibility of providing certain participants with virtually free life insurance protection. For example, participants whose policy values have suffered severe market declines could choose to withdraw almost all of the value from their policies yet continue to enjoy guaranteed death benefits that in some cases greatly exceed current policy values. This result stems from the fact that the Company currently guarantees to pay a death benefit equal to the greater of: (i) the accumulation value; or (ii) purchase payments (in some cases plus guaranteed interest), reduced for prior partial withdrawals on a “dollar for dollar” rather than proportional basis. To remedy this problem for new participants, the endorsement adds a proportional purchase payment “cap” to the death benefit calculation in situations where the death benefit exceeds the accumulation value. This cap will help reduce the Company’s exposure to this “free” life insurance loophole yet still provide safety for our contract holders and participants by protecting their principal plus guaranteed interest earnings. The interest rate is bracketed to reflect the lowest GMIR.

Form GRP-FAE(810) is an endorsement which will attach to new issues of our previously approved Portfolio Director fixed and variable group annuity. In addition, the endorsement will attach to existing group policies thereby allowing new certificates under the existing group form to be issued with these new provisions. Any certificates previously issued under the group policy will not be affected and will retain the provisions that were applicable at the time the certificate was originally issued.

Form PART-FAE(810) is an endorsement which will attach to new issues only of our previously approved Portfolio Director fixed and variable individual contract and to group certificates under a group policy and will allow for the policy or certificate to be issued with the new provisions. Existing policyholders or certificate holders will not be affected.

The endorsement will be issued with fixed and variable annuity contracts previously approved by your Department, including our Portfolio Director policies (forms UIT-194, UITG-194).

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The GMIR modifications to currently approved policy forms made by the endorsement fully comply with your state's revised nonforfeiture requirements. Enclosed is an actuarial memorandum signed and dated by a member of the American Academy of Actuaries certifying that the surrender and other values in these policies, as amended by the endorsement, are in compliance with the revised statutory nonforfeiture values.

Please contact me at 1.800.262.4764 X6070 or via e-mail at Nancy.R.Smith@valic.com if you have any questions or need additional information. I look forward to your formal notification of approval.

Company and Contact

Filing Contact Information

Nancy R. Smith, Compliance Analyst Sr Nancy.R.Smith@valic.com
 2929 Allen Parkway, L10-30 800-262-4764 [Phone] 6070 [Ext]
 Houston, TX 77019-2155 713-831-6932 [FAX]

Filing Company Information

The Variable Annuity Life Insurance Company CoCode: 70238 State of Domicile: Texas
 2929 Allen Parkway, L10-30 Group Code: 11 Company Type:
 Houston, TX 77019 Group Name: State ID Number:
 (713) 831-1305 ext. [Phone] FEIN Number: 74-1625348

Filing Fees

Fee Required? Yes
 Fee Amount: \$100.00
 Retaliatory? Yes
 Fee Explanation: TEXAS FEE IS \$100.
 Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
The Variable Annuity Life Insurance Company	\$100.00	09/02/2010	39212659

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Approved- Closed	Linda Bird	09/07/2010	09/07/2010

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Disposition

Disposition Date: 09/07/2010

Implementation Date:

Status: Approved-Closed

Comment:

Rate data does NOT apply to filing.

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Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	Flesch Certification		Yes
Supporting Document	Application		No
Supporting Document	Life & Annuity - Acturial Memo		No
Supporting Document	SOV		Yes
Form	AMENDATORY ENDORSEMENT		Yes
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Form Schedule

Lead Form Number: GRP-FAE(810) & PART-FAE(810)

Schedule Item Status	Form Number	Form Type	Form Name	Action	Action Specific Data	Readability	Attachment
	GRP-FAE(810)	Certificate	AMENDATORY Amendmen t, Insert Page, Endorseme nt or Rider	Initial		50.000	GRP-FAE(810).pdf
	PART-FAE(810)	Certificate	AMENDATORY Amendmen t, Insert Page, Endorseme nt or Rider	Initial		50.000	PART-FAE(810).pdf

THE VARIABLE ANNUITY LIFE INSURANCE COMPANY
(the “Company”)
[2929 Allen Parkway
Houston, Texas 77019]

AMENDATORY ENDORSEMENT

This Endorsement is made a part of the group annuity contract (“Contract”) to which it is attached. This Endorsement shall supersede certain provisions of the Contract or any endorsement issued prior to or concurrent with this Endorsement. All capitalized terms not otherwise defined in this Endorsement shall have the same meaning as ascribed in the Contract. This Endorsement amends the Contract as follows:

1. **Guaranteed Minimum Interest Rate.** This Endorsement changes both the guaranteed minimum interest rate that will be credited to amounts in the fixed interest options and the guaranteed minimum interest rate that will be used to determine fixed annuity payments during the Annuity Period as follows:
 - (i) The guaranteed minimum interest rate that will be credited to amounts in the fixed interest options for a Participant Account during the Accumulation Period will be shown in the group annuity certificate or applicable endorsement for that Participant Account. In compliance with applicable state nonforfeiture law, the guaranteed minimum interest rate will be at least equal to the lesser of 3.0% per annum or the following:
 - a. The one-month average value of the five-year Constant Maturity Treasury Rate reported by the Federal Reserve, rounded to the nearest 1/20th of 1.0%, for the second month preceding the first day of the calendar quarter during which the certificate for a Participant Account is issued, reduced by 1.25%, and where the resulting interest rate is not less than 1.0%.
 - (ii) The guaranteed minimum interest rate that will be used to determine minimum fixed annuity payments during the Annuity Period is [1.0% to 3.0%] per year.
2. **Deferral of Payments.** In accordance with state law, We may defer payments up to six months after receiving a request for a full and immediate surrender of the Contract that would otherwise be permitted there under, including amounts accumulated in the fixed interest options, provided however that exercise of such authority shall be subject to written approval by the insurance commissioner of the state where this Contract is issued. If We defer payment pursuant to this Section 2, interest will accrue until the payment is made.
3. **Death Benefit.** The following additional provisions shall apply to any death benefit prior to the Annuity Period that is determined under Section 4 of the Contract. The term “You” as used in this Endorsement means the person who is the measuring life for the

death benefit, which may be the Contract Owner, Participant or Annuitant depending on the term specified in the Contract to which this Endorsement is attached.

- (i) If the total amount of any death benefit payable from the Fixed Interest Options and Variable Investment Options of the Contract exceeds the Accumulation Value as of the date we receive proof of death, such total death benefit shall not exceed an Adjusted Purchase Payment Amount, determined as follows:
 - a. On the Contract Date the Adjusted Purchase Payment amount shall be the sum of all Purchase Payments under the Contract. On any date after the Contract Date the Adjusted Purchase Payment Amount shall be increased by additional Purchase Payments made to the Contract, and reduced proportionately by all prior Gross Withdrawals in the manner described in (i)c below. Until You attain age 70, the Adjusted Purchase Payment Amount shall be further increased with interest at the annual rate specified in Section (ii) below.
 - b. Gross Withdrawals shall include all withdrawals and associated fees and charges as well as any portion of the Accumulation Value that has been applied for an Annuity Income Option.
 - c. Each Gross Withdrawal shall result in a proportionate reduction in the Adjusted Purchase Payment Amount, determined by multiplying the Adjusted Purchase Payment Amount, measured immediately prior to the Gross Withdrawal, by a fraction. Such fraction shall be equal to the Gross Withdrawal divided by the Accumulation Value immediately prior to the Gross Withdrawal.
- (ii) The interest rate used in determining any death benefit payable under the Contract where death occurs prior to attaining age 70, shall be specified in the group annuity certificate or applicable endorsement, and is guaranteed to never be lower than [1.0% - 2.0%].

All other terms and conditions of the Contract (as modified by any other endorsement issued therewith) remain unchanged. The provisions of this Endorsement shall be effective on the Contract date of issue.

THE VARIABLE ANNUITY LIFE INSURANCE COMPANY

[*Katherine Stoner*]

SECRETARY

THE VARIABLE ANNUITY LIFE INSURANCE COMPANY
(the “Company”)
[2929 Allen Parkway
Houston, Texas 77019]

AMENDATORY ENDORSEMENT

This Endorsement is made a part of the individual annuity contract (the “Contract”) or group annuity certificate (the “Certificate”) to which it is attached. This Endorsement shall supersede certain provisions of the Contract or Certificate or any endorsement issued prior to or concurrent with this Endorsement. All capitalized terms not otherwise defined in this Endorsement shall have the same meaning as ascribed in the Contract or Certificate. This Endorsement amends the Contract or Certificate as follows:

1. **Guaranteed Minimum Interest Rate.** This Endorsement changes both the guaranteed minimum interest rate that will be credited to amounts in the fixed interest options and the guaranteed minimum interest rate that will be used to determine fixed annuity payments during the Annuity Period as follows:
 - (i) The guaranteed minimum interest rate that will be credited to amounts in the fixed interest options during the Accumulation Period is [1.0% to 3.0%] per year.
 - (ii) The guaranteed minimum interest rate that will be used to determine minimum fixed annuity payments during the Annuity Period is [1.0% to 3.0%] per year.
2. **Deferral of Payments.** In accordance with state law, We may defer payments up to six months after receiving a request for a full and immediate surrender of the Contract or Certificate that would otherwise be permitted there under, including amounts accumulated in the fixed interest options, provided however that exercise of such authority shall be subject to written approval by the insurance commissioner of the state where this individual Contract is issued or where the group contract is issued for this Certificate. If We defer payment pursuant to this Section 2, interest will accrue until the payment is made.
3. **Death Benefit.** The following additional provisions shall apply to any death benefit prior to the Annuity Period that is determined under Section 4 of the Contract or Certificate. The term “You” as used in this Endorsement means the person who is the measuring life for the death benefit, which may be the Contract Owner, Participant or Annuitant depending on the term specified in the Contract or Certificate to which this Endorsement is attached.
 - (i) If the total amount of any death benefit payable from the Fixed Interest Options and Variable Investment Options of the Contract or Certificate

exceeds the Accumulation Value as of the date we receive proof of death, such total death benefit shall not exceed an Adjusted Purchase Payment Amount, determined as follows:

- a. On the Contract or Certificate Date the Adjusted Purchase Payment amount shall be the sum of all Purchase Payments under the Contract or Certificate. On any subsequent date the Adjusted Purchase Payment Amount shall be increased by additional Purchase Payments made to the Contract or Certificate, and reduced proportionately by all prior Gross Withdrawals in the manner described in (i)c below. Until You attain age 70, the Adjusted Purchase Payment Amount shall be further increased with interest at the annual rate specified in Section (ii) below.
 - b. Gross Withdrawals shall include all withdrawals and associated fees and charges as well as any portion of the Accumulation Value that has been applied for an Annuity Income Option.
 - c. Each Gross Withdrawal shall result in a proportionate reduction in the Adjusted Purchase Payment Amount, determined by multiplying the Adjusted Purchase Payment Amount, measured immediately prior to the Gross Withdrawal, by a fraction. Such fraction shall be equal to the Gross Withdrawal divided by the Accumulation Value immediately prior to the Gross Withdrawal.
- (ii) The interest rate used in determining any death benefit payable under the Contract or Certificate, where death occurs prior to attaining age 70, shall be [1.0% to 2.0%].

All other terms and conditions of the Contract or Certificate (as modified by any other endorsement issued therewith) remain unchanged. The provisions of this Endorsement shall be effective on the Contract or Certificate date of issue.

THE VARIABLE ANNUITY LIFE INSURANCE COMPANY

[*Katherine Stoner*]

SECRETARY

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Supporting Document Schedules

	Item Status:	Status Date:
Satisfied - Item: Flesch Certification		
Comments:		
Attachment: AR-FLESCH.pdf		

	Item Status:	Status Date:
Satisfied - Item: SOV		
Comments:		
Attachment: SOV.pdf		

CERTIFICATION

THE VARIABLE ANNUITY LIFE INSURANCE COMPANY, NAIC #70238, hereby certifies that the following form(s) comply with the Flesch scale of readability requirements of Ark. Stat. Ann. s 23-80-206 and s 23-80-207 as cited in the Life and Disability Insurance Policy Language Simplification Act.

<u>Form Number</u>	<u>Form Description</u>	<u>Flesch Score</u>
GRP-FAE(810)	AMENDATORY ENDORSEMENT	50
PART-FAE(810)	AMENDATORY ENDORSEMENT	50



Tracey Harris
Vice President

September 1, 2010
Date

Statement of Variability for Forms:

GRP-FAE(810)

PART-FAE(810)

The following items listed below are variable. Any changes will be for new issues only and on a non-discriminatory basis.

- The location information is bracketed for administrative purposes.
- The Guaranteed Minimum Interest Rate during the Accumulation Period is currently 1.0%, may vary between 1.0% and 3.0% and is tied to the five-year Constant Maturity Treasury Rate.
- The Guaranteed Minimum Interest Rate during the Annuity Period is currently 1.0% and may vary between 1.0% and 3.0%.
- The interest rate used in determining the death benefit prior to age 70 is currently 1.0% and may range between 1.0% and 2.0%.
- The Officer's signature is bracketed for administrative purposes.



Tracey Harris - Vice President
The Variable Annuity Life Insurance Company

Date 09.01.2010
