



## NAC VersaChoice<sup>SM</sup> 10

### Annuity Disclosure Statement

Thank you for your interest in the NAC VersaChoice<sup>SM</sup> 10 Annuity from North American Company for Life and Health Insurance®. It is important for you to read and understand this summary before you decide to purchase the annuity. This summary will help you understand the features of the annuity and determine if it will help you meet your financial goals. Once you have read this summary, sign the signature pages to confirm that you understand the annuity and submit this document with your application for the annuity. *Refer to the Contract for complete details.*

**This Annuity Disclosure Statement must be signed by the applicant and agent, then return the Home Office copy to North American Company for Life and Health Insurance, Annuity Division with the application.**

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The NAC VersaChoice<sup>SM</sup> 10 is issued on form NA1012A/ICC17-NA1012A.MVA (contract), AE616A/ICC17-AE616A, AE577A/ICC15-AE577A, AE579A/ICC15-AE579B, AE581A/ICC15-AE581A, AE583A/ICC15-AE583A, AE584A/ICC15-AE584A, AE586A/ICC15-AE586A, and AE620A/ICC18-AE620A (riders/endorsements) or appropriate state variation by North American Company for Life and Health Insurance®, West Des Moines, IA. This product, its features and riders may not be available in all states.

The NAC VersaChoice 10 is a modified single premium deferred fixed index annuity from North American Company for Life and Health Insurance that accumulates interest in the following ways: A) based on the change in the Index Account during each contract year, without the risk of losing premium due to market volatility, and/or B) a traditional Fixed Account. The NAC VersaChoice 10 also offers an option to elect an Enhanced Liquidity Benefit Rider that provides additional benefits.

### **Fixed Account**

The portion of premium allocated to this account will earn the current Fixed Account interest rate. This rate will be guaranteed for the first contract year and the rate for future contract years will be declared annually thereafter at the Company's discretion. This rate will never fall below the Minimum Guaranteed Fixed Account Interest Rate of 0.25%.  
*Ask your sales representative for the current interest rate.*

### **Index Account**

The Index Account is the portion of your premium that you determine will earn interest based on one or more of the following crediting methods:

- Monthly Point-to-Point Crediting Method with Index Cap Rate
- Annual Point-to-Point Crediting Method with Index Cap Rate
- Annual Point-to-Point Crediting Method with Index Margin
- Annual Point-to-Point Crediting Method with Participation Rate
- Two-year Point-to-Point Crediting Method with Participation Rate

*Please see the NAC VersaChoice 10 product brochure for specific details regarding these crediting methods.*

*Ask your sales representative for the current Index Cap Rates, Index Margins and Participation Rates.*

### **Index Margin**

The Index Margin is subtracted from any index gain to determine any Interest Credit. For the Annual Point-to-Point Index Margin Index Account, the Index Margin is subtracted on each contract anniversary. It is guaranteed for the first year and declared annually thereafter at the Company's discretion. The maximum Index Margin is 15% for the Annual Point-to-Point with Index Margin Index Account.

### **Participation Rate**

The Participation Rate is the percentage of any index gain that will be credited to the Contract as the Interest Credit. For the Annual Point-to-Point with Participation Rate Index Account, the Participation Rate is guaranteed for the first year and declared annually thereafter at the Company's discretion. For the Two-Year Point-to-Point with Participation Rate Index Account, the Participation Rate is guaranteed for the first two years and declared at the Company's discretion at the beginning of each two-year term and guaranteed for that two-year term. The Participation Rate will never be less than the minimum guarantee, which is 5% for the Annual Point-to-Point with Participation Rate Index Account, and 10% for the Two-Year Point-to-Point with Participation Rate Index Account.

### **Index Cap Rate**

The Index Cap Rate is an upper limit used to determine Interest Credits. The Index Cap Rate applies to the Annual Point-to-Point and Monthly Point-to-Point Index Account options. It will always be declared on the contract anniversary by the Company at their discretion and is guaranteed for the following contract year. This cap may change annually. However, at no time will this cap ever fall below the minimum guarantees which are: 0.50% for Annual Point-to-Point with Cap Index Account, 0.25% for Monthly Point-to-Point with Cap Index Account.

### **Subsequent Premiums**

Premiums are allowed during the first contract year. All subsequent premiums will be initially credited a fixed interest rate. This interest rate will be declared at the time the subsequent premium is received. The interest rate applicable to each subsequent premium is guaranteed until the end of the contract year. On the first contract anniversary, North American will allocate any premium received since the issue date according to your most recent instructions.

### **Death Benefit**

The Death Benefit is payable upon the death of the first owner, unless the sole beneficiary is the owner's spouse and he or she elects to continue this Contract under its spousal continuance provisions. If there are joint annuitants, and an annuitant who is not also the contract's owner dies, the Death Benefit will be paid upon the death of the second annuitant.

The Death Benefit equals the Accumulation Value or the Minimum Surrender Value as defined in the contract, whichever is greater. The beneficiary may choose to receive the Death Benefit in either a lump sum or a series of income payments.

A Death Benefit is not available if an annuity payout option has been elected.

### Payment of Commission

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. One hundred percent of your premium deposit will be credited to your account, and no deductions from your premium payment or from your account 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 or 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.

### Accumulation Value

Your Accumulation Value is equal to 100% of premium, plus any fixed and index account interest earned, minus withdrawals. The Accumulation Value is used to determine the Death Benefit as well as penalty-free withdrawals.

### Surrender Value

The Surrender Value is the amount that is available at the time of surrender. The Surrender Value is equal to the Accumulation Value, subject to the Market Value Adjustment (if any), less applicable Surrender Charges and state premium taxes where applicable. The Surrender Value will never be less than the minimum requirements set forth by state laws, at the time of issue, in the state where the Contract is delivered.

The Minimum Surrender Value will not be less than 87.5% of all premiums; less any withdrawals (after Market Value Adjustment or reduction for Surrender Charges); accumulated at 1.00%, or otherwise directed by your Contract.

## SURRENDER CHARGES AND MARKET VALUE ADJUSTMENT

Please read the following information and sign the last page of this disclosure to acknowledge your understanding that Surrender Charges and Market Value Adjustments will apply when withdrawals are taken from your Contract during the Surrender Charge Period.

### Surrender Charges

A Surrender Charge is assessed on any amount withdrawn, whether as a partial withdrawal or full surrender, that is in excess of the penalty-free amount. A surrender during the Surrender Charge period may result in a loss of premium.

**The Surrender Charges that apply for each Contract Year are based on the state where your Contract is issued and are shown as follows:**

For contracts issued in **all states** other than those specifically listed below:

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
10%	10%	9%	9%	8%	8%	7%	6%	4%	2%

For **California** issued contracts, the Surrender Charges are as follows:

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
7.50%	6.70%	6.50%	5.50%	4.55%	3.55%	2.55%	1.50%	0.50%	0.44%

*The Surrender Charge percentage in the 10th contract year 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.*

For **AK, CT, DE, HI, IL, MA, MD, MN, MO, NV, NJ, OH, OK, OR, PA, SC, TX, UT, VA, WA** issued contracts, the Surrender Charges are as follows:

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
9%	8.5%	7.5%	6.5%	5.5%	4.5%	3.5%	3%	2%	1%

Surrender Charges allow the Company to invest long-term, and in turn, generally credit higher yields.

Surrender Charges and Market Value Adjustments on IRS-Required Minimum Distributions that exceed the 10% penalty-free amount are waived by current company practice\*.

*\*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.*

*See next page for Market Value Adjustment.*

**Market Value Adjustment**

The NAC VersaChoice 10 includes a Market Value Adjustment that is applied only during the Surrender Charge period to full surrenders and to any partial surrender in excess of the applicable penalty-free partial surrender amount. This adjustment may decrease or increase the Surrender Value depending on the change in interest rates during the period since you purchased this annuity.

<p><b>Example of Market Value Adjustment (MVA) Formula</b></p> <p>The Market Value Adjustment will be calculated by multiplying the portion of any full or partial surrender that exceeds any available penalty-free withdrawal amount before the reduction for any surrender charge by the formula* described below.</p> <p>*The Market Value Adjustment Factor is: <b><math>(i_0 - i_t - ADJ) \times (T)</math></b></p>
<p><math>i_0</math> = The current interest rate when the contract was issued.</p> <p><math>i_t</math> = The current interest rate offered for new contracts at time of the partial or full surrender.</p> <p>ADJ = 0.005 (in <b>all states</b> other than those specifically noted)</p> <p>          = 0.000 (in <b>AK, CT, DE, FL, HI, IL, IN, MA, MD, MN, MS, MO, NV, NJ, OH, OK, OR, PA, SC, TX, UT, VA, WA</b>)</p> <p>T = Time in years as follows: number of days from the date of the partial or full surrender to the end of the current contract year divided by 365; plus whole number of years remaining in the Market Value Adjustment period.</p>
<p>In <b>all states above other than California</b>, the Market Value Adjustment will never exceed the total interest credited to the Accumulation Value since issue, less the sum of the absolute values of all Market Value Adjustments on prior partial surrenders (i.e. all adjustments positive or negative added together).</p> <p>In <b>California</b>, the amount of the Market Value Adjustment will never exceed the lesser of a) the applicable Surrender Charge or b) 0.50% of the Accumulation Value at the time of the surrender.</p>
<p>See the “Understanding the Market Value Adjustment” brochure for more information.</p>

## Transfer Options

You may elect to transfer your values between the Fixed Account and Index Account options. You may also elect to transfer between crediting methods within the Index Account options on an annual basis for all annual crediting method options. By current company practice\*, you will have 30 days following each contract anniversary to reallocate. Transfers are not allowed until your first contract anniversary. Based on current tax laws, these transfers between options will not be taxable or subject to surrender penalties. *Please refer to your NAC VersaChoice 10 Additional Benefits Specifications Page, found in your Contract, for minimum transfer amounts.*

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## LIQUIDITY FEATURES

Certain withdrawals before age 59½ may be subject to a 10% IRS penalty.

### Penalty-Free Withdrawals

Beginning in the first Contract Year, once each Contract Year you may take a penalty-free withdrawal (also known as a Penalty-Free Partial Surrender), without Surrender Charges or Market Value Adjustment, of up to 10% of your beginning of year Accumulation Value. You have the opportunity to elect at issue an enhanced penalty-free withdrawal that is available with the Enhanced Liquidity Benefit Rider.

### Required Minimum Distributions

By current company practice\*, Required Minimum Distributions (RMD) that exceed the 10% penalty-free amount may be withdrawn without a Surrender Charge or Market Value Adjustment.

## Annuity Payout Options

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. Available payout options include Life Income, Life Income with Period Certain, Joint and Survivor Life Income and Income for a Specified Period or Amount.

By current company practice\*, you may receive an income from the Accumulation Value after the first contract year (without Surrender Charges or Market Value Adjustment) if you choose a Life Income Option. You can also receive an income based on the Accumulation Value if your annuity has been in force for at least five years and you elect to receive payments over at least a five-year period.

### For **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.

Once a payout option is elected it cannot be changed and all other rights and benefits under the annuity end.

*\*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.*

## Optional Enhanced Liquidity Benefit (ELB) Rider

The Enhanced Liquidity Benefit (ELB) Rider includes the following features: Return of Premium, Enhanced Penalty-Free withdrawals, ADL-Based Surrender Charge Waiver, and an ADL-Based Payout Benefit. It is important to understand the costs, benefits, features and limitations of the Enhanced Liquidity Benefit Rider. Please read the following information and sign the signature pages of this disclosure to acknowledge your understanding of this Rider. This Rider can be terminated any time.

**ELB Rider Cost:** 0.60% of your Accumulation Value annually through the date the ELB Rider terminates.

### Return of Premium

At any time in the fourth contract year and thereafter, you may terminate the Contract and receive back no less than your Contract's Net Premium. Net Premium equals your initial premium, plus subsequent premiums, less net partial surrender amounts excluding premium tax, if any. For purposes of this benefit, the ELB Rider Cost will not reduce the Net Premium.

When there is a Death Benefit payable under the Contract, the Death Benefit will never be less than the Return of Premium benefit.

### Enhanced Penalty-Free Withdrawals

Beginning in the second contract year, an amount up to 20% of the beginning of year Accumulation Value penalty-free if no withdrawals (other than rider charges) were taken in the previous year.

### ADL-Based Surrender Charge Waiver

Upon ADL-Based benefit conditions and requirements being met (see information to the right), you may withdraw up to 100% of your Accumulation Value without surrender charges or market value adjustment. If You take 100.00% of the Accumulation Value, it will be considered a full surrender and all other rights and benefits of the Contract, including surrender value and Death Benefit, will terminate.

### ADL-Based Payout Benefit

Upon ADL-Based benefit conditions and requirements being met (see information to the right), and after your second contract anniversary, you may elect to receive an income over five years that is based on an increased Accumulation Value. When this option is exercised all other rights and benefits, including surrender value and Death Benefit, of the Contract will terminate on the date this benefit is elected.

### ADL-Based Benefit Conditions and Requirements

To qualify for ADL-based rider benefits that are available with the ELB Rider, the eligible Covered Person(s) must be able to perform all six Activities of Daily Living (ADL) on the rider effective date, as shown below:

1. Bathing: washing oneself by sponge bath; or in either a tub or shower, including the task of getting into or out of the tub or shower.
2. Continence: the ability to maintain control of bowel and bladder function; or, when unable to maintain control of bowel or bladder function, the ability to perform associated personal hygiene (including caring for a catheter or colostomy bag).
3. Dressing: putting on and taking off all items of clothing and any necessary braces, fasteners or artificial limbs.
4. Eating: feeding oneself by getting food into the body from a receptacle (such as a plate, cup or table) or by a feeding tube or intravenously.
5. Toileting: getting to and from the toilet, getting on and off the toilet, and performing associated personal hygiene.
6. Transferring: moving into or out of a bed, chair, or wheelchair.

The Covered Person is/are the Annuitant(s) on the Contract.

For a Covered Person to be eligible to take advantage of either the ADL-Based surrender charge waiver or ADL-Based payout benefit, a physician must verify in writing at the time of election that the Covered Person is unable to meet two of the six ADLs with an expectation the condition(s) is/are permanent. We require written verification of the Covered Person's eligibility, that is acceptable to us, signed by a physician (a licensed medical doctor (M.D.) or licensed doctor of osteopathy (D.O.) operating within the scope of his or her license). A physician does not include the Covered Person or a member of the Covered Person's immediate family. Immediate family for the purpose of this provision means a Covered Person's spouse, children, grandchildren, parents, grandparents, siblings or corresponding in-laws. We may require a second opinion and examination of the Covered Person at our expense, by a physician designated by us. In the event the Covered Person's physician and our designated physician disagree on whether the Covered Person meets the ADL benefit requirements, eligibility will be determined by a third medical opinion provided by a physician mutually acceptable to both you and us. We will pay for the expense of these additional medical opinions.

### Additional Information

The NAC VersaChoice 10 is not a registered security, does not directly participate in stock or equity investments. Applicable index returns do not include dividends. Past index performance is not intended to predict future performance. Under current law, annuities grow tax-deferred. Annuities may be subject to taxation during the income or withdrawal phase. The tax-deferred feature is not necessary for a tax qualified retirement account. If purchasing this annuity as a qualified retirement account, you should consider whether other features, such as the Death Benefit, lifetime annuity payments and riders will help meet your needs. Before purchasing this contract you should obtain competent advice regarding the tax treatment of the Contract. Neither North American, nor any agents acting on its behalf in the sale of this product, should be viewed as providing legal, tax or securities advice.

## Index Account Calculations

The following hypothetical examples are provided as a general explanation of how the Annual Point-to-Point with Index Cap Rate crediting method is calculated and how interest may be credited under three scenarios. These examples assume: initial premium of \$100,000 with no optional Enhanced Liquidity Benefit (ELB) Rider, a beginning index value of 1000 for the S&P 500®, an Annual Point to Point Index Cap Rate of 5% and no withdrawals.

### Annual Point-To-Point With Index Cap Rate (APP Cap) Crediting Method:

This crediting method measures the index growth using two points in time in the contract year; the beginning index value and the ending index value. The index return is calculated based on the difference between these two values. The index return, if positive, is then subject to an Index Cap Rate. The annual Interest Credit will never be less than zero, and will not be more than the Index Cap Rate. The interest credit is calculated as follows:

$$\text{Index Value Change} = \frac{\text{Ending Index Value} - \text{Beginning Index Value}}{\text{Beginning Index Value}}$$

$$\text{Interest Credit} = (\text{Index Return, not to exceed Index Cap Rate}) \times (\text{current Index Account Value})$$

Any interest credit is then added to the APP-Cap Index Account Value.

$$\text{Index Account Value} = (\text{current Index Account Value}) + \text{Interest Credit}$$

EXAMPLE: APP-Cap Index Account with S&P 500®	SCENARIO A: Above Average Return	SCENARIO B: Average Return	SCENARIO C: Negative Return
Index Value Change =	$\frac{1,200 - 1,000}{1,000} = 20\%^*$	$\frac{1,040 - 1,000}{1,000} = 4\%$	$\frac{900 - 1,000}{1,000} = -10\%$
Interest Credit =	$(0.05) \times \$100,000 = \$5,000$	$(0.04) \times \$100,000 = \$4,000$	$(0.0) \times \$100,000 = \$0^{**}$
Index Account Value =	$\$100,000 + \$5,000 = \$105,000$	$\$100,000 + \$4,000 = \$104,000$	$\$100,000 + \$0 = \$100,000$

\*Index Value change cannot exceed the Index Cap Rate, which is assumed to be 5% in this hypothetical example.

\*\*The Interest Credit will never be less than zero.

### Minimum Surrender Value without ELB

(Hypothetical example assumes an annuity contract issued with an initial premium of \$100,000, no partial withdrawals, with no optional ELB):

End of

Yr 1: \$88,375.00 Yr 3: \$90,151.34 Yr 5: \$91,963.38 Yr 7: \$93,811.84 Yr 9: \$95,697.46

Yr 2: \$89,258.75 Yr 4: \$91,052.85 Yr 6: \$92,883.01 Yr 8: \$94,749.96 Yr 10: \$96,654.44

### Minimum Surrender Value with ELB\*

(Hypothetical example assumes an annuity contract issued with an initial premium of \$100,000, no partial withdrawals, with optional ELB, and ELB Rider Charge is based on Scenario A):

End of

Yr. 1\*: \$87,745.00 Yr. 3\*: \$88,158.30 Yr. 5: \$100,000 Yr. 7: \$100,000 Yr. 9: \$100,000

Yr. 2\*: \$87,964.91 Yr. 4: \$100,000 Yr. 6: \$100,000 Yr. 8: \$100,000 Yr. 10: \$100,000

Because the rider charges are based upon the Accumulation Value, interest credited to the Accumulation Value increases the rider charge, which may result in a lower Surrender Value than shown above. Under certain scenarios, deductions from the Accumulation Value for ELB rider charges could exceed interest credited to the Accumulation Value and result in a loss of premium.

\* In AK, CT, DE, FL, HI, IL, IN, MA, MD, MN, MS, MO, NJ, NV, OH, OK, OR, PA, SC, TX, UT, VA, WA, Minimum Surrender Charge with ELB is \$88,375.00 in Year 1, \$89,258.75 in Year 2, and \$90,151.33 in Year 3.

## NAC VersaChoice 10 Applicant Authorization and Acknowledgement Statements:

By initialing and signing below, I certify that:

- I have read this Annuity Disclosure and have been provided a brochure that explains the Annuity Product's benefits, features and limitations.
- The features of this Annuity Product have been explained to me by the Agent.
- I understand that this Contract is not effective and 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 will receive a commission for the sale of this contract.
- I understand I should consult my tax advisor about possible tax implications related to the purchase of this contract and its features.

Owner(s)  
Initials  
REQUIRED  
in Box Above

### My initials confirm that:

- The NAC VersaChoice 10 annuity 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 surrender or any partial surrender taken that exceeds the penalty-free partial surrender amount.
- I have reviewed pages 3 and 4 of this Disclosure and affirmatively acknowledge the Surrender Charges and Market Value Adjustment Formula applicable based on the state of issue.
- I understand a surrender during the Surrender Charge Period may result in loss of premium.

**Optional Enhanced Liquidity Benefit (ELB) Rider Election (Owner(s) initials required):** This rider can only be elected at issue.

☐ **Decline**

Owner(s) Initials  
Above: REQUIRED

Check the "Decline" box and initial to authorize and acknowledge you decline the optional Enhanced Liquidity Benefit Rider.

### ELB Rider Features

### Rider Cost\*

Return of Premium; Enhanced Penalty-Free Withdrawals; ADL-Based Surrender Charge Waiver; ADL-Based Payout Benefit

0.60%

☐ **Elect**

Check the "Elect" box to authorize and acknowledge you elect the optional Enhanced Liquidity Benefit Rider.

If ELB rider is elected, owner(s) Initials below are required based on ability to perform Activities of Daily Living (ADL) as noted. (Select only ONE)

initial to **agree** that each Covered Person(s) is (are) able to perform all six ADLs as of 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. Agree that at least one Covered Person(s) is **unable** to perform all six ADLs as of the date of this form and the application was signed, and verify the following: By electing this option, I understand and acknowledge that any Covered Person(s) unable to perform all six ADLs as of the date of this form and application was signed is (are) **ineligible** for the ADL-Based Surrender Charge Waiver and/or the ADL-Based Payout Benefit and I am purchasing this rider for the other ELB Rider features.

\*Rider cost is 0.60% of the Accumulation Value annually through the date the ELB Rider terminates.

☐

Please mark an "X" in the box to the left if your agent provided you with a North American illustration for the NAC VersaChoice 10. By checking this box an illustration will also be provided along with the issued annuity contract.

**Applicant:** I am aware that an Annuity Buyer's Guide is available on the Company website. I understand that any values shown, other than the guaranteed minimum 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.

\_\_\_\_\_  
Annuitant's/Owner's Original Signature

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\_\_\_\_\_  
Joint Owner's Original Signature

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\_\_\_\_\_  
Date Signed (mm/dd/yyyy)

**Agent Acknowledgement:** 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.

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\_\_\_\_\_  
Agent's Original Signature

\_\_\_\_\_  
Date Signed (mm/dd/yyyy)



**242288**

32069Z

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

2422880

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**CLIENT COPY**



**This page left intentionally blank.**  
**Please see pages 8 and 10 for acknowledgement, election and signatures.**

**Agent Instructions: Page 8 and 10 must both be signed.**

Return page 10 to the Home Office with the Applicant's original signature.  
Retain a permanent copy in your file. Leave pages 1-8 with signatures with the Applicant.

## NAC VersaChoice 10 Applicant Authorization and Acknowledgement Statements:

By initialing and signing below, I certify that:

- I have read this Annuity Disclosure and have been provided a brochure that explains the Annuity Product's benefits, features and limitations.
- The features of this Annuity Product have been explained to me by the Agent.
- I understand that this Contract is not effective and 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 will receive a commission for the sale of this contract.
- I understand I should consult my tax advisor about possible tax implications related to the purchase of this contract and its features.

Owner(s)  
Initials  
REQUIRED  
in Box Above

**My initials confirm that:**

- **The NAC VersaChoice 10 annuity 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 surrender or any partial surrender taken that exceeds the penalty-free partial surrender amount.**
- **I have reviewed pages 3 and 4 of this Disclosure and affirmatively acknowledge the Surrender Charges and Market Value Adjustment Formula applicable based on the state of issue.**
- **I understand a surrender during the Surrender Charge Period may result in loss of premium.**

**Optional Enhanced Liquidity Benefit (ELB) Rider Election (Owner(s) initials required):** This rider can only be elected at issue.

☐ **Decline**

Owner(s) Initials  
Above: REQUIRED

Check the "Decline" box and initial to authorize and acknowledge you decline the optional Enhanced Liquidity Benefit Rider.

**ELB Rider Features**

**Rider Cost\***

Return of Premium; Enhanced Penalty-Free Withdrawals; ADL-Based Surrender Charge Waiver; ADL-Based Payout Benefit

0.60%

☐ **Elect**

Check the "Elect" box to authorize and acknowledge you elect the optional Enhanced Liquidity Benefit Rider.

If ELB rider is elected, owner(s) Initials below are required based on ability to perform Activities of Daily Living (ADL) as noted. (Select only ONE)

initial to **agree** that each Covered Person(s) is (are) able to perform all six ADLs as of 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. Agree that at least one Covered Person(s) is **unable** to perform all six ADLs as of the day this form and the application was signed, and verify the following: By electing this option, I understand and acknowledge that any Covered Person(s) unable to perform all six ADLs as of the date of this form and application was signed is (are) **ineligible** for the ADL-Based Surrender Charge Waiver and/or the ADL-Based Payout Benefit and I am purchasing this rider for the other ELB Rider features.

\*Rider cost is 0.60% of the Accumulation Value annually through the date the ELB Rider terminates.

☐

**Please mark an "X" in the box to the left if your agent provided you with a North American illustration for the NAC VersaChoice 10. By checking this box an illustration will also be provided along with the issued annuity contract.**

**Applicant:** I am aware that an Annuity Buyer's Guide is available on the Company website. I understand that any values shown, other than the guaranteed minimum 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.

\_\_\_\_\_  
Annuitant's/Owner's Original Signature

\_\_\_\_\_  
Joint Owner's Original Signature

Date Signed (mm/dd/yyyy)

**Agent Acknowledgement:** 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's Original Signature

Date Signed (mm/dd/yyyy)



**242288**

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

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## **Index disclosure supplement: S&P Multi-Asset Risk Control 5% Excess Return Index (S&P MARC 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. 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 the 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 what your credited interest will be. 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.

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

The S&P MARC 5% ER index is a multi-asset excess 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.

We reserve the right to add, remove or revise availability of the S&P MARC 5% ER index, or to substitute a different published benchmark should the Company, in its discretion, determine that the use of the S&P MARC 5% ER index no longer is commercially reasonable. The S&P MARC 5% ER index does not constitute a purchase of or direct investment in the index, or in the underlying components of the index. All references to S&P MARC 5% ER index values are used with the permission of S&P Dow Jones Indices and have been provided for informational purposes only. S&P Dow Jones Indices accepts no liability or responsibility for the accuracy of the prices or the underlying components to which the prices may be referenced.

### **Please call 1-877-858-1364 for additional details on the S&P Multi-Asset Risk Control 5% Excess Return Index.**

The S&P MARC 5% ER index value is available at the following website:

<http://us.spindices.com/indices/strategy/sp-marc-5-excess-return-index>.

### **Additional Options**

We feel it's 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. Please contact your agent or North American for additional information.

### **Index Disclosure Supplement:**

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

(Please see your Annuity Disclosure for details.)

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## **Index disclosure supplement:**

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

**S&P 500® Low Volatility Daily Risk Control 8% Index**

(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. 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 the 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 what your credited interest will be. 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.

**S&P 500® Low Volatility Daily Risk Control 5% – Ask your sales representative for availability in your state.**

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 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 S&P 500 Low Volatility Daily Risk Control 5% 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).

We reserve the right to add, remove or revise availability of the S&P 500 Low Volatility Daily Risk Control 5% index, or to substitute a different published benchmark should the Company, in its discretion, determine that the use of either index no longer is commercially reasonable. The S&P 500 Low Volatility Daily Risk Control 5% index does not constitute a purchase of or direct investment in the index, or in the underlying components of the index. All references to S&P 500 Low Volatility Daily Risk Control 5% index values are used with the permission of S&P Dow Jones Indices and have been provided for informational purposes only. S&P Dow Jones Indices accepts no liability or responsibility for the accuracy of the prices or the underlying components to which the prices may be referenced.



**S&P 500® Low Volatility Daily Risk Control 8% – Ask your sales representative for availability in your state.**

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 8% Index strives to create stable performance through managing volatility to an 8% target (i.e. risk control) on the S&P 500 Low Volatility Index. The S&P 500 Low Volatility Daily Risk Control 8% 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).

We reserve the right to add, remove or revise availability of the S&P 500 Low Volatility Daily Risk Control 8% index, or to substitute a different published benchmark should the Company, in its discretion, determine that the use of either index no longer is commercially reasonable. The S&P 500 Low Volatility Daily Risk Control 8% index does not constitute a purchase of or direct investment in the index, or in the underlying components of the index. All references to S&P 500 Low Volatility Daily Risk Control 8% index values are used with the permission of S&P Dow Jones Indices and have been provided for informational purposes only. S&P Dow Jones Indices accepts no liability or responsibility for the accuracy of the prices or the underlying components to which the prices may be referenced.

**Please call 1-877-858-1364 for additional details on the S&P 500 Low Volatility Daily Risk Control 5% Index and S&P 500 Low Volatility Daily Risk Control 8% Index.**

The S&P 500 Low Volatility Daily Risk Control 5% and S&P 500 Low Volatility Daily Risk Control 8% Index values 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 the S&P 500 Low Volatility Daily Risk Control 5% and SPLV8UT for the S&P 500 Low Volatility Daily Risk Control 8%. For complete details on the S&P 500 Low Volatility Daily Risk Control 5% Index and S&P 500 Low Volatility Daily Risk Control 8% Index, reference our product brochures.

**Additional Options**

We feel it's 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. Please contact your agent or North American for additional information.

**Index Disclosure Supplement:**

**S&P 500® Low Volatility Daily Risk Control 5% Index and 8% Index**

(Please see your Annuity Disclosure for details.)

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