



# PrimePath® Pro 10

Fixed index annuity

## Annuity disclosure statement

Thank you for your interest in the PrimePath Pro 10 annuity, a fixed index annuity issued by North American Company for Life and Health Insurance®. This summary will help you understand the features of the annuity and determine if it will help you meet your financial goals. It is important for you to read and understand this summary before you decide to purchase the annuity. Once you have read this summary, sign the signature pages to confirm that you understand the annuity and submit this document with your annuity application. *Refer to the Contract for complete details.*

**This annuity disclosure statement must be signed by both the applicant and the Sales Representative. The signed home office copy needs to be returned with the application to North American, Annuity Division.**

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The PrimePath® Pro 10 is issued on form NA1008A/ICC16-NA1008A.MVA (contract), AE577A/ICC15-AE577A, ICC15-AE579B, AE581A/ICC15-AE581A, AE583A/ICC15-AE583A, AE584A/ICC15-AE584A, AE587A/ICC15-AE587A, AE589A/ICC15-AE589A, AE620A/ICC18-AE620A, AE629A/ICC19-AE629A, AE641A/ICC20-AE641A, AE642A/ICC20-AE642A, AE644A.2/ICC20-AE644A.2, AE645A/ICC20-AE645A (riders/endorsements) or appropriate state variation. This product, its features, and riders may not be available in all states.

## What is the PrimePath Pro 10 Annuity?

The PrimePath Pro 10 is a flexible premium deferred fixed index annuity. An annuity is a long-term Contract issued by an insurance company. In exchange for a premium payment, the insurance company agrees to make payments to you later on. This annuity provides an accumulation value that may earn interest through a fixed account and various index accounts (if selected). While the fixed account earns a fixed rate of interest each year, index accounts earn interest credits based on how an underlying index performs. Interest credits are guaranteed to never be less than zero.

This annuity also provides several options for accessing funds including a Benefits Rider that provides the potential for guaranteed income as well as an incidental enhanced death benefit. The Benefits Rider is included at no additional cost.

The PrimePath Pro 10 is not a registered security and does not directly participate in stock or equity investments. Index returns do not include dividends. Past index performance is not intended to predict future performance.

Under current law, annuities grow tax-deferred. This tax-deferred feature is not necessary for a tax-qualified retirement account. If you are purchasing this annuity as a tax-qualified retirement account, you should consider whether other features of the annuity will help meet your needs. Annuities may be taxed during the income or withdrawal phase.

Before purchasing this Contract, you should obtain competent advice from a qualified tax professional regarding the tax treatment of the Contract. Neither North American, nor any Sales Representatives acting on its behalf in the sale of this product, should be viewed as providing legal, tax, or securities advice.

You may cancel this annuity within 30 days of your receipt to receive a refund of your premium, less any withdrawals you have taken.

This disclosure is not intended to be a complete explanation of all terms and conditions of your annuity. Please refer to your Contract for complete details.

## What is the value of my annuity?

### **Accumulation value**

The accumulation value when your Contract begins is equal to 100% of the premium you add to the annuity. The accumulation value is used to determine the surrender value and death benefit as well as the amount of penalty-free withdrawals available each year.

Your accumulation value increases when interest is credited to your Contract. Your accumulation value will not decrease due to index performance, but may be reduced by the amount of any withdrawals, including applicable surrender charges and market value adjustments.

## Can I add funds to my annuity?

Yes. Any additional premium(s) must also satisfy your Contract's premium requirements. If you add premium to your annuity after it is issued, that additional premium will receive a fixed interest rate until your next contract anniversary. This interest rate will be declared at the time the additional premium is received. On each contract anniversary, North American will allocate any premium received since the prior contract anniversary according to your most recent instructions.

After the first contract anniversary, and with 60 days' notice from us, we reserve the right to limit or stop accepting additional premium. State variations may apply.

## How does my annuity earn interest?

You can allocate your premium between the fixed and index accounts, which credit interest in different ways.

### **Fixed account**

Premium allocated to this account will receive a fixed interest rate. The initial fixed account interest rate will be guaranteed for the first contract year. The rate for future contract years will be declared annually thereafter at North American's discretion and will be provided to you on your annual statement. North American will never declare a rate that is lower than the minimum guaranteed fixed account interest rate, shown in the "How might rates change in the future?" section below.

### **Index account**

Premium allocated to the index account is not guaranteed to receive interest in any given contract year, but has the potential to receive interest based on one or more chosen external indexes and crediting methods. Interest credits are determined by measuring the index's performance over a period of time. We then apply a calculation to determine what, if any, interest will be added to your accumulation value.

## What are the available crediting methods and how do they work?

Each crediting method uses a different calculation to determine how interest will be added to your Contract. These calculations include certain limits to the amount of interest that you will receive. These limits include the following:

- **Cap rates** are upper limits on how much of the index gain you can receive. For example, if the cap rate is 4% and the index gain is 10%, your interest credit would be “capped” at 4%.
- **Participation rates** limit your interest credit to a set percentage of any index gain. For example, if the participation rate is 30% and the index gain is 10%, your interest credit would be 3%.
- **Margins** are subtracted from any index gain before you receive an interest credit. For example, if the index margin is 2% and the index gain is 10%, your interest credit would be 8%.

*The examples listed above all assume a one-year term point-to-point crediting method.*

The following crediting methods are available for your Contract. The company may discontinue an available index or crediting method at any time during the life of your Contract. If this happens, you may choose to allocate your funds to the other available methods. If you do not make a new allocation, the funds previously allocated to a discontinued index or method will be transferred to the fixed account.

Each of these crediting methods may be available with one or more indices.

<p><b>Term Point-to-Point with Cap</b> (Annual Point-to-Point Cap)</p>	<p>This method looks at the percentage change in an external index value for the term. Any positive change is subject to a cap rate before being added to your accumulation value. When the change is zero or negative, you do not receive an interest credit.</p>
<p><b>Term Point-to-Point with Participation Rate</b> (Annual Point-to-Point Participation Rate and Two-year Point-to-Point Participation Rate)</p>	<p>This method looks at the percentage change in an external index value for the term. Any positive change is multiplied by the participation rate before being added to your accumulation value. When the change is zero or negative, you do not receive an interest credit.</p>
<p><b>Term Point-to-Point with Margin</b> (Annual Point-to-Point Margin)</p>	<p>This method looks at the percentage change in an external index value for the term. A margin is subtracted from any positive change to determine the interest credit. When the change is zero or negative after the margin is applied, you do not receive an interest credit. The margin is listed on an annual basis and will be multiplied by the number of years in the term when applied.</p>
<p><b>Term Monthly Point-to-Point with Cap</b> (Monthly Point-to-Point)</p>	<p>This method calculates interest by first determining the percentage change in an external index value during each month of the term period. Any positive monthly change is then subject to a monthly cap rate. Negative monthly changes do not have a cap. At the end of each term, interest is credited based on the sum of the monthly percentage changes in the index value, after the monthly caps have been applied to positive months. If the sum of the changes is zero or negative, you do not receive an interest credit.</p>
<p><b>Term Point-to-Point with Margin and Participation Rate</b> (Two-year Point-to-Point Margin and Participation Rate)</p>	<p>This method looks at the percentage change in an external index value for the term. A margin is subtracted from any positive change, then a participation rate is applied to determine the interest credit. When the change is zero or negative after the margin is applied, you do not receive an interest credit. The margin is listed on an annual basis and thus will be multiplied by the number of years in the term when applied.</p>
<p><b>Term Point-to-Point with Enhanced Participation Rate</b> (Annual Point-to-Point Participation Rate with 0.95% Strategy Fee and Two-year Point-to-Point Participation Rate with 0.95% Strategy Fee)</p>	<p>This method looks at the percentage change in an external index value for the term. Any positive change is multiplied by the participation rate before being added to your accumulation value. When the change is zero or negative, you do not receive an interest credit.</p> <p>This method includes a strategy fee that will be subtracted from the accumulation value allocated to this method once each term. The strategy fee will be collected once each term at the earliest of any partial withdrawal in excess of the penalty-free amount, full surrender or the end of the term. The strategy fee is equal to the strategy fee annual percentage times the number of years in the term times the beginning of term accumulation value allocated to this method. The strategy fee results in an increase to the participation rate, resulting in an increase in the credited interest rate when the underlying index performance is positive.</p> <p>If the underlying index performance is zero or negative, the interest crediting amount to your policy for this method will be zero and as a result of the strategy fee assessed, the amount of your accumulation value allocated to this method will decrease.</p>

*For more information about crediting methods, including example calculations, please refer to the How it works: Fixed index annuity crediting methods and index options consumer brochure.*

## How does selecting a crediting method with a strategy fee affect my Contract?

If you select a crediting method with a strategy fee, any accumulation value you have allocated to that crediting method will be eligible to receive a higher participation rate in exchange for a fee that is deducted from your accumulation value one time each crediting term. The strategy fee is assessed either at the end of the crediting term or if you take a surrender in excess of your penalty-fee amount, whichever is earliest. When the index does not increase at a higher rate than the strategy fee during any crediting term, your accumulation value allocated to that crediting method will decrease even if the index value stayed the same or increased.

Your Contract automatically includes an Accumulation Value True Up benefit (AV TrueUp). The AV TrueUp benefit is payable one time at the end of the surrender charge period only if you have taken no partial withdrawals in excess of the penalty-free amount. The AV TrueUp benefit determines whether the total interest credited to your Contract since issue across all accounts (fixed and indexed) is less than the total amount of strategy fees charged since issue. If the strategy fees exceed the total interest credited, the difference is added to the fixed and index accounts based on the percentage of your accumulation value in each account. The AV TrueUp does not apply if you have taken a surrender that exceeds your penalty-free amount during the surrender charge period and does not apply after the surrender charge period. In these scenarios, the strategy fees assessed may result in a loss of premium.

## How might rates change in the future?

Initial rates are declared when we issue your Contract and can be obtained from your Sales Representative. The company may change the rates at the end of any crediting method term for the index account or guaranteed period for the fixed account. We will provide future rates on your annual statement. The rates will not fall below the minimums or go above the maximums as outlined below for each option in your Contract.

Minimum guaranteed fixed rate	0.10%	Minimum two-year participation rate	10.00%
Minimum annual cap rate	0.25%	Maximum annual index margin	15.00%
Minimum monthly cap rate	0.10%	Minimum annual participation rate with strategy fee	10.00%
Minimum annual participation rate	5.00%	Minimum two-year participation rate with strategy fee	15.00%
Maximum strategy fee annual percentage	0.95%		

## Can you provide an example of index crediting?

The following hypothetical examples are provided as a general explanation of how to calculate the interest credit for a Term Point-to-Point with Cap crediting method described above in different scenarios. These examples assume:

- an initial index account value of \$100,000
- a beginning index value of 1,000 for the S&P 500® Index
- no withdrawals
- Scenarios A, B, and C assume an index cap rate of 4%
- Scenario D assumes an index cap rate of 0.25% which is the guaranteed minimum index cap rate of the annuity Contract

The interest credit is calculated as follows:

	<b>Scenario A:</b>	<b>Scenario B:</b>	<b>Scenario C:</b>	<b>Scenario D:</b>
	<b>Above average change</b> (1200 ending index value)	<b>Average change</b> (1035 ending index value)	<b>Negative change</b> (900 ending index value)	<b>Minimum guaranteed cap rate</b> (1035 ending index value)
<b>Step 1:</b> Calculate change in index	1200 - 1000 = 200	1035 - 1000 = 35	900 - 1000 = -100	1035 - 1000 = 35
<b>Step 2:</b> Divide change by beginning index value to determine index return	200 / 1000 = 20%	35 / 1000 = 3.5%	-100 / 1000 = -10%	35 / 1000 = 3.5%
<b>Step 3:</b> Determine interest credit percentage	4% (cap applies)	3.5%	0% (interest credit will never be less than zero)	0.25% (cap applies)
<b>Step 4:</b> Multiply interest credit percentage by beginning index account value to determine index credit	4% x \$100,000 = \$4,000	3.5% x \$100,000 = \$3,500	0% x \$100,000 = \$0	0.25% x \$100,000 = \$250
<b>Step 5:</b> Add index credit to beginning index account value to determine ending index account value	\$100,000 + \$4,000 = \$104,000	\$100,000 + \$3,500 = \$103,500	\$100,000 + \$0 = \$100,000	\$100,000 + \$250 = \$100,250

*For more information about crediting methods, including example calculations, please refer to the How it works: Fixed index annuity crediting methods and index options consumer brochure.*

## Can I change my allocation?

Each year on your contract anniversary you may elect to transfer your values between your fixed account and index account options. Transfers from terms greater than one year are only available at the end of the term. Based on current tax laws, transfers between options will not be taxable or subject to surrender penalties.

Your Contract may contain required minimums for transfer.

## How can I access funds?

Your Contract provides several ways to access funds. Depending on what option you select, surrender charges and a market value adjustment may reduce the amount you have available to withdraw. Penalty-free withdrawals are withdrawals that do not have surrender charges or a market value adjustment. Certain withdrawals before age 59 1/2 may be subject to an additional 10% IRS penalty.

### Penalty-free withdrawals

You may take a penalty-free withdrawal (referred to in your Contract as a penalty-free partial surrender) of up to 7% of your beginning of year accumulation value in any contract year beginning in the second contract year.

### Required minimum distributions

If you purchase this annuity with "tax-qualified" money, tax law and IRS rules may require you to take "required minimum distributions" (RMDs) from your Contract each year after you reach the current RMD age as determined by the IRS. By current company practice\*, RMDs based solely on this Contract may be withdrawn without charge even if they exceed the penalty-free withdrawal amount available in that year.

*\*Any features offered by current company practice are not contractual guarantees of your annuity Contract and can be removed or changed at any time.*

## Annuity payout options (annuitization)

You may choose to have the value of this annuity paid to you under an available payout option. If your Contract is still active on its maturity date, you are required to elect a payout option or take the full value of the Contract as a lump sum. Once you elect a payout option, it cannot be changed and all other rights and benefits of the annuity, including death benefits, terminate.

In all states except Florida, you may select an annuity payout option at any time. If selected during the surrender charge period, your payout will be based on the surrender value rather than the accumulation value. Available payout options include life income, life income with period certain, joint and survivor life Income, income for a specified period, and income for a specified amount.

For contracts issued in Florida, you may select an annuity payout option based on the accumulation value at any time after the first contract year. Available payout options include life income, life income with a 10-year or 20-year period certain, joint and survivor life income, and joint and survivor with a 10-year or 20-year period certain.

## Full surrender – Surrender value

If you decide to terminate (surrender) your Contract, the surrender value is the amount that is available to you as a lump sum. The surrender value is equal to the accumulation value, subject to market value adjustment, less applicable surrender charges, and state premium taxes.

The surrender value will never be less than the minimum requirements set forth by state law, at the time of issue, in the state where the Contract is issued. The minimum surrender value will never be less than 87.5% of all premiums less any surrenders (after MVA or reduction for surrender charges) accumulated at a rate not less than 1.00%, or otherwise directed by your Contract.

## What charges may apply when I access funds?

### Surrender charges

During the surrender charge period, a surrender charge applies to any amount above the available penalty-free withdrawal amount. Surrender charges may result in a loss of premium. Surrender charges allow the company to invest long-term and in turn, generally offer more favorable crediting rate limits. The surrender charges for each contract year are based on the state where your Contract is issued and are shown as follows:

	Approved states other than those specifically listed in the next columns	AK, CT, DE, HI, ID, IL, MA, MD, MN, MO, MT, NH, NJ, NV, OH, OK, OR, PA, SC, TX, UT, VA, WA	CA*
Year 1	10%	9%	8%
Year 2	10%	9%	7.45%
Year 3	10%	8%	6.50%
Year 4	10%	7%	5.50%
Year 5	10%	6%	4.55%
Year 6	9%	5%	3.55%
Year 7	8%	4%	2.55%
Year 8	7%	3%	1.50%
Year 9	6%	2%	0.50%
Year 10	4%	1%	0.44%

\*The surrender charge percentage in the 10th contract year for California will decrease 0.04% monthly until the surrender charge equals 0.00%. The decrease will occur on the same day in each month as the date of the contract anniversary; if the date does not exist for a given month, the date for that month will be the last calendar day of the month.



## Market value adjustment (MVA)

The market value adjustment (MVA) is an adjustment during the surrender charge period that helps protect the company from losses that may occur upon early surrenders. This protection allows the company to offer more favorable crediting rate limits. The MVA only applies to withdrawals above the available penalty-free withdrawal amount. The MVA depends on changes in the market value adjustment external index rate (Barclay's US Credit Index). The MVA generally decreases the surrender amount when rates rise and increases the surrender amount when rates fall by more than the adjustment. With certain rate movements, it may not be possible to receive a positive MVA. An MVA will not reduce the amount surrendered below the minimum surrender value.

The MVA is calculated by multiplying the portion of the withdrawal that exceeds the available penalty-free withdrawal amount before reduction for any surrender charge by the formula described below:

$$\text{Market value adjustment} = (i_0 - i_t - \text{ADJ}) \times (T)$$

$i_0$  = The index value of the market value adjustment external index on the issue date of the Contract.

$i_t$  = The index value of the market value adjustment external index at the time of the surrender, full or partial.

**ADJ** = 0.50% (in all states other than those specifically noted with ADJ = 0.00%)

**ADJ** = 0.00% (AK, CT, DE, FL, HI, ID, IL, IN, MA, MD, MN, MO, MS, MT, NH, NJ, NV, OH, OK, OR, PA, SC, TX, UT, VA, WA)

**T** = Time in years as follows: number of days from the date of the surrender to the end of the current Contract Year divided by 365, plus whole number of years remaining in the market value adjustment period

The MVA for each surrender in excess of the penalty-free withdrawal amount is limited as follows:

When the MVA is positive, the MVA will be no greater than the minimum of (A) and (B) below.

When the MVA is negative, the MVA will be no less than -1 multiplied by the minimum of (A) and (B).

Where A is equal to the surrender charge applicable at the time of full or partial surrender.

Where B is equal to:

In all states except **California**:

the total amount of interest credited to the accumulation value since the issue date; minus the sum of all market value adjustments greater than zero applied since the issue date; plus the sum of all market value adjustments less than zero applied since the issue date.

In **California**:

0.50% times the accumulation value at the time of the withdrawal

### A hypothetical example for an annuity policy at Contract year 4

A \$100,000 single premium contract grows to an accumulation value of \$112,551 in four years. Upon full surrender at the end of the fourth contract year, a market value adjustment would be applied. This hypothetical example assumes that the index rate of the MVA external index on the issue date was 3%, a 7% penalty-free withdrawal of account value of \$7,879 is available, no withdrawals have been taken since the contract was issued, and a 10% surrender charge would apply.

Index value of MVA external index on the date of full surrender	2.00%	4.00%
Market value adjustment formula	$(3.00\% - 2.00\% - 0.50\%) \times 6 = 3.00\%$	$(3.00\% - 4.00\% - 0.50\%) \times 6 = -9.00\%$
Accumulation value	\$112,551	
Penalty-free withdrawal amount (7%)	\$7,879	
Surrender charge (10%)	\$10,467	
Interest credited	\$12,551	
<b>Market value adjustment</b>	$(\$112,551 - \$7,879) \times 3.00\% = \$3,140^1$ <b>MVA = \$3,140</b>	$(\$112,551 - \$7,879) \times -9.00\% = -\$9,421^1$ <b>MVA = -\$9,421</b>
Surrender value <sup>2</sup>	\$105,224	\$92,663

1. Limited to, positive or negative, surrender charge of \$10,467 or interest credited of \$12,551. Limits differ for CA.

2. The amount of the market value adjustment will not exceed the limit as defined in your annuity Contract; your market value adjustment may differ from the values reflected in this hypothetical example. A surrender during the surrender charge period could result in a loss of premium. Surrender charge structure may vary by state. Withdrawals taken prior to age 59 1/2 may be subject to IRS penalties

## What is the Benefits Rider?

The Benefits Rider provides you with a way to receive a guaranteed lifetime income stream without incurring a surrender charge or market value adjustment as well as an enhanced death benefit (referred to as rider death benefit in your Contract). The Benefits Rider is automatically included in the product at no additional cost.

For the guaranteed lifetime income stream, the annual amount is called the Lifetime Payment Amount (LPA). Once elected, the LPA is available even if your annuity's accumulation value and benefit base are later reduced to zero, provided no excess withdrawals are taken. The LPA can be elected any time after the youngest covered person(s) reaches age 50.

For the incidental enhanced death benefit, the death benefit amount is a payout of your benefit base in 5 equal, annual payments subject to limits (varies by state). See the "What happens to my Benefits Rider should I die?" section for more information.

## How Is the LPA determined?

The LPA is an annual payment amount based on your benefit base, attained age of the youngest Covered Person(s), and the LPA option elected at the time you elect to begin lifetime income. You will need to notify us in writing to begin LPAs. The lifetime payment election date (LPED) is the date that you elect to begin taking LPAs under the Benefits Rider. When income is started by initiating the Benefits Rider, you may modify, start, and stop LPAs. This is different from electing an annuity payout option under your Contract, which does not provide the same income flexibility. If you elect an annuity payout option, the Benefits Rider is no longer available to you.

## What is the benefit base?

The benefit base is used as the basis for calculating the income available to you, your LPA at the LPED, and the 5-year payout of the enhanced death benefit. The benefit base is not part of your annuity's accumulation value and cannot be taken as a surrender. Your initial benefit base is listed on the benefits rider specifications as of the rider issue date. The benefit base is increased by any subsequent premium during the benefits rider premium period and by the benefit base roll-up amount. The benefit base is reduced by all withdrawals (including LPAs; excluding any applicable strategy fees resulting from allocations to indexed accounts that include a strategy fee) by the same percentage that the accumulation value was reduced by the withdrawal.

The benefit base roll-up amount is determined on each contract anniversary during the benefit base roll-up period. The benefit base roll-up period ends on the earlier of the date you elect to begin receiving LPAs or 15 years. The benefit base roll-up amount is determined by multiplying the benefit base on your contract anniversary by the benefit base participation rate multiplied by the weighted average interest credit percentage change in the fixed and indexed accounts for the corresponding contract year. The benefit base roll-up amount will never be less than zero.

The weighted average interest credit percentage is equal to the sum across all fixed and index account options of:

- 1) the interest credit for the account during the contract year that ends on the current anniversary less any applicable strategy fee annual percentage multiplied by the number of years in the term for terms that end on the current anniversary multiplied by
- 2) weighted average allocation amount for that account on the prior contract anniversary divided by
- 3) total weighted average allocation amounts for all accounts on the prior contract anniversary.

On the LPED, a partial-year benefit base roll-up amount may apply to the benefit base for the partial contract year or term completed.

## What is the benefit base floor?

On the issue date, the benefit base floor equals your initial premium amount. After the issue date, the benefit base floor equals your initial premium, plus any subsequent premium during the benefits rider premium period, reduced by any partial surrenders. Each partial surrender (including RMDs and LPAs) will reduce the benefit base floor by the same percentage the accumulation value was reduced by that partial surrender. The benefit base floor increases daily at a 1% annual effective interest rate until the date you elect to begin receiving LPAs.

On the LPED and in the event an owner or annuitant dies and the enhanced death benefit option is elected, the greater of your benefit base and the benefit base floor will be used for determining the LPA or enhanced death benefit amount.

## How does the LPA change after the LPED?

The Benefits Rider provides two LPA options: a level option and an increasing option. One option must be elected as of the lifetime payment election date (LPED) and cannot be changed after the LPED. If you elect the level LPA option, your LPA will not increase with the exception of the LPA multiplier feature. If you elect the increasing LPA option, each year based on the weighted average percentage change in the fixed and indexed accounts, your LPA may increase but will not decrease.

The LPA will be reduced if total partial surrenders (including penalty-free withdrawals) during a contract year exceed the LPA or LPA Activities of Daily Living (ADL) Benefit (if activated). The reduction in the LPA will be by the same percentage that the accumulation value was reduced by the excess withdrawal. By current company practice\*, if you are taking LPAs and the required minimum distribution (RMD) for this Contract exceeds the LPA, we will allow withdrawal of the RMD without reducing your LPA.

*\*A feature offered "by current company practice" is not a contractual guarantee of this annuity Contract and can be removed or changed at any time.*



## What Is the LPA ADL Benefit?

The ADL Benefit Rider provides you the potential to enhance your existing LPA provided by the Benefits Rider. There is no additional charge for this rider. The LPA ADL Benefit is a feature that provides you with an enhancement to your existing LPA if either Covered Person is unable to perform two of six Activities of Daily Living (ADLs) for a period of more than 90 consecutive days and your physician expects the condition to be permanent. You are not eligible for this benefit if either Covered Person was not able to perform six out of six ADLs on the issue date.

The LPA ADL Benefit can be elected for a maximum of five payments. The LPA ADL Benefit is not available after the accumulation value reaches zero (even if first elected prior). This LPA ADL Benefit does not have to be used for a consecutive five-year period. You must wait at least two years after your issue date and six months after the LPED before requesting the LPA ADL Benefit. If you were unable to perform six of six ADLs as of the issue date, you will not be eligible to elect this benefit. See your contract for definitions of the ADLs.

## What happens if I die?

The base Contract death benefit is payable when any individual owner dies or when all annuitants have died, whichever is earlier. If the owner dies and his or her spouse is the sole beneficiary, the spouse may elect to continue the Contract as its owner.

The death benefit equals the accumulation value plus potential interest credits for the partial contract year as of the date of death. The death benefit will never be lower than the Contract's minimum surrender value. A death benefit is not available if you have already elected an annuity payout option.

## What happens to my Benefits Rider should I die?

If the Benefits Rider is not continued under the spousal continuance conditions below, the Benefits Rider terminates. Upon termination of the Benefits Rider, your beneficiary can choose the base Contract death benefit or the Benefits Rider enhanced death benefit. The Benefits Rider enhanced death benefit option equals the benefit base as of the date of death provided that it is not greater than the Rider Death Benefit Maximum in your Contract (state variations exist). A partial-year benefit base roll-up amount may apply to the benefit base for the partial contract year or term completed as of the date of death if prior to the LPED. The enhanced death benefit is payable in a series of equal payments over a period of five years.

### Spousal continuance

Single covered person: If the covered person dies before the LPED and the surviving spouse continues the Contract, the Benefits Rider continues and the surviving spouse becomes the new covered person. If the covered person dies after the LPED, spousal continuance of the Benefits Rider is not available and the Benefits Rider terminates.

Joint covered persons (must be spouses): In the case of joint covered persons, if the first death occurs before the LPED, and the Contract continues, the Benefits Rider continues and the surviving spouse becomes the single covered person. If the first death occurs after the LPED, and the Contract continues, the Benefits Rider continues, and there will be no change to the LPA.

## Will I be taxed on income payments?

Please see your tax professional. Under current tax law, income payments from this Benefits Rider may be taxed as ordinary income. Additionally, if taken prior to 59 1/2, income payments may be subject to 10% IRS penalty tax.

## What additional benefits does my annuity provide?

### Nursing home confinement waiver (Not available in all states)

After the first contract anniversary, if the covered person is confined to a qualified nursing home facility for at least 90 consecutive days you may withdraw up to 100% of your accumulation value without a surrender charge or MVA. If you withdraw 100% of your accumulation value, your Contract will terminate. This waiver is automatically included with your annuity at no additional charge.

## How is my Sales Representative compensated?

North American will pay a sales commission in connection with the sale of this product. This commission is one of many costs which North American considers and factors into the product's design and policy performance, including setting the guaranteed rates in the Contract and the manner in which non-guaranteed benefits may be offered. The total amount of your premium will be credited to your Contract, and no deductions from your premium payment or from your accumulation value will be made due to the payment of this sales commission.

North American may enter into written sales agreements with other financial institutions ("selling firms") for the sale of the Contract. The selling firms and their Representatives are independent of North American. In this case, the selling firms are responsible for evaluating product proposals, making recommendations independently, and for exercising independent judgment about these proposals. North American pays selling firms all or a portion of the commissions received for their sales of the Contract.

**Applicant statement and signature** By signing below, I certify that:

**Owner(s) initials REQUIRED in box above**

- I have read this annuity disclosure in its entirety and have been provided a brochure that explains the annuity's benefits, features, and limitations.
- The features of this annuity product have been explained to me by my Agent/Representative.
- The PrimePath Pro 10 is a long-term Contract and a surrender charge up to 10% as well as a market value adjustment will apply during the 10-year surrender charge period to any full or partial surrender that exceeds the penalty-free partial withdrawal surrender amount.
- I understand a surrender during the surrender charge period may result in loss of premium.
- I understand that if I select a crediting method with a strategy fee, the strategy fee will reduce my account value and may result in a loss of premium in certain scenarios.
- I understand that interest does not begin to accrue until the date the annuity becomes effective, not the date premium is submitted or received by the company.
- I understand my Agent/Representative will receive a commission for the sale of this annuity.
- I understand I should consult my tax advisor about possible tax implications related to the purchase of this annuity and its features.
- I understand that any values shown, other than the guaranteed minimum and maximum values, are not guarantees, promises, or warranties.
- I have reviewed the features and understand the intent of this annuity product and agree that it meets my needs. I have assessed my financial situation, including cash for living and other related expenses, and this Contract is suitable for my financial needs.
- I am aware that an Annuity buyer's guide is available on the company website.
- I understand and acknowledge that I am purchasing this annuity product which is issued with a Benefits Rider providing for Lifetime Payment Amounts (LPAs), an Enhanced Death Benefit Option and an ADL Benefit Rider (not available in CA) providing an LPAADL Benefit.

At this time, I plan to begin using the Lifetime Payment Amount (LPA) of this product within  
**(Please check one of the following):** 0-5 years \_\_\_\_ 6-10 years \_\_\_\_ 10 + years \_\_\_\_ Unknown \_\_\_\_

Initial to **agree** that each Covered Person(s) is (are) able to perform all six ADLs on the day this form and the application were signed.

OR

Initial to **disagree** that each Covered Person(s) is (are) able to perform all six ADLs. By electing this option, I (we) acknowledge that at least one Covered Person is **unable** to perform all six ADLs on the date this form and the application were signed and is therefore ineligible for the LPAADL Benefit (health-activated income multiplier) and I (we) am purchasing this Contract for other Contract features.

**Applicant authorization and signature**

Owner's name (print)	Joint Owner's name (print)
----------------------	----------------------------

Owner's signature ▶
Joint Owner's signature ▶

Date signed (mm/dd/yyyy)

Date signed (mm/dd/yyyy)

Mark an "X" in the box to the left if your Agent/Representative provided you with a North American illustration for the **PrimePath Pro 10** fixed index annuity. By checking this box, an illustration will also be provided along with the issued annuity Contract

**Agent/Representative acknowledgment and signature**

By signing below, I certify that the product brochure and company disclosure materials have been presented to the applicant. A copy of this signed disclosure was provided to the applicant after an examination of the interests of the applicant and an assessment of the stated goals of the applicant. I have provided or directed the applicant to the Annuity buyer's guide on the company website. I certify that I believe this product to be appropriate for the applicant based on his or her individual needs. I have discussed this product with the applicant and have not made any statements which contradict the materials provided to the applicant. I have not made any promises or given any assurances about the future value of any non-guaranteed elements.

Agent/Representative's signature ▶
---------------------------------------

Date signed (mm/dd/yyyy)



242498

Not FDIC/NCUA Insured	Not A Deposit Of A Bank	Not Bank Guaranteed
May Lose Value	Not Insured By Any Federal Government Agency	

This page left intentionally blank.  
Please see **pages 10 and 12** for acknowledgement and signatures.

**Agent instructions: Page 10 and 12 must both be signed.**

Return page 12 to the home office with the Applicant's original signature.

Retain a permanent copy in your file. Leave pages 1-10 with signatures with the Applicant.

**Applicant statement and signature** By signing below, I certify that:

**Owner(s)  
initials  
REQUIRED  
in box above**

- I have read this annuity disclosure in its entirety and have been provided a brochure that explains the annuity's benefits, features, and limitations.
- The features of this annuity product have been explained to me by my Agent/Representative.
- The PrimePath Pro 10 is a long-term Contract and a surrender charge up to 10% as well as a market value adjustment will apply during the 10-year surrender charge period to any full or partial surrender that exceeds the penalty-free partial withdrawal surrender amount.
- I understand a surrender during the surrender charge period may result in loss of premium.
- I understand that if I select a crediting method with a strategy fee, the strategy fee will reduce my account value and may result in a loss of premium in certain scenarios.
- I understand that interest does not begin to accrue until the date the annuity becomes effective, not the date premium is submitted or received by the company.
- I understand my Agent/Representative will receive a commission for the sale of this annuity.
- I understand I should consult my tax advisor about possible tax implications related to the purchase of this annuity and its features.
- I understand that any values shown, other than the guaranteed minimum and maximum values, are not guarantees, promises, or warranties.
- I have reviewed the features and understand the intent of this annuity product and agree that it meets my needs. I have assessed my financial situation, including cash for living and other related expenses, and this Contract is suitable for my financial needs.
- I am aware that an Annuity buyer's guide is available on the company website.
- I understand and acknowledge that I am purchasing this annuity product which is issued with a Benefits Rider providing for Lifetime Payment Amounts (LPAs), an Enhanced Death Benefit Option and an ADL Benefit Rider (not available in CA) providing an LPAADL Benefit.

At this time, I plan to begin using the Lifetime Payment Amount (LPA) of this product within  
**(Please check one of the following):** 0-5 years \_\_\_\_ 6-10 years \_\_\_\_ 10 + years \_\_\_\_ Unknown \_\_\_\_

Initial to **agree** that each Covered Person(s) is (are) able to perform all six ADLs on the day this form and the application were signed.

OR

Initial to **disagree** that each Covered Person(s) is (are) able to perform all six ADLs. By electing this option, I (we) acknowledge that at least one Covered Person is **unable** to perform all six ADLs on the date this form and the application were signed and is therefore ineligible for the LPAADL Benefit (health-activated income multiplier) and I (we) am purchasing this Contract for other Contract features.

**Applicant authorization and signature**

Owner's name (print)	Joint Owner's name (print)
----------------------	----------------------------

Owner's signature ▶
Joint Owner's signature ▶

Date signed (mm/dd/yyyy)

Date signed (mm/dd/yyyy)

Mark an "X" in the box to the left if your Agent/Representative provided you with a North American illustration for the **PrimePath Pro 10** fixed index annuity. By checking this box, an illustration will also be provided along with the issued annuity Contract

**Agent/Representative acknowledgment and signature**

By signing below, I certify that the product brochure and company disclosure materials have been presented to the applicant. A copy of this signed disclosure was provided to the applicant after an examination of the interests of the applicant and an assessment of the stated goals of the applicant. I have provided or directed the applicant to the Annuity buyer's guide on the company website. I certify that I believe this product to be appropriate for the applicant based on his or her individual needs. I have discussed this product with the applicant and have not made any statements which contradict the materials provided to the applicant. I have not made any promises or given any assurances about the future value of any non-guaranteed elements.

Agent/Representative's signature ▶
---------------------------------------

Date signed (mm/dd/yyyy)



242498

Not FDIC/NCUA Insured	Not A Deposit Of A Bank	Not Bank Guaranteed
May Lose Value	Not Insured By Any Federal Government Agency	



## **Index disclosure supplement:**

**Morgan Stanley Dynamic Contribution Index (MSDC)  
S&P Multi-Asset Risk Control 5% Excess Return Index (S&P MARC 5% ER)  
S&P 500® Low Volatility Daily Risk Control 5% (SPLV 5% TR)  
S&P Maestro 5 Index Excess Return (S&P Maestro 5 ER)**  
(Please see your annuity disclosure for details.)

Thank you for considering a fixed index annuity from North American Company for Life and Health Insurance®. Upon issue, this is an annuity Contract between you and North American Company. It is an insurance Contract filed with the state insurance department. Therefore, this Contract is governed by state insurance laws and your state insurance department.

A North American fixed index annuity Contract offers you flexibility to choose how to allocate your premiums to determine the manner in which your Contract will earn interest. You may earn interest credits by linking to an external index and by selecting from our various interest crediting methods or by allocating your premium to the fixed account. North American annuity products offer you, the customer, flexibility and choice in determining how you wish to have your Contract premiums allocated. If you elect to place your premium in an index account, your interest credit will never be less than zero. If you elect to place your premium in the fixed account, a declared rate of interest will be credited each year.

A North American fixed index annuity contains a minimum guaranteed interest rate, backed by the financial strength of North American. The fixed account minimum guaranteed interest rate is set at issue and guaranteed for the entire term of the Contract.

If you elect to link your premiums and credited interest to an external index, your premiums are never invested directly in the external index. The investment performance of the external index that your premiums are linked to does not pass through to you as a security investment does. If it is a stock-based index you do not receive dividends. By linking to an external index you merely select the manner used to measure your credited interest. You ultimately decide how to allocate your premiums and decide how interest credits to your Contract will be calculated. It is critical you understand how the components of your fixed index annuity work. There are two main aspects that factor in to determining the interest credits, the index account (crediting method) option and the index itself.

We reserve the right to add, remove or revise availability of any index, or to substitute a different published benchmark should the company, in its discretion, determine that the use of an index is no longer commercially reasonable. Use or reference to an index does not constitute a purchase of or direct investment in the index, or in the underlying components of the index. All references to the values of an index are used with the permission of the index provider and have been provided for informational purposes only. The index provider accepts no liability or responsibility for the accuracy of the prices or the underlying components to which the prices may be referenced.

### **Additional options**

We feel it is important to offer you several options to which you can allocate your premium. We also offer transfer options that give you the opportunity to re-allocate your accumulation value to the various fixed and index account options at the end of crediting terms. Contact your sales representative or North American for additional information.

**Please call 1-877-858-1364 for additional details on any of these indices.**

## **Morgan Stanley Dynamic Contribution Index**

The Morgan Stanley Dynamic Contribution index (MSDC) (the “**Index**”) strives to create stable returns through diversification and by managing volatility. The Index covers major asset classes with diversification within each: equities both domestic and global, fixed income both domestic and global, and commodities with energy, grains and metals. The Index applies established rules to allocate amongst those asset classes and may also allocate to cash as part of the risk control feature. The value of the Index is available at the website [www.morganstanley.com/msdc](http://www.morganstanley.com/msdc).

Any product that is linked to the performance of the index is not sponsored, endorsed, sold or promoted by Morgan Stanley & Co. LLC, or any of its affiliates (collectively, “Morgan Stanley”). Neither Morgan Stanley nor any other party (including without limitation any calculation agents or data providers) makes any representation or warranty, express or implied, regarding the advisability of purchasing this product. In no event shall Morgan Stanley have any liability for any special, punitive, indirect or consequential damages including lost profits, even if notified of the possibility of such damages. The index is the exclusive property of Morgan Stanley. Morgan Stanley and the index are service marks of Morgan Stanley and have been licensed for use for certain purposes. Neither Morgan Stanley nor any other party has or will have any obligation or liability to owners of this product in connection with the administration or marketing of this product, and neither Morgan Stanley nor any other party guarantees the accuracy and/or the completeness of the index or any data included therein.

No purchaser, seller or holder of this product, or any other person or entity, should use or refer to any Morgan Stanley trade name, trademark or service mark to sponsor, endorse, market or promote this product, without first contacting Morgan Stanley to determine whether Morgan Stanley’s permission is required. Under no circumstances may any person or entity claim any affiliation with Morgan Stanley without the prior written permission of Morgan Stanley.

In calculating the performance of the index, Morgan Stanley deducts, on a daily basis, a servicing cost of 0.50% per annum. This reduces the positive change or increase the negative change in the index level and thus decreases the return of any product linked to the index. The volatility control calculation applied by Morgan Stanley as part of the index’s methodology may decrease the index’s performance and thus the return of any product linked to the index. In addition, because the volatility control calculation is expected to reduce the overall volatility of the index, it will also reduce the cost of hedging certain products linked to the index.

## **S&P Multi-Asset Risk Control 5% Excess Return**

The S&P MARC 5% ER Index (the “**Index**”) is a multi-asset excess return index that tends to create more stable returns through diversification, an excess return methodology, and by managing volatility. The Index covers major asset classes which represent equities, U.S. Treasuries, gold, and cash. The Index applies established rules to allocate amongst those asset classes. Because the Index applies a volatility control mechanism, the range of both the positive and negative performance of the Index is limited. The Index is managed to create stabilized performance and limit very high positive returns and very low negative returns.

The value of the Index is available at the website [www.bloomberg.com](http://www.bloomberg.com) and [www.us.spindices.com](http://www.us.spindices.com) under the ticker symbol SPMARC5P. For complete details on the Index, reference our product brochures.

## **S&P 500® Low Volatility Daily Risk Control 5%**

The S&P 500 Low Volatility Index is a separate index, which measures performance of the 100 least volatile stocks in the S&P 500. The S&P 500 Low Volatility Daily Risk Control 5% Index (the “**Index**”) strives to create stable performance through managing volatility to a 5% target (i.e. risk control) on the S&P 500 Low Volatility Index. The Index adds an element of risk control by allocating between stocks, as represented by the S&P 500 Low Volatility Index, and cash. Because this index is managed to a volatility target, the Index performance will not match the underlying performance of the S&P 500 Low Volatility Index (typically the volatility control tends to reduce the rate of negative performance and positive performance of the underlying S&P 500 Low Volatility Index – thus creating more stabilized performance).

The values of the Index are available at the website [www.bloomberg.com](http://www.bloomberg.com) and [www.us.spindices.com](http://www.us.spindices.com) under the ticker symbol SPLV5UT. For complete details on the Index, reference our product brochures.

## **S&P Maestro 5 Index Excess Return**

The S&P Maestro 5 Index ER (the “**Index**”) is a multi-asset excess return index that tends to create more stable returns through diversification, an excess return methodology, and by managing volatility. The Index covers major asset classes which represent equities, U.S. Treasuries, gold, and cash. The Index applies established rules to allocate amongst those asset classes and also includes an equity hedge overlay to stabilize the equity performance in times of higher volatility. Because the Index applies a volatility control mechanism, the range of both the positive and negative performance of the Index is limited. The Index is managed to create stabilized performance and limit very high positive returns and very low negative returns.

The value of the Index is available at the website [www.bloomberg.com](http://www.bloomberg.com) and [www.us.spindices.com](http://www.us.spindices.com) under the ticker symbol SPMAES5E. For complete details on the Index, reference our product brochures.

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