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North American Company

Understanding Indexed Universal Life Insurance

Consumer Brochure



North American Company
for Life and Health Insurance
Since 1886

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Overview

In this guide you'll discover how indexed universal life (IUL) insurance works. You'll be provided with an overview, key terms, and specifics on how the policies credit interest. You'll also learn how to access the potential cash values through partial withdrawals, variable interest rate loans, and standard loans.

Whether you're considering life insurance for personal or business needs, North American has an IUL product to meet your coverage requirements. Your North American representative can help you determine which product is right for you.

Our indexed universal life insurance portfolio includes the following products.

Product	Description
 North American Company	If you're looking for a product that offers death benefit protection and the opportunity to build long-term cash value accumulation, Builder IUL may fit your needs. For more information, see the consumer brochure PR-1628.
 North American Company	For death benefit protection along with the potential to build early cash values, consider Rapid Builder IUL. For more information, see the consumer brochure PR-1627.
 North American Company	Should you be seeking a death benefit that's guaranteed* along with the opportunity to build cash values, take a look at Guarantee Builder IUL. For more information, see the consumer brochure PR-1629.

*The death benefit guarantee is provided through the Premium Guarantee Rider, which is automatically included with your Guarantee Builder IUL policy.

Indexed Universal Life Insurance

What is Indexed Universal Life Insurance?

Indexed universal life insurance (IUL) is permanent life insurance that offers death benefit protection when death occurs. Like other forms of permanent life insurance, your premium payments may earn interest and grow the cash value of your policy.

What differentiates IUL from other permanent life insurance is the way interest is credited to the policy. In addition to offering a traditional declared interest rate, IUL also offers the ability to earn interest that is linked to the movement of a selected stock market index over a specific period of time.

Even if the index goes down, your credited interest rate is never less than 0%. Guaranteed.

The manner in which interest is credited to your IUL policy gives you the potential for strong cash value accumulation. A key benefit to remember is that it offers protection in a poorly performing market. With IUL, you don't participate directly in the stock market and the credited interest rate is never less than zero percent, guaranteed.

Key Points

- The interest rate credited to the policy's index account value is linked to the performance of the index or indices chosen and will never be less than zero percent.
- The premiums are not invested in any stocks, bonds, or equity investments.
- The index performance does not include dividends on the stocks that make up each index.
- The premium allocation to an Index Selection does not represent an investment in any index or market.

How North American's Indexed Universal Life Insurance Works

Indexed universal life insurance gives you the opportunity to earn tax-deferred interest¹ based in part on the performance of your **Index Selections** and/or **Fixed Account** selection. Remember, you are protected in a poorly performing market because you don't participate directly in any stock market indices.

- You can direct premiums to an account that offers a fixed rate of interest (the **Fixed Account**), to one or more Index Selections or to a combination of both depending on what is right for you.
- The Fixed Account earns interest at the company's declared rate. The interest rate for the Fixed Account is guaranteed never to be less than 3.0%.
- When premium is allocated to a particular Index Selection, an **Index Segment** (or "bucket") is created and an **Index Period** begins. The Index Period is the length of time over which the index change is measured. Each premium has its own bucket.
- Each Index Segment receives its own **Index Credit** (if any) on the **Index Crediting Date** (the first business day on or after the end of the Index Period).
- The Index Credit is based on the index change of the Index Selections you've chosen and is subject to the **Index Participation Rate**, the **Index Cap Rate** and the **Index Floor Rate**. The Index Credit will never be less than zero.
- Index Segments automatically renew for another Index Period unless you request a transfer. If premiums are received on the same day as the beginning of an Index Period, they will be rolled into the same Index Segment.

Terms appearing in bold print are defined in the Glossary on page 16.

¹ The tax-deferred feature of the indexed universal life policy is not necessary for a tax-qualified plan. In such instances, you should consider whether other features, such as the death benefit and optional riders make the policy appropriate for your needs. Before purchasing this policy, you should obtain competent tax advice both as to the tax treatment of the policy and the suitability of the product.

How Your Premium is Allocated: Understanding Premium Buckets

Premium may be received at different times, so North American's IUL plans use Index Segments or "buckets." Each premium payment is handled as a separate bucket. A policy with monthly premiums could have a minimum of 12 different buckets—that's 12 different index starting points and 12 different possible credited interest rates and 12 different annual reset points to start the next Index Period.

Example:

Semi-annual premium payment

Bucket One

- Beginning Index Period 1/1/2009
Beginning Index Value of 1,000.00

- End Index Period 1/1/2010
End Index Value of 1,100.00



1,000.00	1,100.00
1/1/2009	1/1/2010

Bucket One Index Change = 10.00%

Bucket Two

- Beginning Index Period 7/1/2009
Beginning Index Value of 1,050.00

- End Index Period 7/1/2010
End Index Value of 1,102.50



1,050.00	1,102.50
7/1/2009	7/1/2010

Bucket Two Index Change = 5.00%

This is a hypothetical example intended to illustrate how index change applies to Index Segments, and is not intended to predict the performance of any Index Selection.

A Look at Index Credit

The Index Credit, if any, is added to the Index Segment(s) on the Index Crediting Date, which is the business day that falls on or immediately follows the Index Period's end date.*

At the end of an Index Period, a new Index Period will begin and any values in an Index Segment will remain in the same Index Segment, unless you decide to make changes. The index value used for the start date of the new Index Period will be the same as the index value used for the previous Index Period's end date.

It is possible to have an Index Period's end date and a new Index Period's start date fall on a weekend or business holiday. However, the index value used in the calculation of the Index Credit will be the index value on the close of the next business day.

* Failure to meet premium requirements may result in a lapse in the policy and participation in the Index Accounts. The Index Accounts are subject to caps and participation rates. In no case will the interest credited be less than zero percent. Please refer to the customized illustration provided by your agent for additional detail.

What is Annual Reset?

North American's IULs contain an annual reset design. This means that each year's credited interest is locked in on the Index Crediting Date and a new starting point is determined, which is called the "annual reset." The interest credited can never be taken away due to negative index performance and it will participate in future growth, giving you the advantage of compounding interest in future years.

Available Index Options

All plans offer index options that allow you to customize a plan that's right for you. While you don't invest directly in an index, you may choose an index that will be used to calculate the credited interest rate for your policy. Below are the indices available. Availability may differ based on product:

- The Standard & Poor's 500[®] Composite Stock Price Index (S&P 500[®]).
- The Standard & Poor's 400[®] Index (S&P MidCap 400[®]).
- The Dow Jones Industrial Averagesm Composite Stock Price Index (DJIAsm).
- The NASDAQ-100[®] Stock Price Index (NASDAQ-100[®]).
- The EURO STOXX 50[®].
- The Russell 2000[®] Index.
- Multi-Index—An index option based on the performance of the S&P 500[®], Russell 2000[®], and the EURO STOXX 50[®]. The index growth is measured by 50% of the growth of the best performing index, 30% of the growth of the second best performing index, plus 20% of the growth of the third best performing index. The Index Credit, if any, is credited and locked in on an annual basis.

You can choose to allocate premiums to the indices listed above (subject to availability) in any combination. You may also allocate premiums to the Fixed Account.

Transfers

- Money can be transferred out of an Index Segment only at the end of an Index Period (any Index Credit will be applied before the transfer takes place).
- The request must be received and processed before the end of the Index Period.
- Transfer requests can be future-dated to coincide with the Index Period end date.
- The minimum transfer amount is the lesser of \$100 or the total amount of an Index Segment.
- You may transfer money from the Fixed Account to an Index Selection at any time.

How the Index Cap, Index Participation, and Index Floor Rates Affect Your Policy

Any Index Credit applied to your policy equals the Index Segment value at the beginning of each Index Period, less any partial surrenders or transfers, multiplied by a credited interest rate based in part on any index change. The credited interest rate may differ from the actual index change because of three features: 1) Index Cap Rate; 2) Index Participation Rate; and 3) Index Floor Rate.

1. An **Index Cap Rate** is the maximum interest rate that is used in the calculation of the Index Credit. The Index Cap Rate will be declared for each Index Segment in advance of each Index Period. It will never be less than the Minimum Index Cap Rate shown in the policy. (Some index selections are available without any cap, which means there is no maximum limit on the interest rate.)
2. An **Index Participation Rate** is the portion of the index change that is used in the calculation of the Index Credit. The Index Participation Rate will be declared for each Index Segment in advance of each Index Period, but it will never be less than the Minimum Index Participation Rate shown in the policy.
3. An **Index Floor Rate** is the minimum interest rate that is used in the calculation of the Index Credit. The Index Floor Rate is declared for each Index Segment in advance of each Index Period, and is guaranteed to never be less than 0%.

$$\begin{array}{ccccc} \text{Index Change} & & & & \text{Credited Interest Rate} \\ \text{(if any)} & \times & \text{Index} & = & \text{(subject to Index Cap Rate} \\ & & \text{Participation} & & \text{and Index Floor Rate)} \\ & & \text{Rate} & & \end{array}$$

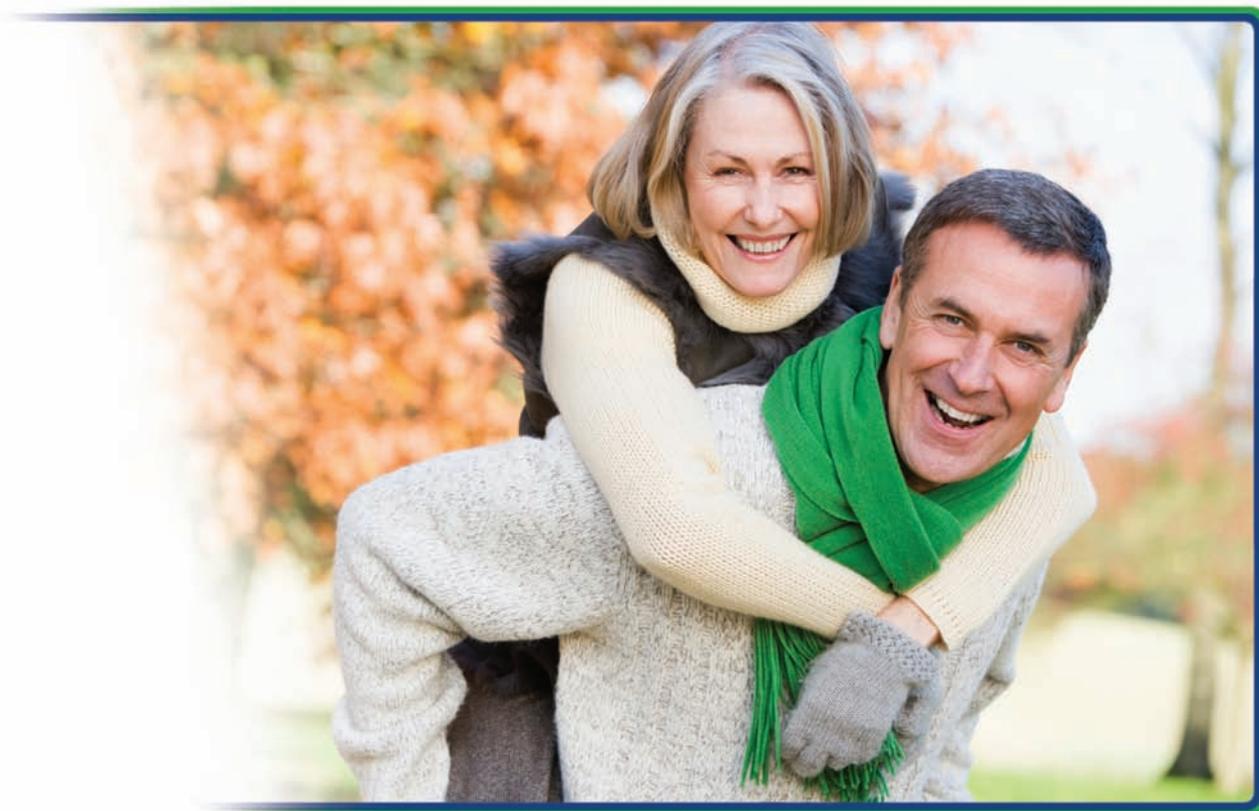
A unique feature of North American's IULs is that the Index Credit is calculated using the beginning value of the Index Segment. Even though the monthly deductions will decrease the value in the Index Segment, the Index Credit is based on the amount in the Index Segment at the beginning of the Index Period.²

For example, if the Index Segment starts with \$2,000 and a Monthly Deduction of \$100 is allocated to the Index Segment each month, then the value in the Index Segment at the end of the Index Period would be \$800 (\$2,000 less the \$1,200 of deductions). However, the credited interest rate is applied to the value of \$2,000, which is the value in the Index Segment at the beginning of the Index Period.

Current Index Cap, Floor, and Participation Rates

The current Index Cap rate, Index Floor rate, and Index Participation rates can be found on our website at www.NorthAmericanCompany.com or ask your North American representative.

² Index Credits will only be given if the Index Segment still exists at the end of the Index Period. Withdrawals and transfers made before the end of the Index Period will reduce the Index Credit.



Index Crediting Methods

The Index Crediting Method refers to the way that the change in the index value is calculated for each Index Period. Crediting Methods vary by product and may include Annual Point-to-Point, Daily Averaging, and Monthly Point-to-Point.

Index Crediting Method Examples

No one crediting method is guaranteed to perform better from one year to the next. The best option may be to use more than one, taking advantage of the possibility that one may yield a greater return than the other.

The following hypothetical examples are provided to help explain how North American's four crediting methods work.

The following examples are hypothetical and are not intended to predict or project future performance of any Index Selection. Please discuss with your North American representative the available index crediting methods specific to your policy.

- 1) **Annual Point-to-Point:** With the Annual Point-to-Point strategy, we measure the movement of the index from the beginning to the end of the 12-month index period. This value is then multiplied by the Index Participation Rate. The resulting interest crediting rate can never be less than the Index Floor Rate (0%) and can never be more than the annual Index Cap Rate. Annual Point-to-Point is available on all six indexes.

Example	Capped	Uncapped
<i>Beginning Index Value:</i>	1,000.00	1,000.00
<i>Ending Index Value:</i>	1,200.00	1,200.00
<i>Index Change:</i>	20.00%	20.00%
<i>Index Cap Rate:</i>	10.00%	N/A
<i>Index Participation Rate:</i>	100.00%	50.00%
Interest Crediting Rate:	10.00%	10.00%

- 2) **Daily Averaging:** The Daily Averaging strategy records the index values on each trading day of the 12-month index period. At the end of the index period, we take the average of those values and compare that number to the initial index value to determine the percentage change in the index. We then multiply that number by the Index Participation Rate. The interest crediting rate can never be less than the Index Floor Rate (0%). Daily Averaging is available on the S&P 500®, S&P MidCap 400®, DJIASM and Russell 2000® only.

Example	
<i>Beginning Index Value:</i>	1,000.00
<i>Average Index Value:</i>	1,125.00
<i>Index Change:</i>	12.50%
<i>Index Cap Rate:</i>	N/A
<i>Index Participation Rate:</i>	80.00%
Interest Crediting Rate:	10.00%

3) **Monthly Point-to-Point:** With the Monthly Point-to-Point strategy, we measure the change in the index each month over the 12-month index period. The monthly percentage change can be positive or negative and is subject to a monthly Index Cap Rate. At the end of the index period, those values are added together to find the interest crediting rate. The interest crediting rate can never be less than the Index Floor Rate (0%). Monthly Point-to-Point is available with the S&P 500® only.

Example

Monthly Index Cap Rate: 4.00%
 Index Participation Rate: 100.00%

Interest Crediting Rate: 10.00%

Monthly Date	Index Value	Index Growth	Growth Used in Crediting Rate
January 1	100.00		
February 1	102.00	2.00%	2.00%
March 1	103.00	0.98%	0.98%
April 1	104.29	1.25%	1.25%
May 1	110.00	5.48%	4.00%
June 1	115.00	4.55%	4.00%
July 1	108.57	-5.59%	-5.59%
August 1	115.00	5.92%	4.00%
September 1	105.00	-8.70%	-8.70%
October 1	106.00	0.95%	0.95%
November 1	112.00	5.66%	4.00%
December 1	111.00	-0.89%	-0.89%
January 1	116.00	4.50%	4.00%

This is a hypothetical example intended to illustrate how the Monthly Point-to-Point crediting method is calculated, and is not intended to predict exact performance.

4) **Multi-Index Point-to-Point:** With the Multi-Index Point-to-Point strategy, we measure the movement of three different indexes from the beginning to the end of the 12-month index period. The three indexes are S&P 500®, Russell 2000® and the EURO STOXX 50®. We take 50% of the best performing index, plus 30% of the second best performing index, plus 20% of the third best performing index. This value is then multiplied by the Index Participation Rate. The resulting interest crediting rate can never be less than the Index Floor Rate (0%) and can never be more than the annual Index Cap Rate. This strategy is only available with the three indexes noted above.

Example

S&P 500® Start Value:	1,000.00
S&P 500® End Value:	925.00
Index Change:	-7.50%

Russell 2000® Start Value:	1,000.00
Russell 2000® End Value:	1,200.00
Index Change:	20.00%

EURO STOXX 50® Start Value:	2,000.00
EURO STOXX 50® End Value:	2,100.00
Index Change:	5.00%

Best performing index:	50% of	20.00%
2nd best performing index:	30% of	5.00%
3rd best performing index:	20% of	-7.50%
Index Change for Multi-Index:		10.00%

Cap Rate:	11.00%
Participation Rate:	100.00%
Interest Crediting Rate:	10.00%

The actual interest crediting rate will be different for each Index Segment depending on the Index Change and the Index Cap Rate, Index Participation Rate, and Index Floor rate for the Index Selection. It is not possible to know in advance what the interest crediting rate will be, but it will never be less than zero percent.

Policy illustrations typically use a level interest rate assumption in all years. This interest rate may be based on a historical average return. As noted above, the actual credited rate can vary significantly and cannot be known in advance. You may want to request an illustration using a different interest rate assumption to understand how this assumption may impact your policy performance.

Deciding on Index Selections

You can put premium into a single index selection or any combination of the available indices based on your preferences. Remember, you can always change your premium allocations at any time and you can transfer money between different index selections at the end of the index period for each Index Segment.

When deciding where to allocate your premium, you may want to consider using more than one index selection. When you allocate to more than one index selection, you can benefit if one index performs well while others perform poorly.

When choosing index selections, you should consider the index participation rate and the index cap rate (if applicable). These items will determine how much of the index growth you will receive, and the possible limit to the upside potential of the index.



Accessing Your Policy's Cash Value³

In case of future financial emergencies, temporary financial setbacks, or to help supplement retirement income, you have access to the cash surrender value that may accumulate in your policy through Partial Withdrawals, Variable Interest Rate Loans, and Standard Loans.

Partial Withdrawals

North American's IUL policies come with an option to partially withdraw cash values. By taking a partial withdrawal, you will permanently lower the death benefit of your policy.

Depending on the tax status of your policy, it is possible to take a partial withdrawal that is generally tax free.⁴

Partial withdrawals may be subject to a minimum amount. A surrender charge and a processing fee may apply depending on when the request is made. The specifics differ by product. Please see your policy for more details.

Variable Interest Rate Loans⁵

Variable interest rate loans are loans you can take against your policy's cash value with an interest rate charged that is tied to a published monthly average. This monthly average is the Moody's Corporate Bond Yield Average as published by Moody's Investors Services, Inc.

For your peace of mind, the interest rate charged will never be more than the maximum variable loan interest rate shown in the policy (see the Product Variable Interest Rate Loan chart on the following page for details). The interest rate charged can change on each policy anniversary based on the current published monthly average.

With variable interest rate loans, the loaned portion of your cash value will continue to earn interest based on how the money is allocated to the Index Selections or the Fixed Account. In other words, the loaned amount continues to earn interest as if no loan has been taken.

Since the loaned amount continues to earn interest, the credits could be more or less than the interest charged on the policy loan.

- When credits are more than the interest charged: The net cost of a variable interest rate loan would be negative.
- When credits are less than the interest charged: The net cost of the loan could be larger than under our standard policy loans. In the extreme example, the amount credited could be zero and the net cost of the loan would equal the interest rate charged on variable interest rate loans (which has a maximum of 6%).

General Guidelines

- Loan interest is charged in arrears and any unpaid interest is added to the loan balance and will bear interest at the same rate.
- Variable interest rate loans may not be taken at the same time as standard policy loans.

Variable interest rate loans have more uncertainty in both the interest rate charged and the interest rate credited. This means that the total net cost of the loan is unpredictable.

³ Policy loans from life insurance policies generally are not subject to income tax, provided the contract is not a Modified Endowment Contract, as defined by Section 7702A of the Internal Revenue Code. A policy loan or withdrawal from a life insurance policy that is a Modified Endowment Contract is taxable upon receipt to the extent cash value of the contract exceeds premium paid. Policy loans and withdrawals will reduce cash value and death benefit. Policy loans are subject to interest charges. Consult with and rely on your tax advisor or attorney on your specific situation.

⁴ Income and growth on accumulated cash values is generally taxable only upon withdrawal. Adverse tax consequences may result if withdrawals exceed premiums paid into the policy. Withdrawals or surrenders made during a Surrender Charge period will be subject to surrender charges and may reduce the ultimate death benefit and cash value. Surrender charges vary by product, issue age, sex, underwriting class, and policy year.

⁵ The net cost of a variable interest loan could be negative if the credits earned are greater than the interest charged. The net cost of the loan could also be larger than under standard policy loans if the amount credited is less than the interest charged. In the extreme example, the amount credited could be zero and the net cost of the loan would equal the maximum interest rate charged on variable interest loans. In brief, variable Interest Rate Loans have more uncertainty than Standard Policy Loans in both the interest rate charged and the interest rate credited.

Product Variable Interest Rate Loan Chart

	Builder IUL, Guarantee Builder IUL, and Rapid Builder IUL
Availability	Policy year six
Maximum Rate Charged	6%
Minimum Rate Charged	4%
When the Rate is Determined	Quarterly
Changes to the Variable Loan Interest Rate	Any changes to the loan interest rate will take place on the policy anniversary and will apply for the entire policy year.
Interest Rate Increases	If the interest rate increases while any policy debt exists, a notice will be sent to you at least 30 days prior to the effective date of the increase (60 days in Nevada for Rapid Builder IUL and Builder IUL).

Standard Loans

For standard policy loans, the interest rate charged is declared by North American Company. The rate charged will never be more than the maximum standard policy loan interest rate printed in your policy (typically 6% per year). Please refer to the Product Standard Loan Chart for details on page 14.

The interest rate credited to the loaned portion of your cash value will equal the guaranteed interest rate printed in your policy (typically 3% per year).

- The net cost of a loan is the difference between the interest rate charged and the interest rate credited.
- The maximum net cost of the loan for standard loans is the difference between the maximum standard policy loan interest rate and the guaranteed interest rate for the Fixed Account.

Net Zero Cost Loans

Net zero cost loans are loans in which we guarantee that the interest rate we charge is the same amount as the interest rate we credit to the portion of loaned funds. The result is a net zero cost.

- Net zero cost loans typically begin in policy year six, where the interest rate charged on the standard policy loan will be the same as the interest rate credited on the loaned portion of your Policy Fund Value.

Standard policy loans are fairly predictable since the net cost of the loan falls in a very narrow range. Additionally, the net cost is guaranteed for net zero cost loans.

Product Standard Loan Chart

Builder IUL, Guarantee Builder IUL, and Rapid Builder IUL	
Availability	Policy year one ⁶
Standard Loan Interest Rate	Please consult your North American representative for current rate. The standard loan interest rate is guaranteed no to exceed 6%.
Maximum Loan Interest Rate	6.0%
Net Zero Cost Loans	Starting in policy year six, net zero cost loans will be available on 100% of the loan value. Zero cost loans are charged and credited at 3.0% for a net zero cost in years six and thereafter. This feature does not apply to variable interest rate loans.

⁶ In Massachusetts, Montana, and Texas, Standard Loans are available starting in the third policy year for Rapid Builder IUL only.

General standard loan guidelines:

- On the date that the loan is processed, if the amount in the Fixed Account is less than the requested Standard Loan amount plus any outstanding policy debt, funds will automatically be transferred from the Index Selections to the Fixed Account before the loan is processed.
- The policy owner may specify the amount to be transferred from each Index Selection to the Fixed Account. If not specified, the transfer will be made using a pro rata method based on the account value, starting with the most recently dated Index Segments in each Index Selection.
- If any transfer from the Index Selections due to a Standard Loan request occurs before the end of the Index Period, the transferred amount will not receive any Index Credit.
- Standard policy loans are available in all states.
- Standard policy loans may not be taken in conjunction with variable interest rate loans.

Switching Between Loan Types

You have great flexibility should you take a loan from a North American policy. If current market conditions change or your expectations change, you may switch your loan type. So, if you want to move from a variable interest rate loan to a standard policy loan, you can! The remaining balance will be transferred to the new loan. Our only condition is that only one loan type is available at a time and that any changes are made on a Monthly-Anniversary. Additionally, there is no cost for this change, which gives you flexibility to meet your needs.

Overloan Protection Benefit

The Overloan Protection Benefit will keep your policy in effect (or “inforce”) when extensive loans are taken. This means that your policy will continue to provide death benefit coverage. If elected, the guarantee provided by this benefit may help you avoid tax consequences of a policy lapse due to excessive loans or withdrawals.⁷ You may want to consider electing this benefit if you plan to use your policy as an income supplement vehicle.⁸



⁷ Policy loans from life insurance policies generally are not subject to income tax, provided the contract is not a Modified Endowment Contract, as defined by Section 7702A of the Internal Revenue Code. A policy loan or withdrawal from a life insurance policy that is a Modified Endowment Contract is taxable upon receipt to the extent cash value of the contract exceeds premium paid. Policy loans and withdrawals will reduce cash value and death benefit. Policy loans are subject to interest charges. Consult with and rely on your tax advisor or attorney on your specific situation.

⁸ This benefit may reduce the Specified Amount. If Overloan Protection benefit is in effect, Accelerated Benefits cannot be elected.

GLOSSARY

Account Value

The Account Value is the sum of the Fixed Account Value plus the Index Account Value.

Fixed Account

An account that offers a fixed rate of interest.

Fixed Account Value

The Fixed Account Value is equal to the total premiums and/or transfers allocated to the Fixed Account, minus policy charges and expenses, minus the cost of any additional insurance or benefits, minus any partial surrenders. The Fixed Account Value is credited with the company's currently declared, non-guaranteed interest rate.

Index Account Value

The Index Account Value is the total value of all individual Index Segments for all Index Selections. It is equal to the total premiums and/or transfers allocated to the Index Selections, minus policy charges and expenses, minus the cost of any additional insurance or benefits, minus any partial surrenders, plus any Index Credits. The Index Credit is based on the performance of the index or indices selected.

Index Cap Rate

The Index Cap Rate is the maximum interest rate that is used in the calculation of the Index Credit. The Index Cap Rate will be declared for each Index Segment in advance of each Index Period. It will never be less than the Minimum Index Cap Rate shown in the policy.

Index Credit

The amount credited to an Index Segment. The Index Credit is calculated and added to an Index Segment at the end of an Index Period. No Index Credit will be given if an Index Segment ends before the end of the Index Period.

Index Crediting Date

The Index Crediting Date is the first business day that falls on or after the end of the Index Period, when we apply the Index Credit to the Index Segment.

Index Crediting Method

The method used to calculate the index change. Index Crediting Methods: 1) Annual Point-to-Point, 2) Daily Averaging, 3) Multi-Index Point-to-Point, and 4) Monthly Averaging. For each method, the change in index value, if any, is subject to the Index Participation Rate, Index Cap Rate and Index Floor Rate. Crediting Methods vary by product.

Index Floor Rate

The Index Floor Rate is the minimum interest rate that is used in the calculation of the Index Credit. The Index Floor Rate is declared for each Index Segment in advance of each Index Period, and is guaranteed to never be less than 0%.

Index Participation Rate

The portion of the index change that is used in the calculation of the Index Credit. The Index Participation Rate will be declared for each Index Segment in advance of each Index Period, but it will never be less than the Minimum Index Participation Rate shown in the policy.

Index Period

The period of time during which an Index Credit is calculated. An Index Period begins on the date an Index Segment is created. This policy uses a 12 consecutive month period. At the end of an Index Period, a new Index Period will begin, and any values in the Index Segment will remain in the same Index Segment, unless changed by the client.

Index Segment

An account that earns an Index Credit based on an Index Selection. An Index Segment is created on each date when a premium payment or transfer is allocated to an Index Selection. An Index Segment will end when its value cannot cover the policy costs. The policy may contain multiple Index Segments at one time. (Also referred to as a "Bucket.")

Index Selection

A combination of an index and an Index Crediting Method (Example: NASDAQ-100® Annual Point-to-Point).

Life insurance policies have terms under which the policy may be continued in force or discontinued. Current cost of insurance rates and interest rates are not guaranteed. Therefore, the planned periodic premium may not be sufficient to carry the contract to maturity. The Index Accounts are subject to caps and participation rates. In no case will the interest credited be less than 0 percent. Please refer to the customized illustration provided by your agent for additional detail. The policy's death benefit is paid upon the death of the insured. The policy does not continue to accumulate cash value and excess interest after the insured's death. For costs and complete details, call or write North American Company, Administrative Office, Sioux Falls, SD 57193. Telephone (877) 872-0757.

Index Universal Life products are not an investment in the "market" or in the applicable index and are subject to all policy fees and charges normally associated with most universal life insurance.

Failure to meet premium requirements may result in a lapse in the policy and participation in the Index Accounts. The Index Accounts are subject to caps and participation rates. The surrender charge varies by product, gender, issue age, underwriting class and duration. In no case will the interest credited be less than 0 percent. Please refer to the customized illustration provided by your agent for additional detail. The policy's death benefit is paid upon the death of the insured. The policy does not continue to accumulate cash value and excess interest after the insured's death.

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