



Custom GrowthCV[®]

Universal Life Insurance for Financial Protection
and Cash Accumulation

Marketing Guide



Marketing Custom GrowthCV

Helping your clients grow and protect their assets will enable them to prepare for their future financial plans. To make it all work, your clients may need a life insurance product that not only provides comprehensive death benefit protection, but can also deliver good long-term cash value accumulation. Welcome to Custom GrowthCV.

Custom GrowthCV is a universal life insurance product designed to help your clients build cash value. It also makes it easy to access the cash value with its liquidity features, like net zero-cost loans available on the full loan value which is equal to the net surrender value. It balances the protection your clients seek along with the performance to help meet their financial goals. Custom GrowthCV accomplishes this by offering several key benefits:

- Waiver of Surrender Charge Option with table-shaving benefit
- Conditionally guaranteed premium bonus
- Conditionally guaranteed interest bonus
- Guaranteed 3% interest rate
- Age last birthday

Custom GrowthCV is great for individuals and businesses for a variety of uses:

Individuals

- Retirement planning
- Smart Money
- 1035 exchanges
- Annuity maximization
- Juveniles

Businesses

- Buy-sell agreements
- Key person insurance
- Executive bonus plans

Additional benefits include:

- Net zero-cost loans available on the full loan value in years 6+
- No premium payments or monthly deductions on the base policy after age 100 (rider charges may apply)
- Automatic Distribution Option: Policyowners can request monthly, quarterly, semi-annual, or annual distribution of account value

COMPETITIVE COMPENSATION

Custom GrowthCV offers you a two-year rolling target. North American will pay full first year commission on premium paid during the first 24 policy months.

Custom GrowthCV can help provide your clients with significant cash value growth through its premium bonus and interest bonus features.

PREMIUM BONUS

A conditionally guaranteed premium bonus will be added to the account value for policies that persist beyond 10 years. Money will be paid in the form of interest credited to the account value. The bonus is added as an interest credit at the beginning of policy years 11–15.

To calculate the premium bonus, we first determine the average net premium. The average net premium is equal to the sum of the total premiums paid in the first 10 policy years (less withdrawals taken in the first 10 years less the debt at the end of the 10th policy year) divided by 10.

The premium bonus is the lesser of the average net premium and 120% of the commissionable target premium. The premium bonus is spread out over five years (20% paid annually in years 11-15). The premium bonus feature will be paid if:

- a. the policy is in effect; and
- b. we declare a current interest rate that exceeds the guaranteed interest rate; and
- c. we declare cost of insurance rates that are less than the guaranteed maximum cost of insurance rates in the schedule of policy benefits.

Let's take a look at two examples to see how the premium bonus feature works.

Example 1

Commissionable target premium: \$1,000
 Paid premium: \$800 each year
 No withdrawals or loans are taken.

Premium Years 1-10	\$800
Average Net Premium (800 x 10/10)	\$800
Premium Bonus Cap 120% x \$1,000	\$1,200
Premium Bonus \$800 is less than the premium bonus cap	\$800
Credited to account value in years 11-15 20% x 800	\$160

In Example 1, the policy would be credited \$160 at the beginning of policy years 11-15, resulting in a total bonus of \$800.

Example 2

Commissionable target premium: \$1,000
 Paid premium: \$800 each year
 Pour-in premium: \$5,000 (one time)
 No withdrawals or loans are taken.

Premium Years 1-10	\$800 (annually)+ \$5,000 (one-time pour-in)
Average Net Premium (800 x 10 + 5,000)/10	\$1,300
Premium Bonus Cap 120% x \$1,000	\$1,200
Premium Bonus \$1,300 is greater than the premium bonus cap	\$1,200
Credited to account value in years 11-15 20% x 1,200	\$240

In Example 2, the policy would be credited \$240 at the beginning of policy years 11-15, resulting in a total bonus of \$1,200.

The information presented above is hypothetical and not intended to project or predict investment results.

INTEREST BONUS

Custom GrowthCV offers a conditionally guaranteed interest bonus to further help your clients build long-term cash value accumulation. Interest bonus will be paid in years we are crediting above the guaranteed interest rate. The current interest bonus rates are 1.0% in years 11-20 and 1.15% in years 21 and up. Interest bonus rates are subject to change, prior to policy issuance. Once a policy is issued, the rate will not change. (Not available in Texas.)

Interest bonus is not applied to loaned funds.

WAIVER OF SURRENDER CHARGE OPTION

Custom GrowthCV is designed for the long term, but we realize that sometimes, surrendering a policy is necessary. You can help your clients avoid costly surrender charges by adding the Waiver of Surrender Charge Option to their Custom GrowthCV policy. This option gives your clients peace of mind and is a great feature that may help them should a need to surrender the policy arise.

The Waiver of Surrender Charge Option will waive the surrender charges unless the policy is surrendered as a 1035 Exchange and sent to another company. This option must be selected at the time of application. It is available for an additional charge of \$0.04-0.06 per month per \$1,000 of Specified Amount depending on issue age.

In addition, table shaving is available for policies that include the Waiver of Surrender Charge Option. When a person applies for life insurance coverage, his or her health is evaluated and a corresponding underwriting rating is applied. This product's table shaving feature allows certain substandard underwriting rates (known as "table ratings") to be improved to a "standard" rating. A standard rating generally indicates average health and involves a lower life insurance premium than do substandard ratings. Qualifying rated cases through Table 3 will be classified as Standard. Qualifying cases include policies up to \$5 million for ages 0-75. This does not apply beyond Table 3 and cannot be used to move a proposed insured into one of the Preferred classes. This is a great feature for business situations when placement of multiple cases is needed.

The Waiver of Surrender Charge Option reduces the target premium to 62% of the base plan target. The lower target premium is used to calculate the maximum premium bonus.

When the Waiver of Surrender Charge Option is selected, it creates greater cash value accumulation in the beginning policy years and less surrender value in future policy years as compared to when the option is not selected. An example of this situation is shown below.

Impact on Cash Value with Waiver of Surrender Charge Option		
Male, Age 55, Super Preferred NT, \$250,000 death benefit, assumes 4.35% interest and current assumptions \$20,000 pour-in and \$5,000 premium in years 1-15		
Target Premium	\$5,285	\$3,277
	Cash Value Without Option (\$)	Cash Value With Option (\$)
Year 1	13,862	23,428
Year 5	33,906	41,472
Year 10	63,432	66,973
Year 20	144,591	134,954
Year 30	225,814	204,709
Age 100	487,035	435,744

This information is hypothetical and not intended to project or predict results.

CUSTOM GROWTHCV PRODUCT SPECIFICATIONS

The following product details are highlights of Custom GrowthCV. You may also visit our Website at www.NorthAmericanCompany.com for more information.

Also, be sure to consult our illustration software—you'll find helpful tools that are designed to provide answers quickly and easily!

Minimum Face Amount

- \$25,000

Issue Ages

- 15 days to 75 years (age last birthday)

Minimum Premium

- Coverage is guaranteed for the lesser of 20 years or age 70 (but never less than five years) provided the no-lapse guarantee minimum premium is paid.
- On a current basis, the policyholder is allowed to “catch up” on the no-lapse guarantee minimum premium. On a guaranteed basis, catch-up is not allowed.

Please consult our illustration software for premium rates.

Target Premium

- Target Premiums are based upon age, gender, specified amount, underwriting class, riders and ratings.
- If the Waiver of Surrender Charge Option is selected, commission chargebacks are applied in the first three policy years upon policy lapse or surrender and for withdrawals.
- The Waiver of Surrender Charge Option reduces the target premium to 62% of the base plan target. The lower target premiums are used in calculating the maximum premium bonus.

Please consult our illustration software for Target Premium rates.

Interest Rate

- 3% guaranteed in all years is credited to the account value.
- Current interest bonus rate is 1.0% in years 11-20 and 1.15% in years 21+ when North American declares a current interest rate that exceeds the guaranteed interest rate (interest bonus not applied to loaned funds). (Not available in Texas.) The current interest bonus rates are not guaranteed and are subject to change, but once the policy is issued the bonus rates are guaranteed.
- Current rate set by company—only non-loaned policy values gain current rate.
- Current interest rate is guaranteed for the first policy year.

Withdrawals

- Partial withdrawals are available starting in the first policy year.
- Only one withdrawal may be made in the first policy year.
- The maximum withdrawal in policy year one is equal to 50% of the net cash surrender value. In policy year two and beyond, the maximum cumulative withdrawal is equal to 90% of the net cash surrender value.
- Minimum withdrawal is \$500.
- Surrender charges decrease on an annual basis for policy years one through 15.
- Surrender charges vary by age, sex, underwriting class, policy year and amount of coverage.
- Consult illustration software for surrender charges for all ages and durations.
- Surrender charges do not apply when the Waiver of Surrender Charge Option is selected unless the policy is surrendered as a 1035 Exchange and sent to another company.

Loans

There are two loan options available on Custom GrowthCV.

- **Standard Loans**

Regular loans are available in the first five policy years. Please refer to the illustration software for the current loan interest rate. The policy loan interest rate is guaranteed not to exceed 6%.

- **Net Zero Cost Loans**

Beginning in the sixth policy year, loans have no net cost because the loan interest rate and the credited interest rate are both set at 3%, resulting in a 0% net loan interest rate.

Automatic Distribution Option

The policyowner can request the Automatic Distribution Option, which allows for monthly, quarterly, semi-annual or annual distributions of the net cash surrender value. This is ideal when the policy is being used to help supplement retirement income. The policyowner needs to complete the Automatic Distribution Option form O-2788 to begin receiving the distribution.

Overloan Protection Benefit

Should the policy become in danger of lapsing due to a large loan amount relative to the policy's cash value, the policyowner may elect to guarantee a lower death benefit amount, provided the policy is not terminated due to surrender and policy loans or withdrawals are not taken during the Overloan Protection Period. This benefit may reduce the death benefit value and is subject to paid premium requirements. This benefit may reduce the specified amount. If the Overloan Protection Benefit is in effect, Accelerated Benefit Riders cannot be accelerated. Additional qualifications apply. This is an automatic benefit included with Custom GrowthCV.

In some situations, loans and withdrawals may be subject to federal taxes. North American Company does not give tax or legal advice. Clients should be instructed to consult with and rely on their own tax advisor or attorney for advice on their specific situation.

Death Benefits

Death Benefit options with Custom GrowthCV include:

- Level Death Benefit, where the death benefit is at least the Specified Amount
- Increasing Death Benefit, where the death benefit is at least the Specified Amount plus the Account Value in the policy
- Return of Premium, where the death benefit is generally the Specified Amount, plus premiums paid, less total partial withdrawals (including fees)¹

Life Insurance Tests

- **Guideline Premium Test (GPT)**

A policy that uses the GPT will have limitations on the amount of premium that can be paid. The limitations, called Guideline Single Premium and Guideline Level Premium, are required by the Internal Revenue Code for the policy to qualify as a life insurance contract.

- **Cash Value Accumulation Test (CVAT)**

A policy that uses CVAT does not have limitations on the amount of premium that can be paid. The death benefit for a policy that uses CVAT might be increased in order to qualify the policy as a life insurance contract.

Maturity Date

- Age 120, age last birthday

Specified Amount Changes

Increases

- Available starting in the first policy year with satisfactory evidence of insurability
- Minimum increase amount is \$25,000

Decreases

- Available after the second policy year
- The specified amount may not be decreased below \$25,000
- Subject to surrender charges

1. Option can only be selected at the time of issue. Maximum issue age is 70. Not allowed on policies with a rating greater than Table 4, or a flat extra rating.

Policy Costs

- Monthly administrative fee is \$7.00 up to age 100.
- Guaranteed premium load assessed is a maximum of 5% in all years up to age 100.
- Current premium load is 5% in policy years one through 15.
- Guaranteed cost of insurance charges based on 2001 CSO Ultimate, Composite, gender distinct, age last birthday mortality tables (Montana uses gender non-distinct tables). COI rates are \$0 starting at age 100.

RIDERS AND ENDORSEMENTS

Chronic Illness Accelerated Benefit Rider^{2,3}

This accelerated benefit rider advances a portion of the death benefit if the insured is chronically ill, which is defined as permanently unable to perform at least two of the six Activities of Daily Living or having a severe cognitive impairment. The rider is not available to insureds over issue age 75, or on insureds rated higher than Table 4 or on policies that contain medical flat extras. There is no additional premium at issue for this benefit;⁴ however, an administrative fee is required at the time of election. The death benefit will be reduced by the amount of the death benefit accelerated. Since benefits are paid prior to death, a discount will be applied to the death benefit accelerated. As a result, the actual amount received will be less than the amount of the death benefit accelerated. Additional exclusions and limitations apply. May not be exercised at the same time as the Accelerated Benefit Endorsement. If the Overloan Protection Benefit is in effect, the Chronic Illness Accelerated Benefit Rider cannot be elected. Refer to the Chronic Illness Accelerated Benefit Rider guide (NAM-1080) for complete details.

Additional Riders

Additional riders available for Custom GrowthCV:

- Accelerated Benefit Endorsement
- Accidental Death Benefit Rider
- Children's Term Insurance Rider
- Guaranteed Insurability Rider
- Waiver of Monthly Deductions Rider²

North American's illustration software can illustrate cases that include these riders.

2. NOT AVAILABLE IN CALIFORNIA.

3. Subject to eligibility requirements. Chronically ill is defined as permanently unable to perform at least two of the six Activities of Daily Living (bathing, continence, dressing, eating, toileting and transferring) without substantial assistance from another person. Chronic illness also includes severe cognitive impairment, which means the insured requires substantial supervision by another person to protect him or herself from threats to health and safety due to a severe cognitive impairment. (In MN, chronically ill is defined as an insured having a condition that requires Continuous Confinement in an Eligible Institution and is expected to remain there for the rest of his or her life). NOT AVAILABLE IN CALIFORNIA.

4. The death benefit will be reduced by the amount of the death benefit accelerated. Since benefits are paid prior to death, a discount will be applied to the death benefit accelerated. As a result, the actual amount received will be less than the amount of the death benefit accelerated.

UNDERWRITING

Detailed underwriting requirements can be found in the Underwriting Guidelines brochure, NAM-1147.

Issue Ages (age last)	Specified Amount: \$25,000 to Maximum*
15 days - 17 years	Standard NT
18 years - 75 years	Super Preferred NT Preferred NT Standard NT
18 years - 75 years	Preferred TB
15 years - 75 years	Standard TB**

*Specified amounts for applicants under age 18 are limited by underwriting guidelines.
Please contact your underwriter for details.

**Even though standard tobacco is indicated as 15 years of age, blood/urine will not be taken until age 16.

Substandard

Table ratings are available for both medical and non-medical reasons and vary by issue age. Table ratings are applied under the following guidelines:

- Table ratings are 25% per table for COI rates and minimum premiums.
- Table ratings are applied to the Standard Non-Tobacco or Standard Tobacco rates.
- Table shaving is available for policies that include the Waiver of Surrender Charge Option.⁵

Flat extras are available for both medical and non-medical reasons and vary by issue age. Flat extras are applied under the following guidelines:

- Non-medical flat extras are applied to all rate classes except Super Preferred NT, Preferred NT ages 71+, and Preferred TB ages 71+.
- Medical flat extras are applied to the Standard Non-Tobacco and Standard Tobacco rates.
- Temporary flat extras are non-commissionable.

5. When a person applies for life insurance coverage, his or her health is evaluated and a corresponding underwriting rating is applied. This product's table shaving features allow certain substandard underwriting rates (known as "table ratings") to be improved to a "standard" rating. A standard rating generally indicates average health and involves a lower life insurance premium than do substandard ratings.



Custom GrowthCV is issued on policy form series LS166. Accelerated Benefit Endorsement is issued on form series LR352A, Accidental Death Benefit Rider is issued on form series LR370A, Children Term Insurance Rider is issued on form series LR458, Chronic Illness Accelerated Benefit Rider is issued on form series LR450A, Guaranteed Insurability Rider is issued on form series LR373A, Return of Premium Death Benefit Option Endorsement is issued on form series LR453, Waiver of Monthly Deductions Rider is issued on form series LR416B; or state variations by North American Company for Life and Health Insurance, Administrative Office, Sioux Falls, SD 57193. Products, features, riders, endorsements or issue ages may not be available in all jurisdictions. Limitations and restrictions may apply.

We're Here For Life®

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