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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 based on an analysis of the insurance needs and financial objectives of the customer.
- 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 and to report any activities of which you are aware that may be in violation of this code. 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 continues to be increased regulatory scrutiny on the use of professional designations, specifically those that 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. As set out in our Agent Advertising Guidelines and as a reminder, 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 use of designations on advertising, mass mailings, business cards, letterhead, seminars and websites, or other materials included in our definition of advertising.

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 website, www.NorthAmericanCompany.com, for up-to-date information on approved and prohibited designations and be certain to keep any 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 policies 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 using the terminology we have provided in our materials. A copy of the product brochure and all other sales materials utilized in the sale of any annuity 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” 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 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: licensed insurance agents of non-family members, Partnerships, Custodial owners or Minors.

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.
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 (such as a “Fact Finder”) 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 a separate Suitability Form for each annuity application. If the review and analysis of your client’s needs resulted in your decision to recommend two annuity contracts, 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 Adjustment) for each replacement in case further review is necessary. Replacements must be in your client’s best interest, and you need to be able to demonstrate the clear benefit to the client from the replacement transaction in light of his or her individual needs and objectives. Please please review the Replacement section located on page 17, which covers duties for replacements.

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
- Collectibles

Liquid Assets are those investable assets that are easily accessible and free of surrender charges or fees. DO NOT include as liquid assets any funds that the customer is placing in other annuities.

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

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 needs 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 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. Most states require special licensing as an investment advisor for those providing financial advisor or planning services. A majority of states require such licensing if a separate fee is charged for such services. North American does not allow agents to charge customers a separate fee in connection with the sale of its products. 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 provide or 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 illustrates 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 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 of 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.
Points to Consider with Senior Clients (cont)

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 policy or annuity contract. If it is determined that a policy/contract is purchased by a person who is not competent to make such a decision, North American reserves the right to rescind the policy/contract and charge back any commissions paid.

Need to Err on Side of Being Conservative
Many seniors are conservative by nature in financial planning 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 Customers May Be Less Sophisticated Than They Appear
Some prospective customers 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 customers, seniors or otherwise, understand life insurance or annuity concepts without proper instruction.

Customers Often Work Closely With Other Advisors
Many customers, including most seniors, have other advisors such as a CPA, a tax advisor, an attorney or may consult with family members. These third parties may provide different recommendations for the client. It may be beneficial to include these advisors and/or customer family members in your discussions. The above are just a few points to consider when dealing with the senior market and other customers.

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 crucial 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 life insurance policy or fixed or variable annuity is prohibited by 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 life insurance policy or annuity purchase.

Index Accounts Allocations
North American fixed index products 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. The index account options are used as a measuring tool for a potential interest credit to their fixed index products. Fixed index products are life insurance, not securities investments and, therefore, do not participate directly in indices.

Use of Illustrations
It is our general policy that no outside sales illustrations, proposals, projections, and/or software, be used during the application, sale, purchase, or any other aspect of marketing our fixed index annuity products, other than Company provided illustration software and approved calculators. This includes, but is not limited to, sales illustrations, proposals, projections, and/or software that provide hypothetical or past index performance to demonstrate or predict product returns.

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 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 annuity or life insurance product 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 continues to be under increased scrutiny by regulators. These activities are not prohibited, but as with any ad, it must be disclosed 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 page 13.

Power of Attorney

The Verification of Identity information provided on the Annuity Suitability Form or Verification of Identity Form must be completed with the owner’s information, not that of the Attorney-in-Fact. The mailing address must remain the Owner’s address and may not be changed to the address of the Attorney-in-Fact.

Impersonations

You may never contact 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.

Non Resident Sales

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

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 insurance product. 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. 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. Products sold in a non-resident state cannot then 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. 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. As stated above, entire sales process must occur in the application state, including but not limited to the sales discussions, application signing and delivery.

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.
Privacy Policy

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 customers and their beneficiaries
- To document Annuity Suitability discussions 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 purchase.

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 North American for any purpose other than for the underwriting or administration of contracts/policies or for marketing additional North American 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 North American, 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. Your clients’ personal information will only be shared with their agents that have an active contract with North American.

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 clients’ 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 North American 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
   - surrender shortly following issuance with little concern for surrender charges
   - 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:

<table>
<thead>
<tr>
<th>ACCEPTABLE</th>
<th>NOT ACCEPTABLE</th>
</tr>
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<tbody>
<tr>
<td>Personal Check; Certified Check; Electronic Fund Transfer; Cashiers’ Check</td>
<td>Agent or Agency Checks; Generic Checks; Money Orders; Third Party Checks; Traveler’s Checks; Starter Checks; Cash</td>
</tr>
</tbody>
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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.
Producer's Guide to Anti-Money Laundering Compliance (cont)

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 Officer 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 Officer.

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:

• AML Officer: Jill Williams, 312-648-7648
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 insurance products. North American has consistently held the position that the inappropriate use of trusts in conjunction with the sale of an annuity contract 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, 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 an annuity application/contract 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 for a contract is inconsistent with its procedures.

Neither North American nor its agents 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 annuity 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 contract, 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).

Agents May Not Act as Attorneys-in-Fact or Trustees

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. Agents should neither engage in nor be involved in the writing of a trust for customers.

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 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 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 programs and should not be represented as such.

Annuitants for the Contract 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 contract(s).

Delivery of a Living Trust

Some states have laws that provide limitations on when a living trust is used and restricts insurance agents who are not licensed as an attorney to deliver a living trust other legal document other than an insurance contract to a person 65 and older. Check the laws and regulations of each state you are licensed to do business in to ensure you are adhering to state requirements.
Advertising Guidelines

The Advertising Review Team offers procedures for submitting your advertising for review and approval. Following the submission guidelines in our Agent Advertising Guidelines will expedite the review process. All advertising should be submitted by email to the appropriate contact noted below.

For easy reference, please refer to the information found below to assist you in complying with state regulation and market conduct standards.

Without exception, all consumer advertising and agent use only recruiting material or sales literature mentioning North American Company for Life and Health Insurance® (North American) or referencing any of our products or services are considered advertising and must be submitted for advertising review and approved PRIOR TO USE. This includes pieces referencing products by name, description, rate or features.

Advertising includes any material, written or electronic, that is designed for distribution to the general public, agents or prospective agents. Advertising also includes, any material that is used to solicit sales, to secure sales, or secure appointments with prospective clients. Advertising includes but is not limited to:

- Print, Radio, TV and any form of media advertising (newspaper, magazine, TV, radio, etc.) including 'pre-approved' ad slicks that have been personalized.
- Internet and Internet websites or home pages and any form of e-commerce. Must be submitted in printed format.
- Product brochures, circulars, pamphlets and published articles.
- Sales presentations, prepared sales talks, seminar/symposium presentations and handouts, telemarketing scripts and materials. This also includes guest presenter materials at sales or agent meetings or events.
- Newsletters, research reports and performance reports or summaries.
- Prospecting, target market and form letters
- Emails as well as email signatures, referencing North American name, logo, description, products, services, rates or features.
- Lead cards and lead generating material.
- Business cards and letterhead.
- Agent biographies.
- Agent recruiting and training material.
- Sales illustrations.
- Third-party software.
- Materials used to recruit other agents/representatives.
- LinkedIn, Phonebook, and Yellow Pages listings.

Some states may have their own specific requirements about what they consider advertising (for example in California, worksheets and questionnaires or fact finders are included in their definition). If you are uncertain whether something falls within the definition of “advertising,” please contact the advertising review team for guidance.

Generic ads that do not specifically reference North American or our products by name, feature, or description, are not required to be submitted. However, it is your responsibility to understand and apply all advertisement requirements for any material considered advertising under this policy. If you choose to submit generic ads, we will be happy to assist you by reviewing it for general information, accuracy and compliance with Company marketing standards and rules as set out in this guide. We may also make suggestions to help you comply with state laws and regulations. While we may suggest revisions based on this review, we will not provide approval on generic ads.

The agent Advertising Guidelines contain specific information about seminar selling and mailers that invite consumers to attend seminars. You should familiarize yourself with this information along with the laws in the state you are licensed to do business in PRIOR TO OFFERING THESE SEMINARS TO THE PUBLIC.

The Advertising Review 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, Agent Advertising 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 Agent Advertising Guidelines may be obtained at www.NorthAmericanCompany.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. A listing of approved and prohibited designations can be located on our website.

For additional questions, please use the following contacts:
Social Media

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 contract. Certain documents should always be maintained. At a minimum, these include:

- Original sales proposals;
- A copy of any needs analysis completed during the solicitation. North American makes a fact finding form available for use by its agents through its website;
- A copy of any sales material and advertisements used during the sales process;
- Any written correspondence to or from the owner regarding the solicitation, issuance of the contract, or subsequent service of the product sold;
- Documentation of phone calls to or from the owner addressing the above issues;
- Notes from meetings with the owner and;
- A copy of the 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.

Reminder: You are required to leave a copy of all sales material as well as copies of signed documentation with your customer.

Complaint Handling

If North American receives a complaint regarding a life insurance policy or annuity contract written or serviced 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 response within the requested timeframe is required. 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. Additionally, until the Compliance Department’s review is complete, we ask that neither you nor anyone affiliated with you contact the contract/policy owner and/or complainant.

In addition, to ensure that we obtain the most complete and accurate information possible in reviewing a complaint, North American may 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 via facsimile to 800-224-6137 or the appropriate address:

North American Annuity Service Center
Attn: Consumer Affairs
4350 Westown Parkway
West Des Moines, Iowa, 50266
annuityconsumeraffairs@sfgmembers.com

North American Life Division
Attn: Consumer Affairs
One Sammons Plaza
Sioux Falls, SD 57193-0001
consumeraffairs@sfgmembers.com

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 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 Consumer Affairs Compliance at the applicable email addresses above.
Application and Agent Solicitation Guidelines

The application provides valuable information about the client and is a part of the insurance contract; 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 customer. The first premium payment may be collected by the agent and submitted with the application when appropriate. However, all premium payments, including the first, must be made payable directly to the Company by the customer, transferring company or the customer’s third party representative. Premium payments may not be made from the customer to the agent or be received from the agent on the customer’s behalf. 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. Applications or other documents submitted with correction material will be rejected when identified.

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 beneficiary of an owner’s beneficiary trust;
- a trustee, co-trustee or successor trustee for an owner’s trust; or
- an attorney-in-fact or successor attorney-in-fact for an owner.
- estate executor/executrix
- an owner of the customer’s contract

The exception to this exists when the agent is “immediate family” of a customer, defined as spouse, child, step-child, mother, father, grandparent, brother or sister. It is equally unacceptable to use an agency or agent’s home and/or business address or telephone number as the owner’s address or phone number of record if the 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 must initial modifications to the application or other sales materials prior to signing them. Any modification made to the application or any other document/material at or after the point of sale without the knowledge and approval of the applicant is an unethical sales practice, 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.

Agent Signature Solicitation

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 personally solicited the sale. By signing the application and other sales documentation, you are taking responsibility for the sale and the information provided.

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.

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.

For transactions that involve the transfer of funds, agents are not permitted to sign the Letter of Acceptance on behalf of North American. Please also be aware of individual state guidelines for selling outside of the client resident state as referenced in the Additional Points to Consider section.
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.

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 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.
- Each replacement must demonstrate a clear benefit to the client

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 policies;
- Any applicable loan provisions and loan interest rates of both products;
- Any surrender charges, expenses and/or fees associated with both products;
- The premium requirements of the proposed product;
- The present and future (if permissible) values of both products;
- The current interest rates and any mortality charges of both products;
- The potential tax treatment of the replacement, such as whether the replacement may qualify as a Section 1035 Exchange;
- Rider Value on existing product may not be available on proposed product;
- The length of time the client has been in the existing product;
- Does the new contract provide a significant benefit unavailable on the existing product; and
- You need to be able to demonstrate and document the clear benefit to the client from the replacement transaction in light of his or her individual needs and objectives.

Various states have specific requirements when a replacement is involved. Check the laws and regulations of each state you are licensed to do business in to ensure you are adhering to state-specific requirements when making recommendations to your clients.

Just as insurance products may only be sold by licensed insurance agents, securities products (Variable Annuities, Variable Universal Life policies, Stocks, etc.) may only be sold by properly securities licensed Registered Representatives (Series 6 or 7). 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 licensed securities representative.

The definition of “replacement” goes beyond the surrender of one policy/contract and subsequent purchase of another policy/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 policy/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 policy/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 life insurance policy or annuity contract or fund a subsequent premium on an existing policy.
What constitutes a replacement transaction is defined quite broadly. A partial or full surrender from an existing annuity or life policy and subsequently placing those funds in a money market account or checking account, and then using those same funds to purchase another life policy or 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 policy/contract, 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 policy/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 policy or contract is exchanged for a new policy/contract with the same insurer or affiliated insurers. An external replacement occurs when a policy/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 also be subject to additional paperwork.

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.

Many states have adopted Insurance Regulations which define Twisting and Churning as unfair methods of competition and unfair and deceptive acts. You should familiarize yourself with the laws and regulations within the state(s) you do business in.

Other Instructions and Information

Delivery and 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 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 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 and may help protect the customer, the Company, and you. If you are unable to meet with the customer for contract delivery, delivery by mail must meet all non-resident sales requirements; the Company recommends that you utilize a service that provides for tracking of delivery. Whether or not the delivery receipt is required by an individual state, we expect 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). If your customer informs you that they wish to cancel the contract, please notify us immediately and require the customer to notify the company in writing. 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 (and the solicitation 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.
Current company practice also requires you to notify the Agency Services Department of any felony charges or regulatory action against you within 30 days.

**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.**

**Rebating**
Rebating is defined as providing something of value as an inducement to purchase or renew a product or service that is not mentioned in the contract. You should familiarize yourself with the rebating and inducement requirements within your state and in the states in which you do business as in many states rebates and inducements are strictly prohibited. **North American does not allow an agent to rebate commissions received, regardless of applicable state law.** This includes rebating to clients who are duly licensed as insurance agents. North American does not allow an agent to rebate commissions received or to make any premium payments from funds or accounts under the control of an agent, regardless of applicable state law.

**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. North American further prohibits an agent from soliciting or accepting an investment from a North American policy/contract owner in an agent’s agency.

**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 per year of coverage. 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 **Sales 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.

**Annuity 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, 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. This training may be required prior to your solicitation of a sale. Please be aware of the rules in your state.

**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.**

**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 an Agent Annuity Recertification.

We may require additional training based on the states where you are licensed.

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**QUESTIONS AND CONCERNS**
For questions or concerns regarding ethical sales practices, compliance with laws and regulations please contact:
Brian Hansen
Chief Compliance Officer and Counsel
312-648-7729
bhansen@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 Sales 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 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>
<th>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.</th>
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<tr>
<td>Standard &amp; Poor’s Corporation</td>
<td>A+ (Strong)†</td>
<td>5th highest out of 22 categories</td>
<td>Standard &amp; Poor’s Corporation is an independent third-party rating firm that rates on the basis of financial strength.</td>
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† 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 assigned its rating February 26, 2009 and affirmed on July 11, 2013.

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.

4350 Westown Parkway
West Des Moines, IA 50266

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