

ANICO

STRATEGY 10 INDEXED ANNUITY



A STRATEGY INDEXED ANNUITY PRODUCT ISSUED
BY AMERICAN NATIONAL INSURANCE COMPANY

YOUR LIFE... YOUR PLAN... YOUR FUTURE...



Our lives are built on a series of plans. We plan for our education, our first home, our children's education, a business opportunity, and ultimately, our retirement. The strategies we use in our planning process will determine the success of our plans.

The **ANICO Strategy 10 Indexed Annuity** from American National Insurance Company can play an important part in your long term financial planning for your future financial goals. With the **ANICO Strategy 10 Indexed Annuity** you can grow your money tax deferred and choose the interest crediting method that fits your personal needs. You can also choose from optional Riders¹ to protect your initial premium, or to provide guaranteed income or an enhanced death benefit.

¹All Riders may not be available in all states.

One Plan – Two Strategies

Building a financial plan with the **ANICO Strategy 10 Indexed Annuity** gives you a choice of two crediting methods. You can choose to put your entire initial premium into the Indexed Interest Crediting Method or into the Declared Interest Crediting Method, or any mix of both. What's the difference between the two methods?

Indexed Interest Crediting Method

In the indexed interest crediting method, your premium earns interest related to 100% of the S&P[®] 500 Index gain from the beginning to the end of your contract year. The interest credited is subject to a cap which is declared at the beginning of each contract year.

Declared Interest Crediting Method

In the declared interest crediting method, your premium earns interest at a declared interest rate. This declared rate is set at the beginning of each contract year.

Your interest growth method could change from year to year, which is why the **ANICO Strategy 10 Indexed Annuity** gives you the option on each contract anniversary to reallocate your annuity value between the two methods.

Having two interest crediting methods in one plan gives you a choice: an opportunity to earn potentially higher interest than in a traditional fixed rate annuity or the security of having a fixed interest rate, or even a blend of both. It's your choice for your plan.



Strategies in Action

The **ANICO Strategy 10 Indexed Annuity** is a single premium annuity requiring a premium of at least \$5,000 (\$4,000 if using qualified funds). Let's assume you purchase the annuity with a \$10,000 initial premium, and you decide to place the entire premium into the indexed interest crediting method.

These hypothetical examples demonstrate how the indexed interest crediting method would work. Please note that these hypothetical examples do not include withdrawals or optional Riders.

Contract Year 1

\$10,000 Initial Premium allocated to the Indexed Interest Account

S&P® 500 Index

Index Value at contract issue date	1000
Index Value at end of contract year	1080
Index Change	8%
Index Cap	7.00%

Amount allocated to the Indexed Interest Account beginning of Contract Year 1	\$10,000
7.00% Indexed Interest Credited at end of Contract Year 1	700
Total Indexed Interest Account at end of Contract Year 1	\$10,700

Amount allocated to Fixed Interest Account beginning of Contract Year 1	0
3% Declared Interest credited during Contract Year 1	0
Total Fixed Interest Account at end of Contract Year 1	0

Total Annuity Value at end of Contract Year 1 **\$10,700**

Let's assume the contract owner redistributes the Annuity Value at end of Contract Year 1 as follows:

Indexed Interest Account	\$5,700
Declared Interest Account	\$5,000

Contract Year 2

S&P® 500 Index Value

Index Value at beginning of Contract Year 2	1080
Index Value at end of Contract Year 2	1050
Index Change	-2.77%
Index Cap	7.25%

Total Indexed Interest Account beginning of Contract Year 2	\$5,700
0% Indexed Interest Credited end of Contract Year 2	0
Total Indexed Interest Account at end of Contract Year 2	\$5,700

Total Fixed Interest Account beginning of Contract Year 2	\$5,000
3% Declared Interest credited during Contract Year 2	150
Total Fixed Interest Account at end of Contract Year 2	\$5,150

Total Annuity Value at end of Contract Year 2 **\$10,850**

Let's assume the contract owner does not redistribute the Annuity Value at end of Contract Year 2

Contract Year 3

S&P® 500 Index Value

Index Value at beginning of Contract Year 3	1050
Index Value at end of Contract Year 3	1100
Index Change	4.76%
Index Cap	6.75%

Total Indexed Interest Account beginning of Contract Year 3	\$5,700.00
4.76% Indexed Interest Credited end of Contract Year 3	271.32
Total Indexed Interest Account at end of Contract Year 3	\$5,971.32

Total Fixed Interest Account beginning of Contract Year 3	\$5,150.00
3% Declared Interest credited during Contract Year 3	154.50
Total Fixed Interest Account at end of Contract Year 3	\$5,304.50

Total Annuity Value at end of Contract Year 3 **\$11,275.82**

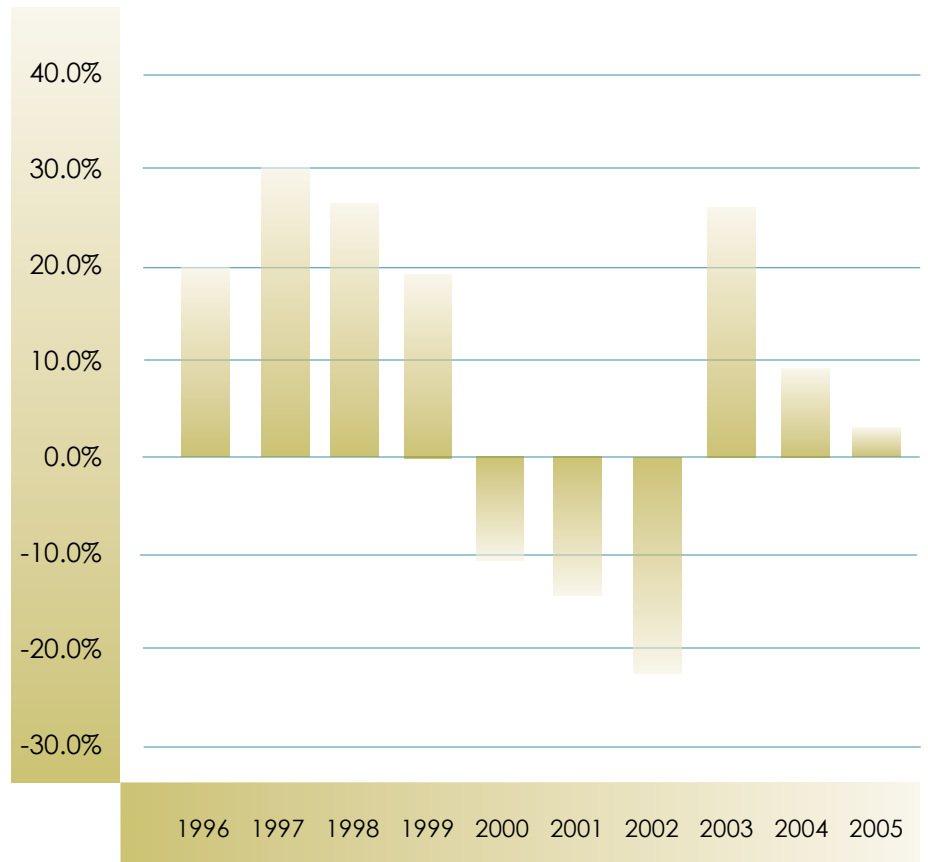
You'll notice in Contract Year 2 that even though there was a negative change in the Index value for that contract year, there was no loss of value in the indexed interest account. The **ANICO Strategy 10 Indexed Annuity** gives you the potential for upside index growth with no downside losses. Your interest earnings are related only to the gains of the S&P® 500 Index². There will never be a negative index charge to your indexed interest account although you could earn 0% interest as the example illustrates.

²S&P® 500 Index does not reflect dividends paid on the stocks underlying the index. You do not have any direct ownership in any individual stock or index. Past performance of the Index is no guarantee of future results.

Index Performance

While it's impossible to predict the future performance of the S&P® 500 Index, it is possible to get a general picture of how the Index has performed in past years. The following chart shows the annual change in the S&P® Index over a ten-year period:

1996	20.3%	Gain
1997	31.0%	Gain
1998	26.7%	Gain
1999	19.5%	Gain
2000	-10.1%	Loss
2001	-13.0%	Loss
2002	-23.4%	Loss
2003	26.4%	Gain
2004	9.0%	Gain
2005	3.0%	Gain

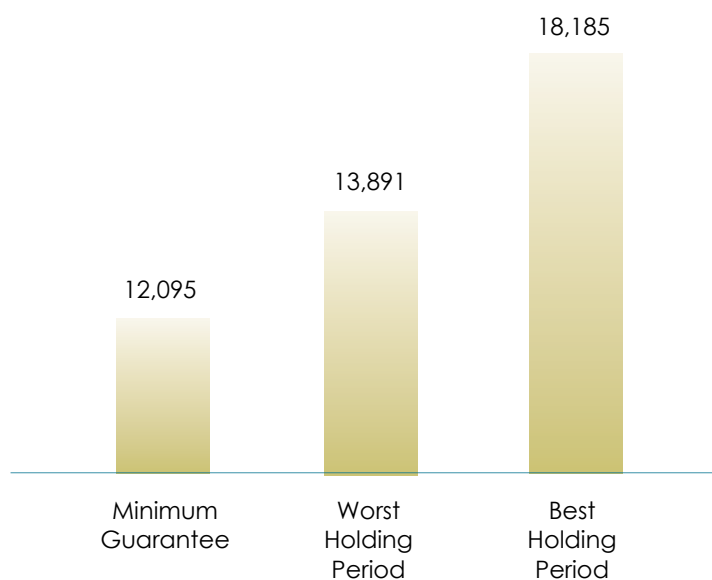




The **ANICO Strategy 10 Indexed Annuity** measures the Index performance each contract year. For this hypothetical example, we will assume that the **ANICO Strategy 10 Indexed Annuity** had been available in the past. We will assume a purchase date of January 1, 1996 with 100% of the initial premium allocated to the indexed interest account. For any year where there was an index loss, none of those losses would have been passed on; instead, the interest earnings credit would have been zero for that year. For years where there was an index gain, all of the gains would have been credited subject to the cap, which would have been declared in advance for that year. For example, if the cap were 7.00% for contract years 2004 and 2005, then the earnings credit would have been 7.00% at the end of contract year 2004 and 3.00% at the end of contract year 2005.

The hypothetical example³ used in the next chart shows the best and worst Annuity Values that the **ANICO Strategy 10 Indexed Annuity** would have produced during any ten-year holding period had the product been available during the 30 years January 1, 1976 to December 31, 2005. The chart assumes a cap rate of 7.00% in all years and an initial premium of \$10,000 that is allocated to the indexed interest account.

³ This example assumes a new contract was issued on the first business day of each month over the last 30 years utilizing the closing price of the S&P[®] 500 index on those days. If the market was not open on the first then the most recent previously published closing price was used. It also assumes that the contract was then held for 10 years with no withdrawals or surrenders. It further assumes a 7.00% cap rate in all years; however, this is purely a hypothetical example. The cap rates are not guaranteed and are likely to fluctuate. The use of alternate assumptions could produce significantly different results. Although this product was not available for the period of time referenced above, actual historical prices of the S&P[®] 500 Index have been used in this example. The Minimum Guaranteed Surrender Value is based on a 3.00% accumulation rate. This hypothetical example is intended solely for illustrative purposes and is not an indication of the annuity's past or future performance. This hypothetical example was prepared based on analytical work performed by Genesis Financial Products Inc.





A Closer Look

The **ANICO Strategy 10 Indexed Annuity** provides benefits that are important to consider in your financial plan.

Downside Protection

As an annuity, the **ANICO Strategy 10 Indexed Annuity** offers downside protection in two ways. First, as previously discussed, indexed interest earnings are based on only the gains of the S&P[®] 500 Index. Second, the contract has a Minimum Guaranteed Surrender Value provision. This provision guarantees that you will receive a surrender value equal to 90% of your premium accumulated at a minimum guaranteed interest rate as required by your state. There are separate minimum guaranteed rates for both the indexed and declared accounts. These minimum guaranteed rates are declared when your contract is issued and are guaranteed never to change during the life of your contract.

If you surrender your contract before the end of its tenth contract year, you could receive less than the premium you paid because of surrender charges. After the end of ten years, your Minimum Guaranteed Surrender Value is increased by the amount that the Annuity Value earnings were greater than the amount of interest credited to the Minimum Guaranteed Surrender Value. This calculation will be done every year after the tenth contract year and has the effect of increasing your Minimum Guaranteed Surrender Value.

Free Withdrawal Privilege

Choosing your plan to build growth is one thing, but what if your plans change? What if you need access to some of your money? You have that flexibility with the **ANICO Strategy 10 Indexed Annuity**. After your first contract year, you can withdraw up to 10% of your annuity value, or the Minimum Required Distribution if greater, during each contract year without any surrender charges.⁴

⁴A federal tax penalty of 10% may be assessed on any withdrawals made prior to age 59 ½. Information provided is not intended to be legal or tax advice. You should consult with your attorney or tax advisor for your specific circumstances.

Full Surrender

The full annuity value of your contract is available to you without any penalties after the contract has been in force for ten full years. However, if your financial plans change and you need to surrender your contract prior to the end of ten years, you can do so subject to a surrender charge as shown in this schedule:

Contract Year	1	2	3	4	5	6	7	8	9	10	11+
Surrender Charge	9%	9%	8%	7%	6%	5%	4%	3%	2%	1%	0%



Your annuity value is the sum of the account values in the indexed interest account and declared interest account, less any withdrawals you may have taken from the contract, and minus any applicable Rider charges. The surrender amount you will receive during the first ten years will be the greater of the annuity value, less surrender charges according to the above schedule, or the minimum guaranteed surrender value.

If you surrender your contract during an indexing year, you will not receive any indexed interest for that year.

Waiver Of Surrender Charges

Life has a way of changing the best plans, and your **ANICO Strategy 10 Indexed Annuity** provides assurance that you will have access to your money, without any surrender charges, during these special circumstances:

Confinement Waiver

When the contract owner is confined to a licensed hospital, licensed convalescent care facility, skilled nursing facility, custodial care facility, or licensed hospice facility for 60 or more days.

Disability Waiver

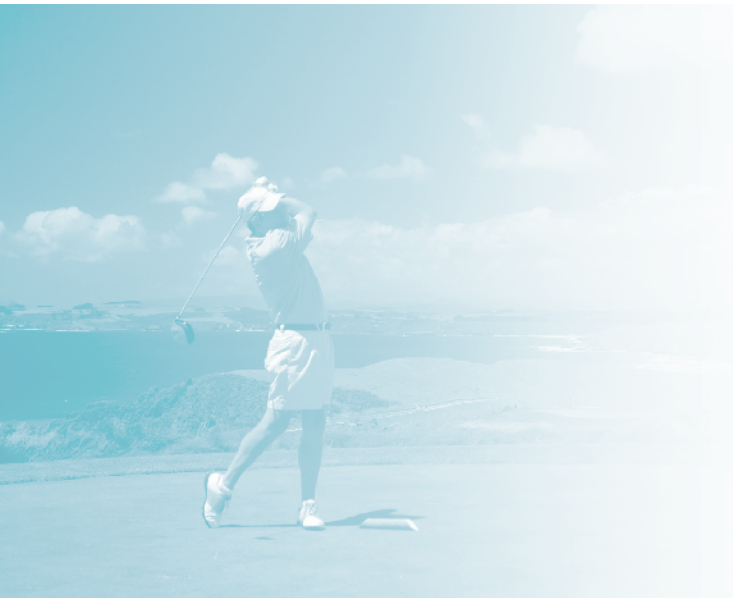
When the contract owner is physically disabled, or diagnosed with a disabling terminal illness, prior to age 65.

This special waiver of surrender charge is available to you beginning in the second contract year. Please see your contract for the complete details regarding these Waivers.

Death Benefit

The **ANICO Strategy 10 Indexed Annuity** provides a death benefit that will be payable to a named beneficiary at the death of the owner of the contract. The death benefit, prior to the maturity date of the contract, is the greater of the annuity value, including any indexed earnings up to the date of death, or the surrender value of contract.

If the death of the contract owner occurs after maturity and guaranteed payments are being made, then the remaining payments will continue to be paid to the beneficiary in the same method as selected by the contract owner prior to death.





Maturity

The maturity date of the contract is normally the owner's age 95, but the owner may request a change in date as long as the new maturity date is after the end of the ten year surrender charge period and is not after the owner's age 95.

Settlement Options

At maturity you may elect to receive the proceeds of your annuity in a lump sum payment or in a series of payments to meet your financial goals. American National offers a variety of payment options. Your financial advisor can help you make the right choice for your needs at that time.

Optional Benefits

Besides the important benefits already built into the **ANICO Strategy 10 Indexed Annuity**, there are optional benefits that are available. These benefits, or Riders, offer you features that may fit your financial strategy if you are looking for a return of premium guarantee, enhanced death benefit coverage, or a guaranteed lifetime income. These Riders can only be added at the time you apply for your annuity contract, and there is a cost associated with each Rider.

We will briefly discuss each Rider below, but you should consult the special Rider inserts for more details of each Rider's benefit. It is important that you understand the benefits each Rider can provide and any associated costs before making a decision to apply for them with your **ANICO Strategy 10 Indexed Annuity**. Please note that all Riders may not be available in all states.





Return Of Premium

The Return of Premium Rider guarantees that if you surrender your annuity contract, you will never receive less than the original premium you paid, less any withdrawals you may have taken since your contract was issued.

You do not pay a premium for the Return of Premium Rider. However, your annuity contract will have a lower declared rate on the declared interest crediting method and a lower cap rate on the indexed interest crediting method.

Please see Return of Premium insert, Form 4447, for more details.



Enhanced Death Benefit

The Enhanced Death Benefit Rider will increase the benefit paid on the death of the owner by a specific percentage of the annuity value less the adjusted premium. The percentage will depend on the age of the owner when the annuity contract was issued.

There is a premium charge for the Enhanced Death Benefit Rider, and the charge is taken directly from the annuity value each year.

Please see Enhanced Death Benefit insert, Form 4448, for more details.



Lifetime Income

The Lifetime Income Rider guarantees to pay the contract owner an income equal to a percentage of the income base. The income is guaranteed to be payable for life, even if the annuity value falls to zero.

There is a premium charge for the Lifetime Income Rider. The charge is taken directly from the annuity value each year.

Please see Lifetime Income Rider insert, Form 4449, for more details.

About American National

American National Insurance Company (“American National”) has been evaluated and assigned the following ratings by nationally recognized, independent rating agencies. The ratings are current as of May 2006.

Best Rating

2nd highest of 13 active company ratings ¹ “A superior ability to meet their ongoing obligations to policyholders”

Standard & Poor Rating

3rd highest of 20 active company ratings ² “Very strong financial security characteristics, differing only slightly from those rated higher”

*Ratings reflect current independent opinions of the financial capacity of an insurance organization to meet the obligations of its insurance policies and contracts in accordance with their terms. They are based on comprehensive quantitative and qualitative evaluations of the company and its management strategy. The rating agencies do not provide ratings as a recommendation to purchase insurance or annuities. The ratings are **not a warranty** of an insurer’s current or future ability to meet its contractual obligations.*

Ratings may be changed, suspended, or withdrawn at any time. For the most current ratings view the full rating reports on American National’s Internet site at www.anico.com.

¹ A.M. Best’s active company rating scale is: A++ (Superior), A+ (Superior), A (Excellent), A- (Excellent), B++ (Very Good), B+ (Very Good), B (Adequate), B- (Adequate), C++ (Fair), C+ (Fair), C (Marginal), C- (Marginal) and D (Poor).

² Standard & Poor’s active company rating scale is: AAA (Extremely Strong), AA (Very Strong), A (Strong), BBB (Good), BB (Marginal), B (Weak); CCC (Very Weak), and CC (Extremely Weak). Plus (+) or Minus (-) modifiers show the relative standing within the categories from AA to CCC.

Important Customer Information

Information herein is not intended to be legal or tax advice. You should consult with an attorney or tax advisor for your specific circumstances.

This product may not be available in all states.

Policy Form ASIA10-NQ, PQ

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ANICO Strategy 10 Indexed Annuity is:



- Not insured by the FDIC or any other agency of the United States or the depository institution



- Not a deposit or other obligation of the depository institution and is not guaranteed by the depository institution

- Subject to investment risks, including possible loss of value

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