

Introducing new Fidelity index designed to deliver more consistent returns over time

Date: January 21, 2021
Effective: January 25, 2021

North American is excited to announce the addition of the new proprietary Fidelity Multifactor Yield IndexSM 5% ER to all currently marketed North American indexed universal life insurance (IUL) products. The Index is a rules-based index that blends six equity factor indices with U.S. Treasuries, and uses a dynamic allocation approach that seeks to reduce volatility to deliver more consistent returns over time.

Six factor indices were chosen by Fidelity with the goal of enhancing returns, managing risk, and targeting specific outcomes. A fixed income overlay is applied with a combination of 10-year treasuries and cash to account for potential changes in interest rates. The allocation between equity allocations and fixed allocations are adjusted daily with a goal to meet a 5% volatility target.

The new Fidelity index will be available on all currently marketed IUL products beginning January 25, 2021.

Highlights:

- A privately held company founded in 1946, Fidelity Investments has diverse investment capabilities across a multi asset class platform.
- The index utilizes an Annual Point-to-Point crediting methodology and will have a non-guaranteed Enhanced Participation Rate of 135% on current IUL products.
- In addition to strong illustrated rates, allocations to this Index will also receive a reduced account value charge, allowing for even greater performance potential.

Updated forms

With the implementation of the new Fidelity index, in the states where the new fund is available the following forms have been updated and are currently available on Forms Factory®.

Form Name	Prior Version	New Version
IUL Application Supplement	ICC16L3189B Rev 4-19	ICC16L3189B Rev 8-20
Disclosure for IUL	L-3190A and L-3190A-AR Rev 4-19-L	L-3190A and L-3190A-AR Rev 8-20-L
Indexed Life Systematic Premium Allocation Request (SPA)	O-2882 Rev 8-16	O-2882 Rev 12-20
IUL Request Form	O-2800 Rev 8-16	O-2800 Rev 12-20

The prior versions of the forms will no longer be accepted as of March 1, 2021; the new version will also be required if the new Fidelity index is elected.

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Field Bulletin

Availability and effective dates

The new Fidelity index is available in all states except: Alabama, California, Delaware, Florida, North Dakota, and South Dakota.

On all currently marketed IUL products, funds can be allocated to the new Fidelity index beginning January 25, 2021. Policies that are eligible to elect the new Fidelity index will include an endorsement outlining the details of the index. This endorsement will be included in all IUL policies issued January 25, 2021, and after.

An inforce mailing project will take place in the near future where the endorsement and an updated Schedule of Policy Benefits page will be sent to policyholders of currently marketed IUL products that are already in force and written in a state where the new Fidelity index is available. This mailing will alert the client of the availability of the new Fidelity index and include the updated policy pages that should be placed with their original policy.

Electing New Fidelity Index

Please note the following guidelines regarding electing the new Fidelity index:

For inforce business

To elect the new Fidelity index on inforce cases, the normal process for making changes to indices will need to be followed. The Indexed Life Request form (O-2800 Rev. 12-20) has been revised to include the new index.

For business not yet placed in force

To elect the new Fidelity index on cases in New Business/Policy Change that have not yet been placed in force, a new allocation form (ICC16L3189B) and disclosure form (L-3190A) will need to be fully completed and submitted. The instructions on what changes are wanted to the indices selected would be completed on the new allocation form. When adding the Fidelity index to a case that was issued prior to January 25, 2021, the case will need to be reissued.

Policy Date Guidelines

There are no restrictions with the policy date when the new Fidelity index is selected.

Illustrations and SimpleSubmit[®]

Beginning January 23, 2021, SimpleSubmit and Web-Based Illustrations will be updated with the new forms and the ability to elect and illustrate the new Fidelity index.

For resources on this index, please visit go.fidelity.com/FIDMFY.

For additional questions on this index, please contact your MGA (Managing General Agent).

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Indexed Universal Life Insurance 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.

Life insurance products are issued by North American Company for Life and Health Insurance, Administrative Office, One Sammons Plaza, Sioux Falls, SD 57193. Product, features, endorsements, riders or issue ages may not be available in all jurisdictions. Limitations or restrictions may apply.

The Fidelity Multifactor Yield IndexSM 5% ER (the “Index”) is a multi-asset index, offering exposure to companies with attractive valuations, high quality profiles, positive momentum signals, lower volatility and higher dividend yield than the broader market, as well as U.S. treasuries, which may reduce volatility over time. Fidelity and its related marks are service marks of FMR LLC. Fidelity Product Services LLC (“FPS”) has licensed this index for use for certain purposes to North American Company for Life and Health Insurance[®] (the “Company”) on behalf of the Product. The Index is the exclusive property of FPS and is made and compiled without regard to the needs, including, but not limited to, the suitability needs, of the Company, the Product, or owners of the Product. The Product is not sold, sponsored, endorsed or promoted by FPS or any other party involved in, or related to, making or compiling the Index. The Company exercises sole discretion in determining whether and how the Product will be linked to the value of the Index. FPS does not provide investment advice to owners of the Product, nor to any other person or entity with respect to the Index and in no event shall any Product contract owner be deemed to be a client of FPS.

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