SUITABILITY SUMMARY

Why is suitability analysis such an important task?
You have an important job in assisting your client with determining which product(s) may be appropriate for their situation. 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 client’s checking and savings accounts at 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), financial experience, taxes owed, income needs, time horizon, and liquid assets outside of this annuity or other annuities already owned. This information will assist you in completing this critical task.

What type of records is the agent required to keep?
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 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 transaction1.

Before I write an application, can I talk with someone to see if North American will accept the case?
The Suitability team is happy to discuss the merits of a potential sale with you. While we cannot make a full suitability determination over the phone without all the application forms and any supplemental information that may be needed, we can discuss the case and let you know if we have any questions or concerns. You can reach the Suitability team during normal business hours at 877-858-1364.

How can I contact the Annuity Suitability department?
The Suitability Department has a designated phone line. They can help you with all your suitability needs on current cases or hypothetical situations.
The phone number is 877-858-1364.
The fax number is 855-293-1608.

My client will not provide all the information required on the suitability form. Does North American allow the client to “opt-out” of providing any information?
If a client chooses not to provide required information, we will not issue the Contract. We do not allow a client to opt-out of completing our suitability form. The suitability disclosure details are necessary to understand both the agent’s recommendation and the client’s need for a specific annuity product. A completed form clearly documents the discussion you had with your client and helps demonstrate their understanding.

If privacy is a concern, please assure your client that we protect all personal information and restrict access to personal information by maintaining physical, electronic, and procedural safeguards. We only allow access to persons who must use the information to provide insurance products and services.

1. Please refer to our Compliance Guide (form 8943Z) and your state for more information.
SUITABILITY FORMS

Which form do I use?

Deferred Annuity Suitability Form (20124Z)
• Fixed Index Annuities
• Traditional Fixed Annuities
• Multi-Year Guaranteed Annuities

Immediate Annuity Suitability Form (20189Z)
• Single Premium Immediate Annuities

Some states require an additional suitability disclosure or supplement form.

You are welcome to submit additional supporting documentation at any time. In the event that a suitability review requires additional information, a member of our Suitability Review Team will contact you.

I am an agent in Florida. What forms am I required to use?

The North American Suitability form is required for all clients of all ages.

The Florida Annuity Suitability Questionnaire 19163Z is required for all sales in Florida for all clients of all ages.

The Florida Disclosure and Comparison of Annuity Contracts 19164Z is required for all annuity to annuity replacement transactions only. Please note that a separate form is required for each annuity to annuity transaction.

IMPORTANT REMINDER:
The State of Florida also requires our company to compare the client signature dates within each form, to the date we receive the forms, to confirm they have been received by us within 10 days. If any of the required State Suitability forms are received after the 10 day window, the agent will be required to obtain an updated, full version of the form (all pages) with current client signatures, allowing us to proceed with issuing the contract(s).

Additionally, any updates/corrections made to the form (not just limited to the signature comparison) will require a full version of the form (all pages) to be submitted back to our company, with current signatures.

I am an agent in Arkansas or Nevada. What forms am I required to use?

The North American Suitability form is required for all clients of all ages.

The Arkansas Comparison Form 12339Z-AR and the Nevada Comparison Form 12339Z-NV are required for all sales in Arkansas and Nevada when the transaction is an annuity to annuity replacement only. Please note that a separate form is required for each annuity to annuity replacement on an application.

I am an agent in California. What forms am I required to use?

The North American Suitability form is required for all clients of all ages.

The California Disclosure and Comparison of Annuity Contracts 13733Z-04 is required for all sales in California when the client is age 65 and older AND the transaction is an annuity to annuity replacement only. Please note that a separate form is required for each annuity to annuity transaction.

I am writing two applications for my client. Is it OK to complete one suitability form for both applications?

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 products, it is likely that their goals and objectives were not the same for each application.

What if the owner is not the annuitant?

Complete the suitability form based on the owner’s information. In general, the suitability form should be based upon the person paying the premium on the Contract.

What if the owner is a trust?

Complete the suitability form based on the grantor of the trusts financial information. There may be some circumstances where we will require additional information or the suitability form to be completed on a different person involved in the annuity application.

What if the owner is a corporation?

Complete the suitability form based on the corporation’s financial information. Please be aware we will not accept applications from a non-profit organization.

How do I complete the suitability form when the policy is an UTMA or UGMA?

For UGMA or UTMA contracts, complete the suitability form based on the person funding the annuity. For example:

Owner – John Doe Sr. UGMA/UTMA FBO John Doe Jr.
John Doe Sr. should complete the suitability form.
**How do I complete the suitability form when the money is from a Multi-Generational Distribution Option (MGDO)?**

For MGDO contracts, complete the suitability form based on the person who is now the owner of the Contract. For example:

Owner – John Doe Jr. as beneficiary to John Doe Sr. (deceased IRA)
John Doe Jr. should complete the suitability form.

**NET WORTH**

**How is Net Worth calculated?**

Net worth equals total assets minus liabilities (debts).

Net Worth = Assets – Liabilities

Please exclude primary residence, household contents, clothing, vehicles and other personal possessions.

If the client owns a business, include the net worth of the business.

Net worth should be the client’s total assets including the premium pending for the proposed annuity.

**Liquid Assets:**

- Pension (over age 59½), 401k (over age 59½),
  Mutual Funds (excluding B Shares)
- If a Pension income is listed as monthly income in section A1a, it should not be included as an asset in either the liquid or illiquid asset columns.
- Brokerage Accounts, Money Markets, Stocks, Bonds, Options
- Bank CDs, Checking/Savings
- Net Cash Surrender Value of Life Insurance

**Non-liquid Assets:**

- Rental or Investment Property
- Annuities in surrender period
- Pension (under age 59½), 401k (under age 59½)
- Limited Partnership

**Liabilities**

- Rental or Investment Property Mortgage
- Credit Card Debt, Loans (e.g. signature, student, automobile, etc.)
- You may be required to provide additional information to clarify any debt noted in this section.

**Where in the net worth should I include the pending premium?**

Premiums for all household pending applications are to be included in the funding source.

*Tip: Net worth should reflect the clients assets prior to the purchase of the policy. (For example: If the annuity is being funded with a CD for $10,000, then the total listed in the CD column should be at least $10,000.)*

**Why doesn't North American include the Primary Residence in the Net Worth calculation?**

A home, while very valuable to your client, is not liquid and should not be factored into net worth for purposes of annuity suitability. North American does not accept home equity loan proceeds or reverse mortgage proceeds as annuity premium.

**What percentage of a prospective clients net worth will you accept?**

In general, anytime a client plans to invest 50% or more of their net worth in annuities, heightened review is triggered. We will carefully review the following:

1. Age – as the client’s age increases (older than 60), we expect the percentage of net worth invested in annuities to decrease.
2. Amount of net worth – the lower the amount of net worth, the lower the percentage of net worth should be allocated to our deferred annuities.

As with any suitability determination, the client’s overall individual circumstances will be important to the overall suitability.

**What criteria will trigger a call from the Suitability Team?**

There are a variety of situations that may trigger a Suitability Review Consultant to contact you for additional information. Such situations include, but are not limited to, circumstances in which:

1. The pending premium and existing contracts are equal to or greater than 50% of the client’s total net worth.
2. The client is a senior with low or limited net worth.
3. The benefit for the client to transfer their assets is unclear from the information provided.
4. There is little in liquid assets set aside for emergencies.
5. The annuity that is to be transferred/exchanged is under three years old. (five years in California and Minnesota)
6. The product selected is not consistent with the suitability information provided. Objectives should correspond to products/riders that provide income need to consistently reference income objective in section B on page 2 of suitability form.

Please keep in mind that suitability reviews are based on each client’s individual circumstances/objectives.
What criteria will be an automatic decline?
North American generally will not accept an application where:
1. The client will incur a net loss in account value during the transfer.
2. A client is left with no liquid assets set aside for emergencies.
3. All of a client’s net worth is in annuities with surrender charges.
4. The client answers “No” to questions concerning:
   a. They believe the product is suitable for them.
   b. They have sufficient liquid/emergency funds available.
   c. They understand that withdrawals greater than penalty-free amounts incur surrender charges.
   d. The agent has explained how the existing and new contracts compare on charges, rates, company ratings and other benefits.

What happens if an application is declined?
If an application is declined by the Suitability Review Team, the following action will be taken:
1. The agent will be notified by telephone regarding the reason. If they are not available, we will leave a voice message.
2. The agent will receive a written response that includes the reason for the decline.
3. Any premium received will be returned to the original source after a 10-day bank clearing period.

Should circumstances change, the client is eligible to complete a new set of paperwork after a 30-day waiting period.

An application was declined by Suitability, what options do I have to try to change the decision?
Prior to declining the application, we will contact you to confirm any details we might question and give you the opportunity to supplement any information already presented. Account statements and/or other documentation will be required to verify new information that may lead to an overturn of a suitability decision. Once we have all the facts and our decision is made, it is final.

An application was declined by Suitability, are you saying that this sale is not suitable?
When a file is declined, it generally means that North American will not accept the application based on the facts presented under our guidelines. We understand and accept that applying our suitability guidelines may result in our turning down business.

If a client’s replacement is declined due to surrender charges, can the client surrender the policy and send the funds in another form of payment?
No. The transaction will still be considered a replacement and we already know the surrender charge loss the client would incur.

The client is adamant that they want this product even after you have declined the application. Is there anything the client can do to take on the responsibility for their decision?
No. Our review process allows opportunity for the Suitability Consultant and agent to review the material facts of the case to determine if we can get comfortable with the sale. Our decision to decline a specific case is considered final.
We appreciate that your client is certain about this product choice, however we reserve the right to decline the application.

Will you allow the agent to choose a different product or accept a lesser amount for this application?
No. The application will be withdrawn.
Of course, you may choose to meet with your client to review alternative products or dollar amounts and submit a new application after a 30-day waiting period.
REPLACEMENTS

Internal Replacements are subject to heightened review. The new product must demonstrate a clear benefit to the client, and frequently requires a cover letter or additional documentation from the client, confirming how the new product better supports the client’s objectives. For an internal replacement to be considered, the replacing policy must be penalty-free.

Please note, regulators deem a replacement of a North American product with one of an affiliated company to be an internal replacement. Internal replacements require an additional comparative disclosure form. Contact the Marketing department for information. Certain restrictions apply.

My client is replacing multiple contracts. Not all contracts have a remaining surrender charge. What information is needed?

List the surrender charge percentage for each Contract being replaced. Do not combine or “net” the existing surrender charges from multiple contracts. 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 benefits for each replacement. Please document your files with the current contract value and surrender charge (including market value adjustments) for each replacement in case further review is necessary.

How do I calculate the surrender charge percent and the surrender charge dollar amount on a transfer/exchange?

The surrender charge dollar amount is calculated as follows (excluding MVA):

Accumulation Value – Surrender Value = Surrender charge dollar amount

The surrender charge percent is calculated as follows (excluding MVA):

Surrender charge dollar amount / Accumulation Value = Surrender charge percent

My client has an outstanding loan on their existing annuity or life insurance contract. Will you allow the replacement?

The loan must be paid in full or reported as a taxable distribution by the other company before transferring to North American. Please carefully review your client’s ability to (1) pay off the loan or (2) pay any taxes if the loan is reported as a taxable default.

We will not accept or carry an outstanding loan on an existing contract, nor will we accept an application if they wish to request a new loan here within the first year.

My client is requesting to replace a recently issued policy with another carrier. How does Suitability review this type of transaction?

While we recognize there is no guarantee that business submitted will be accepted, it is important to acknowledge that in accordance with the Suitability Model Regulation, replacements under 3 years old (5 years for California and Minnesota), will be subject to heightened review. Such transactions must demonstrate a clear benefit to the client. Specific information regarding the contract being replaced will be required, including but not limited to: surrender charge information, interest rates, rider features, fees and costs.

What is your company’s stance on exercising a Return of Premium feature of an existing contract for the purchase of a new annuity contract?

The Company believes Return of Premium is a valuable feature for many clients and may offer peace of mind for unforeseen circumstances that arise after purchase. However, the surrender of a contract with an Return of Premium feature is not viewed by our Company any differently than a surrender of a contract without such a feature and therefore may be subject to heightened suitability review. As with any replacement, we will look at the impact of the proposed transaction to the existing contract’s values, and whether the new contract provides a benefit to the owner in light of his/her individual objectives.

FUNDING

My client would like to use proceeds from a reverse mortgage or home equity loan to purchase an annuity. Is this allowed?

We do not accept “financed” purchase applications.¹

What is your company’s stance on Medicaid or other state or federal benefit programs?

We do not offer “Medicaid friendly” annuity contracts nor do we permit clients to “shelter” assets in an annuity to qualify for any state or federal aid program.¹

Where can I find federal income tax brackets and tax filing status?

Visit the IRS website at www.irs.gov.

What is the financial time horizon for this annuity?

The financial time horizon is the number of years the client plans to hold the annuity before surrendering the policy in full. Typically the financial time horizon is equal to or greater than the surrender period for the product chosen.

¹ Please refer to our Compliance Guide (form 8943Z) and your state for more information.
REVIEWING POLICIES

What if mistakes are made on the suitability form?
The owner(s) must initial any changes made on the form. Please do not use whiteout on any of the forms. Certain question responses, even if you tell us they were made in error, indicate an unsuitable sale. In those cases, we will also require a signed, handwritten statement from your client before moving forward with the application.

Will the suitability review process delay mailing out the transfer paperwork?
We see minimal to no changes to processing time if the paperwork is complete when the application is received.

How long will the suitability review process take?
Initial suitability review will typically be completed within 48 hours of receipt of the application.

• If needed, we will contact you within 48 hours of receipt of the application regarding any missing information or remaining suitability questions.
• Any outstanding suitability requirements not resolved within 30 days will result in the application being declined.

Will you contact my client?
We reserve the right to contact your client directly to clarify or gather any additional suitability information, however, we will attempt to discuss our plans with you before any contact occurs.

SATISFYING SUITABILITY

Once a policy is issued, is the Suitability review complete?
North American continues to monitor Suitability after the Contract is issued in multiple ways. For example:

1. Report monitoring – Including replacement reports to look for trends to better understand the type of business that is submitted.
2. Letter from other insurers – We receive information from other insurance carriers notifying us of any surrender charges or negative effects to a client during a replacement.
3. North American conducts policyholder surveys to help ensure the client understands their purchase.

What are the qualifications of the Suitability Review team?
Suitability team members often have two or more of the following:

1. State Insurance Licenses
2. FINRA Securities Registrations (6, 7, 24, 26, and 63)
3. LOMA designations (FLMI, AAPA, ACS)
4. University Degrees (MBA, BS, and BA)

In addition, the Suitability team keeps abreast of the current and proposed Suitability and Replacement regulations and participate in industry educational opportunities when available.

Please note: this list of frequently asked questions is not inclusive of all unacceptable business. Please contact the Suitability Team at 877-858-1364 regarding any questions that are not addressed within this document.
# APPENDIX A

Following is a sample Deferred Annuity Suitability Form with sample client data.

**CLIENT:** KENNETH K. SAMPLE  |  **AGE:** 58  |  **PRODUCT PURCHASED:** NORTH AMERICAN CHARTER™  
**TAX STATUS:** IRA

## Deferred Annuity Suitability Form

Your privacy is a high priority to us. The information you provide will be treated with the highest degree of confidentiality. Please note that if this form is not completed in full, signed, and dated, we are unable to consider your application.

### A. Household Financial Information

1. **Household Disposable Income:**
   - **Monthly Household Income:** 
     - 4,166.00 (i.e. Employment Salary, Pension, Social Security, Investment, Disability)
   - **Monthly Household Expenses:** 
     - 2,775.00 (i.e. Mortgage/Rent, Car, Health/LTC/Auto Insurance, Loan Repayments)
   - **Disposable Monthly Income:** 
     - (4,166 - 2,775) = 1,391.00 (a minus b)

2. **Household Net Worth: Assets - Liabilities (Debts).**
   - **Premiums for all household pending applications are to be included in the funding source(s) below.**

   **Liquid Assets** – Does **not** include primary residence, personal possessions, cars, etc.
   - **a. Stocks/Bonds:** $0.00
   - **b. Annuities - Out of Surrender Period:** $0.00
   - **c. Mutual Funds - Excluding B Shares:** $0.00
   - **d. CDs:** $0.00
   - **e. Money Market:** $0.00
   - **f. Checking/Savings:** $0.00
   - **g. Pension/401K - (Under 59½):** $150,000
   - **h. Net Cash Surrender Value of Life Insurance:** $75,000
   - **i. Total Liquid Assets:** $250,000

   **Non-liquid Assets** – Does **not** include primary residence, personal possessions, cars, etc.
   - **j. Real Estate - (Exclude Primary Home):** $100,000
   - **k. Annuities - In Surrender Period:** $200,000
   - **l. Pension/401k - (Under 59½):** $150,000
   - **m. Limited Partnership:** $0.00
   - **n. Total Non-liquid Assets:** $500,000

   **p. Household Liabilities (Debts):** $75,000 (Exclude Primary Home Mortgage)
   - **q. Total Household Net Worth:** $675,000 (o minus p)

### Section A

1. **- a. Income:** $50,000/yr ($4,166/mo)
   - **b. Monthly Expenses:** $2,775 ($1,200 house payment, $75 car insurance, $500- electric, phone and food, $1,000 credit card payments)
2. **- a. Net worth**
   - **b. Monthly Expenses:** $2,775 ($1,200 house payment, $75 car insurance, $500- electric, phone and food, $1,000 credit card payments)
3. **c. Disposable Monthly Income:** 1,391.00 (a minus b)

### 20124Z

Page 1 of 4

$2619710

$261971

10-14
(Section A continued - Household Financial Information)

3. Financial Experience (number of years): [ ] None Stocks [ ] Bonds [ ] Mutual Funds [ ] Fixed Annuities [ ]
   Variable Annuities [ ] Life Insurance [ ] CDs [ ] Pension/401K/403(b) [ ]

4. Federal Income Tax Bracket: [ ] 0% [ ] 10% [ ] 15% [ ] 25% [ ] 28% [ ] 33% [ ] 35% [ ] > 35%


6. Risk Tolerance for this annuity: [ ] Low [ ] Moderate [ ] Moderate to High [ ] High [ ] Speculative

7. Number of Dependents (indicate ages): [ ] None Age [ ] [ ] Age [ ] [ ]

8. After considering your net worth, source of funds, liquidity needs, and time horizon, do you believe this deferred annuity contract is suitable for your financial situation and objectives? [ ] Yes [ ] No

B. Financial Objectives

1. My financial objective for purchasing this annuity (check all that apply): [ ] Liquidity [ ] Long-Term Growth [ ] Guarantees provided
   [ ] Transfer of Assets to Beneficiaries [ ] Long-Term Growth, Followed by Income [ ] Preservation of Principal
   [ ] Immediate Annuity (complete form 20189Z) [ ] Guaranteed Death Benefit [ ] Guaranteed Lifetime Withdrawal Benefit

2. Do you have sufficient funds available for monthly living expenses, medical expenses, and emergencies other than the funds planned for this annuity or any other annuities already owned? [ ] Yes [ ] No

3. Financial time horizon - Years I plan to keep this annuity: [ ] [ ] years

4. How do you anticipate taking distributions from this annuity? [ ] RMD [ ] Penalty Free [ ] Annuitize [ ] Lump Sum
   [ ] Interest Only Withdrawals [ ] Leave to Beneficiary [ ] Guaranteed Lifetime Withdrawal Benefit [ ] Immediate Income [ ] Immediate Access to Funds

5. An annuity is a long-term contract with substantial penalties for early surrenders and/or withdrawals. Do you understand that if you take money out of this annuity, in excess of the penalty-free withdrawal amount during the surrender charge period, that you will incur a surrender charge and
   Market Value Adjustment (also referred to as an Interest Adjustment in some contracts/endorsements) – if applicable? [ ] Yes [ ] No

6. Do you anticipate a significant change in your future income or expenses during the surrender charge period? [ ] Yes [ ] No
   If yes, please explain:

C. Funding Source and Replacements of Life or Annuity Contract(s)

1. Excluding this transaction, have you exchanged or replaced any other life policy or annuity contract within the last 5 years? [ ] Yes [ ] No
   If yes, please provide the transaction dates and corresponding companies: Company A to Company B in 2012

2. Source of Funds to purchase this annuity (Check all that apply): [ ] Money Market/Brokerage Account [ ] CDs [ ] Salary Reduction
   [ ] Death Claim Proceeds [ ] Reverse Mortgage/Home Equity [ ] Checking/Savings [ ] Pension/401k [ ] Stocks/Bonds/Mutual Funds
   [ ] Sale of Primary Residence [ ] Inheritance

   If one or more of the following are checked, continue to questions 3 through 7 on page 3. If not, proceed to section D on page 4.
   [ ] Traditional Fixed Annuity [ ] Fixed Index Annuity [ ] Variable Annuity [ ] Fixed Life Insurance [ ] Variable Life Insurance

Section A (cont.)

3 – The client has 10 years experience in investing in mutual funds and CDs and 15 years experience investing in fixed annuities. He has contributed to a 401k for the last 30 years.

4 – Tax bracket- 33% (This information can be found at www.irs.gov or on client’s tax forms)

5 – Tax Filing Status- Single (can be found on client’s tax forms)

6 – Client has moderate risk.

7 – The client’s children are ages 17 and 15.

Section B

1 - Guaranteed Lifetime Withdrawal Benefit should be selected for questions B1 (Objectives) and/or B4 (Distribution) only if the client has elected the additional guaranteed lifetime withdrawal benefit, or an “income definite” product.

1 & 4 – The client wants guarantees on his money and preserve the principal to be able to pass the money to his children at death.

3 – The client plans to work for another 15 years as a Trainer at XYZ company where he has worked and contributed to a 401k for the last 30 years. The client plans to keep the annuity for at least 15 years.

4 – The client doesn’t plan on taking any withdrawals other than the required RMDs.

Section C

1 – The client processed a 1035 exchange from Company A to Company B in 2012.

2 – Client wants to transfer his Company A and Company B traditional fixed annuities into 1 North American Charter fixed index annuity. He also wants to add $10,000 from a CD that has matured.
Section C (cont.)

3. Complete for each replacement of Annuity or Life Insurance (transfer, exchange, rollover):

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Date Issued</th>
<th>Surrender Charge %</th>
<th>Surrender Charge Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>6-1-2000</td>
<td>3.8%</td>
<td>$800</td>
</tr>
</tbody>
</table>

Owner(s) Initials

4. Does your current contract require you to annuitize (elect a series of scheduled payments) your existing contract in order for you to receive the full accumulation value without surrender charges?

Yes [ ] No [x]

If yes: Company [_____________] Product Name [______________]

5. I agree that my agent has explained how the existing and new contracts compare concerning surrender charges, interest rates, company ratings, death benefits and all other benefits and features?

Yes [x] No [ ]

6. Is your current agent the same agent who recommended the purchase of the existing contract?

Yes [x] No [ ]

7. Replacement Reason - My reason(s) for choosing this replacement contract:

- Company Ratings of North American
- Interest Rates/Index Credit Potential
- Penalty-free Death Benefit
- Change in Financial Objective
- Increased Liquidity
- Enhanced Benefits
- Multiple Index Options
- Guaranteed Death Benefit
- Guaranteed Lifetime Withdrawal Benefit

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**Surrender Charge Value = Accumulation Value – Surrender Value**

**Surrender Charge % = Surrender Charge Value/Accumulation Value**

a. Company A - Accumulation value is $20,800 and surrender value is $20,000, issued 6-1-2000

Surrender Charge Value = $20,800 - $20,000 = $800
Surrender Charge % = $800 / $20,800 = 0.0384 = 3.8%

b. Company B – Accumulation value is $32,100 and surrender value is $30,000, issued 9-5-2005

Surrender Charge Value = $32,100 - $30,000 = $2,100
Surrender Charge % = $2,100 / $32,100 = 0.0654 = 6.5%

7. The client wants to replace both annuities due to the interest rates offered at North American, the additional benefits of the North American annuity, the penalty-free death benefit option of the North American Contract as well as the company rating of North American.
D. Applicant/Owner Signature

By signing this form, I certify that the information provided is accurate. I acknowledge and agree that during the purchase of this insurance contract North American, its employees, and any of its agents acting in their capacity as an independent agent of North American have not suggested that I liquidate securities, otherwise provided any investment advice, or made any representations regarding losses or gains in respect to my portfolio. I have been advised to discuss any liquidation of securities with a properly licensed securities advisor and I acknowledge that anyone (including my agent if properly registered) who provided me any such advice with respect to this purchase was not doing so in his/her role as an agent of North American. By signing below, I certify that: 1) to the best of my knowledge and belief, the information provided to my agent, and shown above is true and complete; 2) the annuity meets my financial needs and objectives; and 3) this annuity is suitable for me.

DO NOT SIGN THIS FORM IF ANY REQUIRED QUESTION HAS BEEN LEFT BLANK.

Applicant/Owner Signature ___________________________________________ Date __________________________

E. Agent Statement - Acknowledgment of Responsibility for Suitability Recommendations

By signing below, I certify that:
1) I have completed a suitability and needs analysis review regarding the purchase of this annuity;
2) I have reasonable grounds for believing that the recommendation to purchase this annuity is suitable for the Applicant/Owner;
3) I understand that only properly registered investment advisors or registered representatives are allowed to recommend the sale of securities and if I am not properly security licensed, I did not make such a recommendation to the Applicant/Owner; and
4) I agree to maintain records of the information provided by the Applicant/Owner and any other information used as the basis for my recommendation. I agree to make such records available for review upon request by North American or by any regulatory body as required.

Agent Signature ___________________________________________ Agent Number ________________ Date __________________________

North American Company for Life and Health Insurance®
P.O. Box 79905, Des Moines, IA 50325-0905
Overnight to: 4350 Westown Parkway, West Des Moines, IA 50266

NOTE: THIS SAMPLE CLIENT DOCUMENT IS FOR EXAMPLE PURPOSES ONLY. ACTUAL ANSWERS TO THE SUITABILITY QUESTIONS WILL VARY BY CLIENT.
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 this product is approved, North American maintains reserves equal to those required by state regulation.

PORTRAIT OF FINANCIAL STABILITY

<table>
<thead>
<tr>
<th>A.M. Best</th>
<th>A+ (Superior)*</th>
<th>2nd highest out of 15 categories</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard &amp; Poor's Corporation</td>
<td>A+ (Strong)†</td>
<td>5th highest out of 22 categories</td>
</tr>
</tbody>
</table>

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 is an independent third-party rating firm that rates on the basis of financial strength.


† 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 May 15, 2014.

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.

Annuity

4350 Westown Parkway
West Des Moines, IA 50266

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<tr>
<th>Not FDICNCUA Insured</th>
<th>Not A Deposit Of A Bank</th>
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<td>Not Insured By Any Federal Government Agency</td>
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