North American Charter® 14
Annuity Disclosure Statement

Thank you for your interest in the North American Charter® 14 Annuity from North American Company for Life and Health Insurance®. It is important for you to read and understand this summary before you decide to purchase the annuity. This summary will help you understand the features of the annuity and determine if it will help you meet your financial goals. Once you have read this summary, please sign pages 4 and 6 to confirm that you understand the annuity and submit this document with your application for the annuity. Refer to the Contract for complete details.

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

4350 Westown Parkway, West Des Moines, IA 50266
Phone: (866) 322-7065 • www.NorthAmericanCompany.com
The North American Charter 14 is a flexible premium deferred fixed index annuity from North American Company for Life and Health Insurance that offers an 8% premium bonus on all premiums received in the first seven years. It also accumulates interest in the following ways: A) based on the change in the Index Account during each contract year, without the risk of losing premium due to market volatility, and/or B) a traditional Fixed Account.

**Fixed Account**
The portion of premium allocated to this account will earn the current Fixed Account interest rate. This rate will be guaranteed for the first contract year and the rate will renew annually thereafter at the Company’s discretion. This rate will never fall below the minimum guaranteed interest rate of 0.25%. Ask your sales representative for the current interest rate.

**Index Account**
The Index Account equals the portion of your premium, as determined by you, which will earn interest based on the following crediting methods:
- Annual Point-to-Point Crediting Method with Index Cap
- Hindsight Index Strategy (Multi-Index APP Crediting Method) with Index Cap
- Daily Average Crediting Method with Index Cap
- Monthly Point-to-Point Crediting Method with Index Cap

Please see the North American Charter 14 product brochure and details sheet for specific details regarding these crediting methods.

**Index Cap Rate**
Your annuity applies an Index Cap Rate, or upper limit, to calculate your Index Credits each year. It will always be declared on the contract anniversary by the Company at their discretion and is guaranteed for the following contract year. This rate may change annually. However, at no time will this rate ever fall below the minimum guarantees which are: 0.50% annual Index Cap Rate for Annual Point-to-Point, Daily Average and Hindsight Index Strategy; 0.25% monthly Index Cap Rate for Monthly Point-to-Point. The Index Cap Rate does not apply to the Fixed Account.

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

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

The Surrender Value will not be less than 87.5% of all premiums (excluding Premium Bonus, if any); less any surrenders (after any Interest Adjustment or reduction for surrender charges); accumulated at 1.00%.

**Death Benefit**
Upon the death of the annuitant or owner, North American will pay out the Accumulation Value as the Death Benefit to your beneficiary provided no payout option has been elected. If joint annuitants are named, the Death Benefit will be paid on the death of the second annuitant. If joint owners are named, the Death Benefit will be paid on the death of the first owner. Your beneficiary may choose to receive the payout in either a lump sum or a series of income payments.

**LIQUIDITY FEATURES**
Certain withdrawals prior to age 59½ may be subject to a 10% IRS penalty.

**Penalty-Free Withdrawals**
Once per year after the first contract anniversary, you may take a penalty-free withdrawal (also known as Penalty-Free Partial Surrender), without surrender charges or Interest Adjustment, up to 10% of your Accumulation Value.

**Annuity Payout Options**
You may select an annuity payout option at any time. If selected during the surrender charge period, your payout will be based on the Surrender Value. Available payout options include Life Income, Life Income with Period Certain, Joint and Survivor Life Income and Income for a Specified Period or Amount. Once a payout option is elected and annuity payments begin, all other rights and benefits under the annuity end.

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

**Additional Benefit**
The following benefit rider covers the annuitant and will be automatically added to your annuity.

- **Nursing Home Confinement Rider** (not available in all states) - Beginning after the first contract year, you may withdraw an increased penalty-free withdrawal amount of 10% (for a total available penalty-free withdrawal up to 20%) of the Accumulation Value without surrender charge or Interest Adjustment each year the annuitant is confined to a qualified nursing home facility for at least 90 consecutive days, after the first contract year. Rider is included at issue ages 75 and younger.

**Required Minimum Distributions**
By current company practice*, Required Minimum Distributions (RMD) that exceed the 10% penalty-free amount may be withdrawn without a surrender charge or Interest Adjustment.

*A feature offered "by current company practice" is not a contractual guarantee of this annuity contract and can be removed or changed at any time.
Subsequent Premiums
All subsequent premiums will be credited at the current Fixed Account rate until the next contract anniversary. This interest rate will be the declared rate at the time the subsequent premium is received. On each contract anniversary, North American will allocate any premium received since the prior contract anniversary among the accounts, according to your most recent instructions.

Transfer Options
After the first contract year and on an annual basis, you may elect to transfer between crediting methods and Index Account options, including the fixed account. By current company practice*, you will have 30 days following each contract anniversary to reallocate. Based on current tax laws, transfers between options will not be taxable or subject to surrender penalties. Please refer to your annuity contract for details.

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Additional Information
The North American Charter 14 is not a registered security, does not directly participate in stock or equity investments and the Index does not include dividends. Past index performance is not intended to predict future performance. Under current law, annuities grow tax-deferred. Annuities may be subject to taxation during the income or withdrawal phase. The tax-deferred feature is not necessary for a tax qualified plan. For purchase as a qualified plan, you should obtain competent tax advice and consider whether other features, such as the Death Benefit, lifetime annuity payments and optional riders make the contract appropriate and suitable for your needs. The use of living trusts with the sale of an annuity product can, in the appropriate circumstances, be a valuable planning device. North American strongly encourages you to consult your tax or legal advisor before establishing a living trust or purchasing any financial product in connection with utilizing a living trust. Neither North American, nor any agents acting on its behalf, should be viewed as providing legal, tax or investment advice.

Index Account Calculations
The following hypothetical examples are provided as a general explanation of how the Annual Point-to-Point Crediting Option is calculated and how interest may be credited under three scenarios. These examples assume: initial premium of $10,000, a Premium Bonus of 8%, a beginning index value of 1000 for the S&P 500®, an Annual Point to Point Index Cap Rate of 5% and no withdrawals.

Annual Point-To-Point With Index Cap Rate (APP Cap) Crediting Method:
This crediting method measures the index growth using two points in time in the contract year: the beginning index value and the ending index value. Index linked gains are calculated based on the difference between these two values. The index growth, if any, is then subject to an Index Cap Rate. The annual Index Credit will never be less than zero, and will not be more than the Index Cap Rate. Index growth is calculated as follows:

Index Return = \( \frac{\text{Ending Index Value} - \text{Beginning Index Value}}{\text{Beginning Index Value}} \)

Index Credit = \( \text{Index Return, not to exceed Index Cap Rate} \times (\text{Initial Premium} + \text{any Premium Bonus}) \)

Index Account Value = \( (\text{Initial Premium} + \text{Premium Bonus}) + \text{Index Credit} \)

**EXAMPLE:**

<table>
<thead>
<tr>
<th>S&amp;P 500® Index Account</th>
<th>SCENARIO A: Above Average Return</th>
<th>SCENARIO B: Average Return</th>
<th>SCENARIO C: Negative Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>Index Return = ( \frac{1,200 - 1,000}{1,000} = 20% )</td>
<td>1,040 – 1,000 = 4%</td>
<td>900 – 1,000 = -10%</td>
<td></td>
</tr>
<tr>
<td>Index Credit = (0.05) \times 10,800 = 540</td>
<td>(0.04) \times 10,800 = 432</td>
<td>(0.0) \times 10,800 = 0</td>
<td></td>
</tr>
<tr>
<td>Index Account Value = $10,800 + $540 = $11,340</td>
<td>$10,800 + $432 = $11,232</td>
<td>$10,800 + $0 = $10,800</td>
<td></td>
</tr>
</tbody>
</table>

*Cannot exceed the Annual Point-to-Point Index Cap Rate. **The Index Credit will never be less than zero.

Minimum Surrender Value
(Hypothetical example assumes an annuity contract with a 14-year surrender charge schedule and an initial premium of $10,000, and no partial withdrawals):

End of
Yr. 1: $8,837.50  Yr. 4: $9,105.28  Yr. 7: $9,381.18  Yr. 10: $9,665.44  Yr. 13: $9,958.31
Yr. 2: $8,925.87  Yr. 5: $9,196.33  Yr. 8: $9,474.99  Yr. 11: $9,762.09  Yr. 14: $10,057.89
Yr. 3: $9,015.13  Yr. 6: $9,286.30  Yr. 9: $9,569.74  Yr. 12: $9,859.71
Interest Adjustment (also known as Market Value Adjustment)
The North American Charter 14 includes an Interest Adjustment that is applied only during the surrender charge period to full surrenders and to any partial surrender in excess of the penalty-free amount. This adjustment may decrease or increase the Surrender Value depending on the change in interest rates during the period since you purchased your North American Charter 14 annuity. Lower interest rates at time of issue may result in less opportunity for a positive Interest Adjustment in future contract years. In certain rate scenarios at the time of issue, it may not be possible to experience a positive Interest Adjustment. See the “Understanding the Market Value Adjustment” brochure for more information.
The Interest Adjustment is not available in Virginia.

Surrender Charges
By initialing below, I understand that the North American Charter 14 annuity is a long-term contract with substantial penalties for early surrenders. A surrender charge is assessed, as listed below, on any amount withdrawn, whether as a partial withdrawal or full surrender, that is in excess of the penalty-free amount applicable. Please keep in mind that a surrender during the surrender charge period may result in a loss of premium. However, surrender charges and Interest Adjustments on IRS-Required Minimum Distributions that exceed the 10% penalty-free amount are waived by current company practice.

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

The surrender charges by contract year decline as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
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<td>14%</td>
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<td>4%</td>
<td>2%</td>
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Owner(s) Initials

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

Payment of Commissions: North American will pay a sales commission in connection with the sale of this product. It also may provide other incentives to agents who sell its products. This commission is one of many costs which North American considers and factors into the product's design and policy performance, including setting the guaranteed rates in the Contract and the manner in which non-guaranteed benefits may be offered. One-hundred percent of your premium deposit will be credited to your account, and no deductions from your premium payment or from your account value will be made due to the payment of this sales commission.

Applicant: I have received a copy of the product brochure and Company disclosure material for this Contract, and I am aware that an Annuity Buyer’s Guide is available on the Company website. I understand that any values shown, other than the guaranteed minimum values, are not guarantees, promises or warranties. The liquidity features are suitable for my financial needs, such as cash for living and other related expenses. This Contract is suitable for my financial needs.

Agent Acknowledgement: By signing below, I certify that the product brochure and Company disclosure materials have been presented to the applicant. A copy of this signed disclosure was provided to the applicant after an examination of the interests of the applicant and an assessment of the stated goals of the applicant. I have provided or directed the applicant to the Annuity Buyer’s Guide on the Company website. I certify that I believe this product to be appropriate for the applicant based on his or her current retirement planning and this annuity is being purchased to support that plan. I have discussed this product with the applicant and have not made any statements which contradict the materials provided to the applicant. I have not made any promises or given any assurances about the future value of any non-guaranteed elements.
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Date Signed (mm/dd/yyyy)

Annuitant's/Owner's Original Signature

Joint Owner's Original Signature

Date Signed (mm/dd/yyyy)

Agent's Original Signature