



ANNUITY COMPLIANCE MANUAL

NORTH AMERICAN COMPANY



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INTRODUCTION

As a representative of North American, you must agree to abide by North American's commitment to these principles:

- To conduct business according to high standards of honesty and fairness and to render that service to your customers which, in the same circumstances, you would apply to or demand for yourself.
- To provide competent and customer-focused sales and service.
- To engage in active and fair competition.
- To provide advertising and sales materials that are clear as to purpose and honest and fair as to content.
- To provide for fair and expeditious handling of customer complaints and disputes.
- To maintain a system of supervision and review that is reasonably designed to achieve compliance with these Principles of Ethical Market Conduct.

THE NORTH AMERICAN COMMITMENT

North American is committed to fair and ethical sales practices for all its customers. We are also committed to complying with applicable laws and regulations and the Company's Policy Statement Concerning Fair Competition. We will maintain and enforce policies and procedures to reasonably assure compliance, including a system for communicating all company requirements and monitoring sales practices. Agents of North American are expected to uphold these principles and guidelines. A violation of these guidelines by an agent will result in disciplinary action, including, if appropriate, termination of the relationship with the Company.

USE OF PROFESSIONAL DESIGNATIONS

There has been increased regulatory scrutiny on the use of professional designations to imply an insurance agent has achieved special expertise in the area of financial planning or with respect to senior markets or purchasers. The focus is on designations that are awarded to any agent who pays a fee and completes a minimal amount of study – either by attendance at a short seminar or completion of a short independent study course.

As you are aware, North American has procedures regarding the use of designations on advertising and would like to remind you that we will not approve the use of any senior targeted designations or any other designation that does not represent meaningful achievement or specialized experience and knowledge. This extends to all advertising, mass mailings, business cards, letterhead, seminars and websites, etc.

Designations representing a meaningful achievement through sufficient course work, examinations and experience, which have been accredited through nationally recognized organizations will be considered for use in advertising on a case-by-case basis.

Please visit our Web site, www.nacannuity.com for up-to-date information on approved and prohibited designations and be certain to keep your sales materials and websites that you maintain current.

POLICY STATEMENT CONCERNING FAIR COMPETITION

North American will engage in active and fair competition and believes that such competition is the most effective and efficient means of providing products and services to customers. Such competition, however, must be carried out in a manner consistent with applicable laws. Federal and state laws exist to preserve a competitive economy in which free enterprise can flourish. North American supports the purposes of such statutes and laws and insists that agents act in full compliance with applicable federal and state statutes and regulations governing trade practices, antitrust and restraint of trade. North American and its agents will:

- Comply with applicable state and federal laws fostering fair competition;
- Refrain from utilizing or producing any misrepresentative or false advertising:
 - (a) regarding insurance products or the product benefits, advantages, conditions, or terms of any insurance contract;
 - (b) concerning interest, dividends or surplus to be received on any insurance contract; or
 - (c) involving the use of any name or title misrepresenting the true nature of an insurance product;
- Refrain from making, publishing, disseminating or circulating, directly or indirectly, or aiding, abetting or encouraging the making, publishing, disseminating or circulating of, any oral or written statement which is false or maliciously critical of, or derogatory to the financial condition of an insurer, for the purpose of injuring any person or insurer engaged in the business of insurance;
- Refrain from entering into any agreement to commit or by any concerted action committing any boycott, coercion or intimidation resulting in an unreasonable restraint or monopoly in the business of insurance;
- Make no agreement or understanding with competitors to fix or control prices, to allocate products, markets or territories, to boycott certain customers or suppliers, or to refrain from or limit the sale of any product; and
- Avoid replacing existing life insurance contracts and annuity contracts without meeting the requirements of applicable federal and state law, or without providing information to the customer that he or she needs in order to ascertain whether replacement of existing contracts may be in his or her best interest.

Except as set forth above, in order to meet the requirements of applicable state and federal law, North American will compete freely and actively in markets or market segments determined by its management to be appropriate and consistent with its marketing plans and goals, both financially and in the marketplace. A violation of the above guidelines by any agent will result in disciplinary action including, if appropriate, termination of the relationship with the Company.

FIXED INDEX ANNUITY MARKET CONDUCT ISSUES

A Fixed Index Annuity (FIA) is a fixed annuity with a feature that allows the credited interest rate to be related to an external benchmark (such as the S&P 500®) over which the insurance company has no control. It is critical that you, the agent, use accurate and specific terms to describe product features when selling North American fixed index annuities. If you do not, you risk giving the client the impression they are buying a registered/variable product, which North American's FIAs are not.

We strongly recommend you refer to the product brochure and disclosure statement to assist you in describing product features. These documents are worded to describe the way the product works in language that your client will likely understand. While we expect you to customize your sales presentation to fit particular clients, it is essential that you describe product features, including surrender charges, liquidity, limitations and withdrawal options, accurately and clearly. A copy of the product brochure and all other sales materials utilized in the sale must be left with the client.

The brochure and disclosure statement present the product fairly and describe how the interest rate crediting works for all of the index options your client has available. First our disclosure statement details the workings of our product, describing both the features and the contractual obligations. It then requires the client to initial either the product option chosen or next to the surrender charge depending on the product. The Annuity Suitability form asks questions to demonstrate that you have considered issues related to the appropriateness of the product for your client.

See "Annuity Suitability" on page 9 for more information. After both you and the client sign the Annuity Suitability form and the disclosure form, submit one copy to North American with the rest of the completed paperwork—leaving a copy with the client.

GENERAL ANNUITY INFORMATION

Partial Withdrawals and Taxation for Non-qualified Annuities

Annuities are subject to "Last in, first out" taxation when partial withdrawals are taken. This means that the growth (interest or index credit) within the annuity contract will come out first and will be taxable. Next the premium is taken out and is not taxable (as long as it is non-qualified). Please note: for qualified funds the entire amount, premium and interest, is taxable upon withdrawal.

Gains Taxed as Ordinary Income

The interest and index credits from annuities are taxed at ordinary income tax rates when the money is withdrawn, not long-term capital gains rates.

Annuities are not Always Tax-Deferred

An annuity can only be tax-deferred if it is held for a natural person or in a trust for the benefit of a natural person. An annuity held by a corporation, limited partnership, LLC or other business entity may not be eligible for tax deferral.

Ownership

Ownership of annuities is allowed by North American for natural persons, corporations and trusts. Annuities owned by corporations or certain types of trusts, however, may not retain their tax-deferred status. North American does not provide tax reporting or administration for such contracts, nor does it provide tax advice. Please contact a qualified tax or legal advisor to discuss these matters before recommending such a purchase.

North American does not allow a non-profit (or not for profit) company or charity to be the contract owner of a North American annuity. Non-profits are tax exempt, and thus our annuity may not be a good fit. Also, non-profit organizations often change leadership and then find our annuity no longer meets their needs. Other prohibited ownership choices include, but are not limited to, Partnerships or Custodial and Minor designations.

Dividends

Please note that the index(es) used in North American's Fixed Index annuities do not include dividends. These products are not registered securities and do not directly participate in stock or equity investments.

Premium Bonuses

Products that have premium bonuses may offer lower credited interest rates and/or lower Index Cap Rates and Participation Rates than products that don't offer a premium bonus. Over time and under certain scenarios the amount of the premium bonus may be offset by the lower interest rates and/or lower Index Cap Rates and Participation Rates.

PRIVACY NOTICE

We are committed to protecting the confidentiality and security of your client's personal non-public information. We want you to know how we collect, use and protect this important information.

Why We Need Personal Information From Clients

We need to collect personal, non-public information:

- In order to provide insurance products and services.
- To document your Suitability discussion and the determination of a Suitable sale, and
- To verify identity in order to detect and prevent money laundering and terrorism.
- To potentially contact your client for additional information to complete a survey, or other reasons related to their Contract.

Personal Information We Collect

Personal information that we may collect includes name, phone number, address, age, social security number, financial and credit history, net worth, income, liquid assets, tax bracket, health, employment, and similar matters. We will maintain physical and electronic safeguards to protect this information.

Examples of Sources We Use to Collect Personal Information

Most of the information we collect comes from your clients on the completed application. We may also obtain information from affiliated third parties which may include the Medical Information Bureau, paramedical examiners, agents, employers, other insurers, healthcare providers and consumer reporting agencies. We reserve the right to ask for additional information when warranted.

How We Use and Disclose Your Client's Personal Information

We limit the collection and use of personal information to the extent required to administer

and service your client's contract/policy. We will not share personal information outside Sammons Financial Group for any purpose other than for the underwriting or administration of contracts/policies or for marketing additional Sammons Financial Group products, unless the disclosure has been authorized by a particular client or is permitted or required by law. Personal information may be disclosed to other entities that provide business services to us related to our transactions with your clients, such as reinsurers or third-party administrators, if any. Whenever we retain other organizations to provide support services on behalf of Sammons Financial Group, we will require them to protect personal information. We may also disclose personal information if required by law, a government agency or court order.

How We Protect Personal Information

We will protect all personal information and we will restrict access to personal information by maintaining physical, electronic and procedural safeguards. We will only allow access to persons who must use the information to provide insurance products and services.

Updates To Our Privacy Policy

We will notify your clients in writing if we make any material changes in our Privacy Policy.

Above all, we value your client's trust and confidence in our ability to manage and protect their important personal information. Please direct any questions about our Privacy Practices to:

Anna Sherony
Privacy Officer
(800) 800-3656 ext. 87605
asherony@sfgmembers.com

FCC "DO NOT CALL" TELEMARKETING RULE

The Federal Communications Commission has implemented a "Do Not Call" Telemarketing Rule. As part of this rule, consumers, including contract owners, insureds and other parties may contact us (by telephone or in writing via regular letter, email or fax) and ask that their name be added to our "Do Not Call" list. In addition, agents may forward requests they have received from contract owners to us. We are required to honor these requests for a period of 10 years. We are also required to provide this information to our field force. The "Do Not Call" list is on the agent extranet site. The listing includes names and telephone numbers and will be searchable by either. Agents must review this list before making solicitation calls. We, as a company, are not required to provide our specific internal "Do Not Call" procedures to the public. However, should we receive a request, we will provide written confirmation that a specific telephone number is on the company list and provide a summary description of our procedures.

PRODUCER'S GUIDE TO ANTI-MONEY LAUNDERING COMPLIANCE

As an insurance producer, your skills and services help clients achieve financial success and security. Because you are on the front lines of a multi-billion-dollar industry, you are in a unique position not only to serve clients but also to serve the country by helping to prevent money laundering and the financing of terrorist activities.

To comply with federal anti-money laundering regulations for insurance companies, North American Company for Life and Health Insurance® ("Company"), a member of the Sammons Financial Group, has adopted a detailed anti-money laundering program. You have an important role to play in that program. As a person who deals directly with customers, you will often be in a critical position to obtain information regarding the customer; the customer's source of funds for the products you sell; and the customer's reasons for purchasing an insurance product.

In order to sell individual annuities and life insurance, the company's anti-money laundering program requires you to do the following:

1. Ensure that all the information on the application is correct and associated documents are accurate and complete. Records of this information must be retained as long as the Contract remains in force and for five years thereafter. Customers Who Resist Providing Information: If a customer resists providing information, notify the NA AML Officer.

2. Notify us if you detect any money-laundering red flags so that the Company can determine whether a suspicious activity report (SAR) must be filed with the U.S. Department of the Treasury. Red flags include, but may not be limited to, the following:

- the purchase of a product that appears to be inconsistent with a customer's needs
- the purchase or funding of a product that appears to exceed a customer's known income or liquid net worth
- any attempted unusual method of payment, particularly by cash or cash equivalents such as money orders

- payment of a large amount broken into small amounts
- little or no concern by a customer for the performance of an insurance product, but much concern about the early termination features of the product
- the reluctance by a customer to provide identifying information, or the provision of information that seems fictitious
- any other activity which you think is suspicious

The Company's AML Officer has the sole responsibility for responding to any inquiry regarding the subject matter of any suspicious activity report (SAR), per the Company's AML policy. An agent or broker must not, under any circumstances, disclose the fact that a SAR has been filed or considered, nor disclose the contents of a SAR to the subject of a SAR or to any third party. To do so would violate federal law.

Below is a list of the most recent acceptable and not acceptable forms of payment:

ACCEPTABLE	NOT ACCEPTABLE
Personal Check; Certified Check; Electronic Fund Transfer; Cashiers' Check	Agent or Agency Checks; Generic Checks; Money Orders; Third Party Checks; Traveler's Checks; Starter Checks; Cash

Acceptable forms of payment may change. Please refer to the Company's website for the most recent listing of acceptable forms of payment.

If a customer provides a form of payment that is not permitted, it should be returned immediately to the customer.

VERIFICATION OF IDENTITY FORM

To help the government fight the funding of terrorism and money laundering activities, federal law requires insurance companies to know their customers. North American agents are required to obtain certain information in order to verify a customer's identity. All individuals who are the owner, joint owner or who will be signing on behalf of a legal entity that will own the insurance or annuity contract must provide this information. The verification of identity information is included in the suitability form. For all post-issue ownership change requests, the Verification of Identity Form (11416Z) should be submitted.

3. Receive periodic anti-money laundering training.

Acceptable methods of training may include, but are not limited to, the following:

1. AML training course provided by LIMRA International, Inc.;
2. For agents who are registered representatives of a broker/dealer with which we have an effective selling agreement, the Company will accept the completion of the broker/dealer's AML training for purposes of satisfying the Company's AML training requirement;
3. For agents who are appointed with another insurance company and have completed the other insurance company's AML training program, the Company may accept a signed certification from the AML Compliance Officer that it has an AML program as mandated by the USA PATRIOT Act and that its agents have received AML training in accordance with that program; the Company may accept confirmation that this person has received AML training at the discretion of the Company's AML Compliance Committee or,
4. If the agent is not directly affiliated and supervised by a broker/dealer or insurance company, the Company may accept confirmation that this person has received AML training at the discretion of the Company's AML Compliance Committee.

The Company utilizes the course provided by LIMRA International. Please go to the following web page to access the course: <http://aml.limra.com>. Your ID will be the first four characters of your last name together with the last six digits of your Social Security Number. The password, if you are a first-time user, will be your last name. Note: Both the ID and password are entered in lower-case characters only. If you require assistance logging into LIMRA please contact LIMRA'S technical support line at 866-364-2380 and LIMRA will assist you.

Please note, you **will not** receive a paper certificate upon completion of the course. The Home Page shows what percentage of the course you have completed. If your Progress is less than 100%, you did not complete the entire course. When your Progress is 100%, you have completed the entire course. **You do not have to notify our office when you complete the AML Training Course. LIMRA will provide us with a report informing us that you have completed the course.**

The Company and its producers share an important responsibility to comply with the Company's AML program and all applicable anti-money laundering laws. A failure to do so constitutes grounds for discipline up to and including termination of the relationship with the Company. In addition, violation of anti-money laundering laws may result in criminal or civil penalties under federal law.

Contact Information:

If you have questions regarding acceptable methods of payment, the customer identification requirements or any other new business issues, please contact Marketing Support at the following numbers:

- Life Products: 800-843-3316, extension 32150
- Annuities: 866-322-7066

If you have questions regarding AML Training requirements, please contact Agency Services at the following numbers:

- Life Products: 800-800-3656, extension 10865
- Annuities: 866-322-7068

To report suspicious activity or if you have questions regarding the Company's AML Policy, please contact the North American AML Reporting Line at 1-866-384-0384 or:

- AML Officer: Jill Williams, 312-648-7648

ANNUITY SUITABILITY INFORMATION

Your Role in Suitability

You have an important job in assisting your client with determining the product(s) that is appropriate for them. State regulations and your obligations to your client require you to gather enough information to make a recommendation of a suitable product. Uncovering information about your client's financial situation means more than asking how much they earn each year and how much money is "in the bank." Make sure you also understand your client's lifestyle, recent or upcoming life events (e.g. divorce, marriage, college tuition, retirement and planned medical expenses, etc.), financial experience, taxes owed, income needs (income compared to expenses), time horizon and liquid assets outside of this annuity or other annuities already owned. This information will assist you in completing this critical task.

Suitability Forms

Our Suitability Forms are designed to capture the end result of your suitability analysis. You may require additional information when making your recommendation. No matter how good your memory is, if an issue ever arises, it will be helpful to have a detailed summary in your file as to why your recommendation was suitable at the time it was made. Keep notes on each conversation, information discussed and presented, and every item you considered during your analysis. All materials used during your review are required to be maintained as part of your customer file. You may be asked to provide this documentation to our company. State regulations require agents to retain written documentation for each customer for each recommended transaction. We require one Suitability Form for each application. If the review and analysis of your client's needs resulted in your decision to recommend two applications, it is likely that their goals and objectives were not the same for each application.

When the annuity is funded by another annuity or life insurance contract, list the surrender charge percentage and dollar amount for each contract being replaced and do not combine or net the existing surrender charges from multiple contracts. Do not "estimate" these numbers; the best source for accurate information is a recent statement or phone call to the existing carrier. It is important that your client understand the impact of surrender charges compared to the potential benefits for each replacement. Please document your client file with the current contract value and surrender charge (including Interest Adjustment, also referred to as Market Value Adjustments) for each replacement in case further review is necessary.

Net Worth and Liquid Assets

Net Worth equals the total investable assets minus liabilities

Examples include, but are not limited to:

Pension, 401(k), Mutual Funds
Checking/Savings, Bank CDs
Deferred Annuities
Rental or Investment Properties
Business Ownership
Stocks and Bonds
Limited Partnerships/REITS

Not included:

Primary Residence
Vehicles, RVs, Boats, Trailers
Jewelry, Clothes, Personal belongings.
Crops, Livestock, Equipment

Liquid Assets are those investable assets that are easily accessible and free of surrender charges or fees.

Examples include:

Checking/Savings, Bank CDs
Mutual Funds, Money Market Accounts
Pension/401k (over age 59½)

Annuities out of the Surrender Period
Stocks
Bonds

In situations where a client is not willing to fully discuss his/her financial information, North American will decline the application. North American requires that all Application and Suitability forms are completed in their entirety and reserves the right to accept or decline any application.

PROVIDE COMPETENT, CUSTOMER-FOCUSED APPROPRIATE SALES

Competent, customer-focused appropriate sales are based on an analysis of the customer's need and financial objectives. You should carefully consider each customer's circumstance and future expectations when making product recommendations. North American encourages the use of fact finders and other needs analysis tools to assist you in determining your customer's needs and objectives. Such a tool is made available to agents via our website. You should also review all of the proposed contract features with the customer including values and benefits, premium structure, expenses, surrender charge period and existing coverage.

Products change quickly in today's marketplace. Make sure you understand the benefits and features of the products you are recommending. Make clear and competent presentations to be sure your customer understands how the product you are recommending works and how it will address his or her needs and financial objectives. Please refer to North American's Product Guide (8109Z) for detailed information regarding North American's fixed annuity portfolio. All of our product brochures provide specific and current information relating to the features and benefits offered by each individual product.

Insurance product recommendations should be made only upon having reasonable information to determine that such recommendations are appropriate to meet the client's needs.

FINANCIAL PLANNING

Terms such as "financial planner", "investment advisor" and "financial consultant" may not be used to imply that an agent is involved in an advisory business in which compensation is fee-based. Some states require special licensing as an investment advisor for those providing financial planning services. A majority of states require such licensing if a separate fee is charged for such services. Be certain that the client understands that you are acting as a life/annuity insurance agent.

Certain state insurance solicitation regulations require that you inform the prospective purchaser, prior to the sales presentation, that you are an insurance agent and identify your full name. You are responsible for knowing your state's regulatory requirements.

You should encourage your clients to consult with other professionals on matters that you are not qualified and/or licensed to discuss (e.g. those pertaining to legal or tax issues). **Please note that neither North American, nor any agents acting on its behalf, should be viewed as providing legal, tax or investment advice.** Therefore, you must remind your clients to consult with and rely on a qualified advisor. Additionally, North American will not be responsible for any tax consequences that may arise or result from any transaction.

POINTS TO CONSIDER WITH SENIOR CLIENTS

There are some important things to consider when dealing with senior clients. Although it is not a comprehensive list, the following does illustrate some points to consider when dealing with senior clients.

Senior Protection Laws

Senior Protection legislation has been adopted in many states. Along with Suitability, Replacement and consumer protection laws, this legislation generally provides broad protection to seniors. North American agents are expected to be familiar with the applicable laws of the states in which you conduct business and comply with them.

Evaluating The Buyer— Mental or Cognitive Impairment

Although agents cannot be expected to "diagnose" mental or cognitive impairment, agents who work with senior clients should always be alert to issues regarding the competency of the client. It is unethical to sell insurance products to a person who appears to suffer from mental impairments and cannot understand the

features of those products. It is also against the law in many, if not all, states. Various indicators can be used in determining whether the prospective insured may lack the short-term memory or judgment to knowingly purchase an insurance product. This can include, but is not limited to, the following indicators:

- Another family member seems to be making all the decisions for the client;
- The person is unable to remember facts or locate information;
- The person forgets appointments or to return phone calls; and
- The person has been diagnosed with a form of dementia.

While an agent is not expected to be able to assess the cognitive function of a senior, many states expect agents to understand that any person of unsound mind is legally restricted from entering into an insurance contract. If it is determined that a contract is purchased by a person who is not competent to make such a decision, North American reserves the right to rescind the Contract and chargeback any commissions paid.

Need to Err on Side of Being Conservative

Many seniors are conservative by nature in investment strategy. Whenever you have a doubt, it is always best to rely on more conservative strategies and recommendations.

"Buyer's Remorse"

Many people, including seniors, go through this phenomenon after making a major financial decision. Again, proper documentation, a conservative strategy and making sure that the client fully understands what they have purchased will help address this issue.

Some Clients May Be Less Sophisticated Than They Appear

Some seniors may give the impression of being "market-savvy" because they might have owned stocks/bonds or mutual funds in the past but realistically have limited market knowledge. Agents must not assume that seniors understand annuity concepts without proper instruction.

Seniors Often Work Closely With Other Advisors

Most seniors have other advisors, such as a CPA, a tax advisor, an attorney or even family members. These advisors may have different recommendations for the senior client. It may be beneficial to include these advisors or other family members in your discussions.

These above are just a few points to consider when dealing with the senior market.

ADDITIONAL POINTS TO CONSIDER

Full Fact Finding and Documentation is Very Important

Thorough assessment of the client's needs and objectives is an essential part of any recommendation. In addition, documentation of that assessment and presentation is key to proper compliance in any market but is especially important with senior client sales. Suitability is extremely important and is often scrutinized in this market.

Reverse Mortgage, Mortgage, Refinancing and Financed Purchases

Encouraging or directing a client with substantial equity in a home to take out a reverse mortgage or obtain home equity funds and use the money to buy a fixed or variable annuity is not acceptable to North American. A reverse mortgage is an interest-bearing loan secured by the equity in a home. Borrowing from other assets of any kind is also not acceptable. Engaging in such sales tactics will subject you to termination of your North American contract and potential state sanctions.

Beneficiaries Sometimes Have Different Objectives Than the Contract Owner

A client's beneficiary may have a different financial objective and opinion than the client did at the time of purchase. Again, documentation is the key to keeping a record of the client's objectives and intentions at the time of the annuity purchase.

Borrowing Money from your Clients

Agents are generally not permitted to borrow from or lend money to their own customers. This restriction does not apply to an immediate family member (defined as parents, grandparents, in-laws, spouse, siblings, children, grandchildren, cousins, aunts, uncles, nieces or nephews).

Index Accounts Allocations

North American fixed index annuities offer many choices for your clients. In most cases, your clients can choose how their premium is allocated among crediting methods, as well as selecting from a variety of index account options plus the additional choice of a fixed account.

The index account options are used as a measuring tool for a potential interest credit to their fixed annuity. Fixed index annuities are fixed annuities, not securities investments and, therefore, do not participate directly in indices.

If an index option is chosen by your client it is important that investment/allocation advice is not being given by the agent.

ADDITIONAL POINTS TO CONSIDER (CONT)

Use of Illustrations

It is the policy of North American that sales illustrations, proposals, projections, and/or software not be utilized during the application, sale, purchase, or any other aspect of marketing our fixed index annuity products. This includes, but is not limited to, sales illustrations, proposals, projections, and/or software that provide past index performance as a predictor of future index performance.

Use of Client's Statements in the Sales Process

It is the policy of North American that our agents not utilize copies of North American annual statements during the application, sale, purchase, or any other aspect of marketing our annuity products regardless of whether contract owner information is visible or not. North American values the integrity of our customer relationships and works to ensure that the personal and financial information of our customers is protected. Additionally, the past performance of a particular client's fixed index annuity contract is not intended to predict future performance of similar products. Based upon these concerns and concerns indicated to us by various regulatory agencies, North American does not approve of this practice.

Seminar Selling/Lead Generating Material

Seminar selling, free lunch or dinner offers, and the use of lead generating material are under increased scrutiny by regulators. These activities are not prohibited, but all such promotions must disclose that a licensed insurance agent is involved and that insurance and annuity products may be discussed or offered for sale, then or at a later time. You may not use materials that contain exaggerated or misleading claims, or that are intended to pressure the consumer into making an immediate decision, by reference to the continued availability of certain product features. Any reference in any material that suggests the involvement of any regulatory or governmental agency, or any organization that focuses on seniors, such as AARP, is also prohibited.

Specific requirements about seminar sales and required disclosures are set out in the Corporate Guidelines for Seminar Selling. Additional instructions regarding Medicaid planning, or Medicaid friendly products, wills and trusts appear on the next page.

Power of Attorney

The Verification of Identity information provided on the Suitability Form or Verification of Identity Form (11416Z) must be completed with the contract owner information, not that of the Power of Attorney. The mailing address must remain the contract owner address and not changed to the address of the Power of Attorney.

Non Resident Sales

Certain states have specific regulations regarding sales of annuity products to customers outside their resident state (non-resident sale).

For non-resident sales, where the product is available in both the resident state and the non-resident state, no additional action is needed from the agent or client. When a product is not available for sale in the resident state, a resident is only allowed to purchase the product in another state if they provide a valid reason to be in the non-resident state, other than solely to purchase the annuity. Examples of valid reasons can include: a second home, visiting family or employment.

In these circumstances, we require the agent and client to provide, in writing, the valid reason for the non-resident sale. As a general rule, we do not allow the sale to take place outside both the agent and owner resident state if the product being purchased is not available in the owner's resident state. To help with this information gathering, we created a Non-Resident Verification Form (12554Z). It is important to note the entire sales process must occur in the application state, including but not limited to the sales discussions, application signing and contract delivery. Contracts cannot be mailed to the client's resident state.

Should you have questions as to whether the product you are offering is available in the client's resident state, please see our State Approval Chart (6746Z). There may be state specific variations to products that limit the sale state to the client's resident state only.

The states below have unique rules about non-resident sales:

Alabama, Massachusetts, Minnesota, Oregon, Utah and Washington

If a product is not available for sale in these six states, a resident of these states is not permitted to purchase that product in another state.

New York

We are not licensed to sell products in the state of New York. A resident of New York may only purchase a product in a different state should they be able to provide proof of residence or employment in the other state. Some examples of proof include: Utility bill, Bank Account (local checks), Lease Agreement, Mortgage statement, Valid driver's license or state-issued ID. A Non-Resident Disclosure form must be completed and signed in all cases involving sales to a New York Resident.

NOTE: We will not accept a sale if an application is received for a New York resident AND the application is taken in one of the following border states, New Jersey or Connecticut, regardless of employment or residence in these states.

WILLS, TRUSTS & MEDICAID PLANNING

Use caution when using or offering living trusts as a financial planning tool. While we believe that in the appropriate circumstances, a living trust can be a valuable planning mechanism, mass distribution of this concept is not appropriate.

Trust related annuity sales have been the focus of private and government litigation against marketers of living trusts, insurance companies and agents. These activities have also generated national media attention. This litigation focuses on so-called “Trust Mills” that allegedly market living trusts on a mass basis as a “door opener” for the sale of annuities. North American has consistently held the position that the inappropriate use of trusts in conjunction with the sale of an annuity cannot and will not be tolerated. In an effort to further strengthen its position, North American has adopted the following procedures in order to help ensure that neither the Company nor you are participating in or associated with any such practices.

- North American will accept business involving the use of a trust as an owner or beneficiary, regardless of the effective date of the trust. However, any business that involves the use of a trust as either the owner or beneficiary will be continuously monitored. If your business involves the use of trusts, you may be asked to provide information regarding your business practices to North American. It is important that your clients understand that the purchase of the annuity contract is in no way required in conjunction with the establishment of a trust and that the fees, costs and/or expenses associated with the establishment of a trust are independent of any premium paid for the purchase of the annuity contract.
- North American will require a current executed copy of its Certification of Trust Agreement Form (10112Z), signed by the authorized trustee(s), to be on file whenever a contract will involve a trust as either an owner or beneficiary.

As a result of the Certification of Trust Agreement form, North American does not automatically require a copy of trust documents. However, North American reserves the right to require additional documentation for annuity applications/contracts involving trusts and may, if circumstances warrant, deny an application or allow rescission of a contract if it determines that a trust used in conjunction with an application/contract is inconsistent with its procedures.

North American does not provide tax or legal advice.

We strongly encourage clients to consult with and rely on their own tax and/or legal advisor prior to establishing a living trust or purchasing any North American product in connection with a living trust. If a living trust is established as the owner of a North American contract, we require that the grantor of that living trust be the named annuitant for the Contract. In such situations, the provisions of the Contract being purchased should be discussed with the trustee in detail so that the trustee can ensure that those provisions are consistent with the terms and objective(s) of the living trust.

When a trust is named as owner of an annuity, it is imperative that the trustee(s) has obtained an independent determination that the Contract(s) are suitable for the trust’s purpose, that the Contract(s) conforms to the income distribution requirements of the trust and that the trustee(s) has considered any tax consequences of the purchase and administration of the Contract(s).

Our agents should neither serve in any other capacity that may be construed as creating a conflict of interest (e.g. Attorney in Fact), nor should they serve in the capacity of trustee (or successor trustee) of a trust that is established as the owner of, or other party to, a North American Contract. Additionally, agents may not use their family members, business associates or any other party to accomplish what they themselves are otherwise prohibited from doing in this regard.

Annuities offered by North American are not designed for use in “Medicaid-friendly” or other state or federal programs and should not be represented as such. Our agents should not represent our annuity contracts as being a tool for protecting or “sheltering” a client’s assets with regard to any aspect of Medicaid or any other state or federal program. Our agents also must not induce, or attempt to induce, a sale by representing our annuity contracts as financial vehicles that allow an individual to protect accumulated assets while at the same time qualifying for Medicaid benefits to cover the cost of long-term care in a nursing home or similar facility.

ADVERTISING GUIDELINES

The Advertising Compliance Team offers streamlined procedures for submitting your advertising for review and approval. Take advantage of this by emailing your advertisement to the appropriate contact noted below. Following the submission guidelines in our advertising guidelines brochure will expedite the review and approval process.

Advertising includes all agent education, promotion, sales approaches, training seminars, or presentations that are designed to reach the public. Materials used to promote North American's fixed life insurance or annuity products or to secure appointments that may result in the sale of our fixed life insurance or annuity products must be pre-approved by North American's Advertising Compliance Team.

For easy reference, please refer to the information found below to assist you in complying with state regulations and market conduct standards. For additional questions, please use the following contacts:

FIXED ANNUITIES	Brenda Phillips – 866-322-7065 ext. 35944 FAX: 800-225-1682 • apc@nacolah.com
FIXED LIFE	Laurie Gruba – 800-800-3656 ext. 27869 FAX: 605-373-8632 • pffiling@stgmembers.com

Advertising would include any material, written or electronic, that is designed for distribution to the general public, agents or prospective agents, including but not limited to:

- print, radio, TV and any form of media advertising (newspaper, magazine, TV, radio, etc.).
- product brochures, circulars, pamphlets and published articles.
- sales presentations, prepared sales talks, seminar/symposium presentations and handouts, telemarketing scripts and materials.
- newsletters, research reports and performance reports or summaries.
- prospecting, target market and form letters.
- business cards and letterhead.
- invitations.
- agent recruiting material and training material.
- sales illustrations.
- third party software.
- materials used to recruit other agents.
- phone book and yellow-page listings.
- internet and internet websites, home pages and any form of e-commerce.

If you are uncertain whether or not something falls within the definition of "advertising," please contact the Advertising Compliance Team for guidance.

Without exception, all consumer advertising mentioning North American or referencing any of our products and services must be approved by the Advertising Compliance Team prior to use.

This includes products referenced by name, description, rates or features. This also includes generic ads that do not specifically reference North American or our products by name, feature, or

description, if they are being used to solicit sales, or secure appointments with clients in order to solicit sales of any North American product. Advertisements or mailers that invite consumers to attend a seminar must be submitted to the Advertising Compliance Team for review, along with the content, presentation materials (PowerPoint files, slides, overheads, etc), and any handouts that will be distributed to consumers prior to offering these seminars to the public, if the ultimate goal is to promote North American or secure appointments in order to solicit sales of North American products.

The Advertising Compliance Team will make every effort to provide you with initial comments within five business days of receipt of your advertising material for review. However, depending on the complexity of the material, additional review time may be required. To help ensure your materials are reviewed expeditiously, guidelines have been developed and distributed which should be taken into consideration. These guidelines contain information on a variety of advertising issues as well as special guidelines pertaining to internet advertising. A copy of the "Ad Guidelines" may be obtained at www.nacannuity.com.

Periodically new issues arise pertaining to advertising. At those times special bulletins are released to the field to advise them of changes and possible necessary revisions to advertising pieces.

There are certain professional designations that North American will not allow you to promote on advertisements. When submitting an advertisement you may be asked to remove certain professional designations.

Social Media Ads

Social Media is the collection of tools and online spaces available to help individuals and businesses accelerate their information and communication needs with other individuals. Examples of Social media sites include but are not limited to: Facebook, Twitter, Myspace and LinkedIn. It is very important to remember, that the use of a Social Media site to solicit or induce a person to purchase or inquire about an annuity product, would be considered solicitation and must follow our normal advertising pre-approval process.

Use of Faith/Religion in Advertising

Given the diversity of our agents and our policy owners, we need to be sensitive in the messages we use in advertising. Please refrain from using faith, religion or religious conviction in advertising, sales literature, seminars, policy owner correspondence or any other materials used to promote our company and/or the sale of our products. Submitted materials with such themes will not be approved through our normal advertising approval process.

RECORD RETENTION

It is important to maintain, and make available upon request to North American or the insurance department/division of your state, a record of client information collected, whether or not the client elected to purchase an annuity. Certain documents should always be maintained. These include:

- Original sales proposals;
- A copy of any needs analysis completed during the solicitation.
- A copy of any sales material and advertisements used during the sales process;
- Any written correspondence to or from the contract owner regarding the solicitation, issuance of the Contract, or subsequent service of the Contract;
- Documentation of phone calls to or from the contract owner addressing the above issues;
- Notes from meetings with the contract owner and;
- A copy of the contract owner's signed delivery receipt.

State regulations vary regarding the length of time that client files are to be maintained. However, a general rule of thumb is to maintain all active client files indefinitely and all inactive files for seven years.

COMPLAINT HANDLING

If North American receives a complaint regarding an annuity contract written by you, you may be contacted for your written response. Your written response is required and must address all concerns stated in the complaint and should include copies of any documentation referenced in your response.

It is important to North American and required by state insurance departments to resolve consumer complaints in a timely manner. Therefore, your timely response is necessary. In an effort to keep the investigative process objective, Compliance staff are not permitted to assist in formulating an agent's substantive response. We respectfully ask that you submit your response prior to contacting the Company.

In addition, to ensure that we obtain the most complete and accurate information possible in reviewing a complaint, North American will conduct a new background check on the agents named in a complaint and may require a signed authorization from you to conduct the background check. Please understand this background check is necessary to ensure that all information is gathered when North American reviews the complaint.

When you receive a complaint directly, North American requires that you immediately forward it to:

**North American Annuity Service Center
Consumer Affairs
4350 Westown Parkway
West Des Moines, Iowa, 50266**

It is inappropriate and unacceptable for any North American agent to initiate any discussion of a settlement of any complaint or related matter. While your input may be solicited, North American retains the absolute and unilateral right to settle and resolve all complaints and related matters in its sole discretion, raised or asserted by any person or organization, concerning the actions or omissions of its agents. North American also retains absolute and sole discretion to charge back commissions pursuant to the terms of the agent contract.

North American is committed to fair and ethical treatment of all clients and agents. Accordingly, all consumer complaints are taken seriously and thoroughly investigated. Questions relating to complaints should be directed to the Annuity Service Center Compliance Consumer Affairs at: annuityconsumeraffairs@sfgmembers.com

APPLICATION GUIDELINES

The application provides valuable information about the client; therefore it should be filled out completely and accurately. If the answers on the application are incorrect, incomplete, or untrue, North American has the right to deny an application or rescind a contract.

Premium payments, other than the first, are to be remitted directly to the Company by the contract owner. Our corporate guidelines do not support submission of agency checks or personal checks from agents for a premium payment on a contract that insures someone other than a direct family member of the agent. These guidelines are enforced to guard against commingling of funds and potential complaint/legal situations.

If a mistake is made on the application, do not use correction material to change it. Place a line through the mistake and have the applicant initial above the strike out.

You should ensure that your clients understand that, by signing the application, they are attesting that the information provided therein is accurate and complete. You must never ask your clients to sign a blank or incomplete application or other document. Doing so may result in disciplinary action up to and including termination of your agent/agency contract. North American may also be required to report such conduct to insurance regulators.

Although the following list is not exhaustive, current company practice does not allow an agent/registered representative to be named as, or to act as, the following:

- a beneficiary or contingent beneficiary;
- a trustee, co-trustee or successor trustee for a contract owner's trust; or
- an attorney-in-fact or successor attorney-in-fact for a contract owner.
- estate executor/executrix

The exception to this exists when the agent is "immediate family" of a contract owner, defined as spouse, child, step-child, mother, father, grandparent, brother or sister. It is equally unacceptable to use an agency or agent's home address or telephone number as the owner's address or phone number of record if the contract owner does not reside at the address. The client should list his or her primary residence (where property taxes are paid) as the address. Additionally, agents may not use their family members, business associates or any other party to accomplish what they themselves are otherwise prohibited from doing in this regard. An agent must scrupulously avoid real or apparent conflicts of interest involving clients to whom North American products are sold.

The application is to be submitted to North American exactly as completed at the point of sale.

The applicant and agent must initial modifications to the application or other sales materials prior to signing them. Any modification made to the application, replacement form, authorization to transfer funds form, checks, or other material at or after the point of sale without the knowledge and approval of the applicant may be illegal, and could result in civil or criminal liability. Further, you must not sign or initial any document on a client's behalf, even if the client has authorized you to provide his or her signature or initials.

Additionally, you may never call the Company acting as the customer, even if the customer has given you permission to do so. Agents identified as impersonating a customer will be referred to the Compliance Department for appointment review and are subject to possible termination and we may refer the agent to the appropriate regulatory agencies. Customers may also be contacted in these situations.

Your signature on the application is your personal assurance that the information supplied therein is, to the best of your knowledge, given voluntarily by an eligible applicant in a complete and accurate manner. North American, as well as the regulations of many states, requires that the agent signing an application be the same agent that meets with the customer, explains the product to the customer and delivers the Contract to the customer. Only the licensed agent who solicited the business at the time of sale may sign the application and must meet with the customer. The signing of an application by a non-soliciting agent is prohibited.

You should only sign the application if you solicited the sale. If another agent assisted in the sale, he or she should also sign the application—even if they are not taking any commission. This makes it clear to everyone involved in the sale the role of the parties and who the agent is. **By signing the application and other sales documentation, you are taking responsibility for the sale and the information provided.** Failure to comply with these requirements may result in rejection of new business, the termination of your appointment with North American and any affiliated companies, commission chargeback, and/or a referral to an applicable regulatory agency.

Signatures must be original by the agent and customer on all documents. All signatures must be "wet", in other words, no signature stamps are permitted. Usage of a signature stamp prevents affirmatively proving that the person was fully aware of and involved in the financial transaction.

APPLICATION GUIDELINES (CONT)

For transactions that involve the transfer of funds, agents are not permitted to sign the Letter of Acceptance on behalf of North American.

Please be aware of individual state guidelines for selling outside of the client resident state.

Finally, remember that it is your responsibility to protect the privacy and confidentiality of the information obtained during the application process. Personal information intended to be transmitted to North American should be maintained in the utmost confidence.

Customer Loans

The acceptance of a loan from a customer constitutes an unacceptable conflict of interest that the agent must avoid. North American, and the laws of many states, prohibit an agent from receiving loans from their customers unless the customer is the agent's "immediate family" member, defined as a spouse, child, step-child, mother, father, grandparent, brother or sister.

REPLACEMENTS

As with any transaction, you have a responsibility to ensure that your client has all of the necessary facts in order to determine whether the replacement will be in his or her best financial interest.

Although our list is not exhaustive, some factors to consider in order to help determine whether a replacement may be in your client's best interest include:

- Whether the benefit amount can be increased for the same or similar premium;
- Whether the premium payment period is shorter for the same or similar premium;
- Surrender charge length and/or percent
- Liquidity provisions; and
- Whether the client can purchase or obtain a greater benefit for the same premium.

Comparisons between a client's existing product and a proposed product must accurately and fairly describe the products' provisions and values. You should discuss the advantages and disadvantages of any potential replacement with your client. Along with any other relevant issues, you must remember to address:

- Any required evidence of insurability;
- Minimum guarantees;
- Any contestability and/or suicide provisions of the existing and proposed contracts;
- Any applicable loan provisions and loan interest rates of both contracts;
- Any surrender charges, expenses and/or fees associated with both contracts;
- The premium requirements of the proposed contract;

- The present and future (if permissible) values of both contracts;
- The current interest rates and any mortality charges of both contracts; and
- The potential tax treatment of the replacement, such as whether the replacement may qualify as a Section 1035 Exchange.
- Rider Value on existing contract may not be available on proposed contract

Various states have specific requirements in determining whether or not a replacement is appropriate. Please be sure to keep current with your state's replacement legislation when making recommendations to your clients.

As insurance products may only be sold by licensed insurance agents, securities products (VAs, VULs, Stocks, etc.) may only be sold by Registered Representatives (Series 6 or 7) or Registered Investment Advisors (Series 65 or 66). North American and its agents, representatives, or employees should not recommend the liquidation of securities, otherwise provide any investment advice, or make any representations regarding losses or gains in respect to an owner's portfolio. The owner should make an independent judgment to purchase the product offered by the agent of North American and should discuss the liquidation of securities with a properly registered investment advisor.

The definition of "replacement" goes beyond the surrender of one contract and subsequent purchase of another contract. As an agent, you should be aware of all of the transactions that are considered to be replacements. For example, a replacement may occur when a contract has been or is to be:

- Lapsed, forfeited, surrendered, or otherwise terminated;
- Reduced in value through a loan, withdrawal or partial surrender;
- Reissued with a reduction in cash value;
- Pledged as collateral or subjected to borrowing where the aggregate loan exceeds a state-specified percentage of the loan value of the existing contract; or
- Amended by reducing or eliminating ancillary benefits, such as waiver-of-premium or accidental-death benefits.
- If writing business in a state that follows the NAIC Model requirements, a replacement notice will be required whether the sale is a replacement or not.
- Reduced in value through a withdrawal or policy surrender with funds sent to the client. Using any portion of these funds to establish a new annuity contract or fund a subsequent premium on an existing policy.

REPLACEMENTS (CONT)

What constitutes a replacement transaction is defined quite broadly. A partial or full surrender from an existing annuity and subsequently placing those funds in a money market account or checking account, and then using those same funds to purchase another annuity may be considered a replacement transaction under state law and should follow our replacement procedures. The mere fact that the funds came from a cash source, such as a checking account, does not alone define the transaction as a non-replacement. If in fact the original source for the funds was another annuity, then the transaction may need to be classified as a replacement and our replacement procedures need to be followed. This is true even if the client placed the funds in a money market or checking account prior to purchasing another annuity Contract. **Please note, intentionally circumventing North American's replacement procedures will result in termination of your agent contract.**

A Replacement can be Internal or External

An internal replacement occurs when an existing contract is exchanged for a new contract with the same insurer or affiliated insurers. An external replacement occurs when a contract is replaced by one of another insurer. Penalty-free or partial withdrawals from an annuity or life insurance contract are still considered replacement. It is the producer's responsibility to always ensure that the appropriate replacement forms are completed and submitted for both internal and external replacements.* Some internal replacement transactions may not be commissionable or permissible and may be subject to additional paperwork.

*Please be aware that North American requires a replacement form for all partial or full replacement transactions regardless of state regulations.

Monitoring of Replacement Activity

North American recognizes that replacement activity varies by product type. Regardless, North American monitors replacement activity on an ongoing basis. Should the replacement activity for an agent or agency present a concern, the Company will investigate the matter further and discuss the issue with the agent and/or agency.

Replacing North American business is prohibited by our agent contract. Violating this provision is grounds for termination of your Contract as well as forfeiting the right to service North American contract owners.

Churning/Twisting is Prohibited

Churning is the practice where values in an existing policy or contract are used to purchase another product solely for the purpose of earning additional commissions or other compensation. Twisting is the use of misrepresentation of information to entice the transfer of one policy or contract for another.

OTHER INSTRUCTIONS AND INFORMATION

Contract Delivery/Delivery Receipts

An issued contract should be delivered to the owner within 15 days from the date on which North American mails it to you. Contracts should never be maintained in your files. As required by the Home Office and/or applicable law, you are responsible for obtaining a completed delivery receipt from the client and returning it to the Home Office. Our expectation is that you personally deliver the Contract to your client, along with all the loose documents provided in the policy delivery package. Please provide adequate time during the delivery meeting to review the Contract provisions again. Additionally, you should be aware of all outstanding delivery requirements and assist your clients in completing the necessary documents.

We enclose a delivery receipt (6777Z) with every new issue and require our agents to have it signed when presenting the Contract to their clients. A signed receipt is very beneficial in defining the start of the free look period. In all states, we are requiring that the delivery receipt be signed and that a signed copy be forwarded to the home office for filing.

Free Look

If your client is not satisfied with their annuity, they may return it to the home office during the Free Look Period (Right to Examine). North American does not allow pre-issue withdrawals. Requests for funds prior to issue must be handled with the transferring company.

State Specific Rules and Regulations

Each state has various rules and regulations concerning the sale of insurance products. It is your responsibility to know and follow your state's rules and regulations. If you have any questions about the rules and regulations in your state you are strongly encouraged to discuss them with your legal advisor.

Licensing and Contracting

North American follows all state licensing regulations regarding agent licensing and appointments. Your appointment to sell insurance with North American requires that you abide by all of the laws, rules, and regulations of any state in which you are licensed to conduct business. Furthermore, it is your obligation to ensure that you keep up to date regarding all changes to any laws, rules and regulations governing your activities as an agent. You must also comply with all Company policies and procedures.

You may contact our Agency Services Department at 866-322-7068. Please note that some states prohibit taking applications prior to product training or appointment with the state.

OTHER INSTRUCTIONS AND INFORMATION (CONT)

Rebating

North American does not allow an agent to rebate commissions received, regardless of applicable state law.

Errors and Omissions Coverage

North American requires all of its agents to maintain Errors and Omissions insurance coverage of at least \$1M aggregate and \$1M per claim. You must provide proof of Errors and Omissions coverage on an annual basis.

In the event that a claim is presented against you, your Errors and Omissions carrier should be notified within 24 hours of your receipt of the information. You are responsible for making this notification.

Agent Education

North American believes that continuing education about products, industry, and regulatory issues is critical to being able to provide competent, customer-focused appropriate sales and service. A variety of resources are available for obtaining this information, including the Company, professional trade groups, and independent third party vendors. Specific information regarding the resources that are available can be obtained by calling the Marketing Support Department at 866-322-7066.

You are responsible for ensuring that you meet all continuing education requirements associated with your insurance and other licenses.

Agent Certification and Recertification

In June 2003, North American's Annuity Service Center introduced an informative Agent Annuity Certification that all agents are required to complete in order to sell North American annuity business. The Annuity Certification helped North American's agents become one of the best-trained field forces in the industry.

In an effort to maintain on-going training in an ever-changing industry, North American implemented Agent Annuity Recertification every two years.

California agents are required to complete an annual training requirement. This recertification includes information on current industry topics and new products and riders.

Training-Suitability Regulation

The NAIC Suitability in Annuity Transactions Model requires two types of training: product specific training provided by the carrier with which agents hold appointments; and a one-time, four credit hour general fixed annuity training course. This regulation has been adopted by numerous states and is anticipated to be adopted more widely.

For the product-specific training, our recertification training, combined with the full certification done at time of licensing, satisfies the requirement of the model. We also offer continual training opportunities that will be required when we introduce new products and features.

For the one-time four credit hour training, agents may access our Success CE website, www.na.successce.com, to take the required course. Upon successful completion, agents will be able to continue to offer our competitive products and features.

QUESTIONS AND CONCERNS

For questions or concerns regarding ethical sales practices, compliance with laws and regulations please contact:

Brent Mardis

**Vice President, Chief Compliance Officer
and Chief Risk Officer**

515-273-5692

bmardis@sfgmembers.com

For questions or concerns regarding Anti-Money Laundering and OFAC issues, please contact

Jill Williams

AML Officer

312-648-7648

jwilliams@sfgmembers.com

For assistance from the Marketing Support Department, please contact:

866-322-7066

COMPANY FINANCIAL STRENGTH

All North American tax-deferred annuities are backed by the financial strength of the Company's investment portfolio, which emphasizes high-quality bonds that provide safety, liquidity and competitive interest rates. In states where these products are approved, North American maintains reserves equal to those required by state regulation.

A.M. Best	A+ (Superior) [*] °	2nd highest out of 15 categories	A.M. Best is a large third-party independent reporting and rating company that rates an insurance company on the basis of the company's financial strength, operating performance, and ability to meet its obligations to contract holders.
Standard & Poor's Corporation	A+ (Strong) [°] §	5th highest out of 22 categories	Standard & Poor's Corporation is an independent third-party rating firm that rates on the basis of financial strength.

* A.M. Best rating affirmed on May 24, 2012. For the latest rating, access www.ambest.com.

° Awarded to North American as part of Sammons Financial Group, which consists of Midland National Life Insurance Company and North American Company for Life and Health Insurance®.

§ Standard and Poor's rating assigned February 26, 2009 and affirmed on April 23, 2012.

Ratings shown reflect the opinions of the rating agencies and are not implied warranties of the company's ability to meet its financial obligations. Ratings are current as of the date of this brochure.

www.nacannuity.com

NORTH AMERICAN COMPANY FOR LIFE AND HEALTH INSURANCE®

Annuity Service Center
4350 Westown Parkway
West Des Moines, IA 50266

NOT FDIC INSURED.
NO BANK GUARANTEE.