



Custom Guarantee (Gen 8)

A Universal Life Insurance Policy Proposal

Prepared for:

Susie
Female, Age 68 (Based on Nearest Birthday), Preferred Non-Tobacco
Death Benefit: \$217,241 Initial DB Option: Level
Initial Annual Premium: \$.00
1035: \$0.00 (Month 1) Non-1035: \$75,000.00 (Month 1)
Riders: None
Rating: None

Agent:

North American Company
North American Company
525 W. Van Buren
Chicago, IL 60607
312-648-7600

EXPLANATION OF POLICY PROPOSAL

Plan Description

Custom Guarantee (Gen 8) is a universal life product, issued on form series LS170, that provides a death benefit upon the death of the insured person. This policy is guaranteed to remain in force for 5 years subject to the payment of a minimum premium as shown in the Minimum Premium section of this proposal. In addition, the policy provides for an Extended No Lapse Guarantee which can extend the death benefit guarantee beyond the minimum 5 year guarantee.

Important Facts About This Proposal

This proposal shows you how your universal life insurance policy works based on the information shown in the "Prepared for:" section at the top of the page, and any loans, withdrawals and other policy changes assumed in this proposal. It is only an example. Your policy will not work exactly as it is shown in this document because the actual values in your policy will vary based on:

- the amount of the premium payments you make;
- when you make the premium payments;
- the actual cost of insurance;
- actual policy expenses;
- loans, withdrawals and other policy changes not shown in this proposal;
- the actual rate at which interest is credited to your policy.

If this proposal assumes that a policy loan is made, then the rates at which interest will be credited on loaned amounts are set forth under the caption "Loans".

In this proposal we show you how your policy would work if we charged you the maximum amount for your cost of insurance and policy expenses (such as administrative expenses), and paid you the minimum rate of interest on your policy value. We guarantee these values, and they are shown in the "Guaranteed" columns of the Tabular Detail pages.

Please be aware that any changes to your Policy, including but not limited to planned premium amount, premium mode, premium duration or death benefit amount, do not happen automatically and must be requested by the Owner (regardless of whether those changes are reflected in this proposal). Please contact your agent or North American Company for information regarding changes to your policy.

This proposal is not a contract. If there are any differences between this document and your insurance policy, your policy will take precedence.

This proposal is based on a reasonable interpretation of current income tax laws, and we do not guarantee the tax treatment of any policy. We recommend that you consult a tax advisor about your personal circumstances.



Custom Guarantee (Gen 8)

A Universal Life Insurance Policy Proposal

Prepared for:

Susie
Female, Age 68 (Based on Nearest Birthday), Preferred Non-Tobacco
Death Benefit: \$217,241 Initial DB Option: Level
Initial Annual Premium: \$.00
1035: \$0.00 (Month 1) Non-1035: \$75,000.00 (Month 1)
Riders: None
Rating: None

Agent:

North American Company
North American Company
525 W. Van Buren
Chicago, IL 60607
312-648-7600

EXPLANATION OF POLICY PROPOSAL (CONT.)

Minimum Premium

The minimum premium payment that will guarantee that this policy will stay in force for 5 years is \$3,428.40 annually. This premium assumes that there are no policy changes during the guarantee period. Policy changes such as increasing or decreasing the death benefit, changing the death benefit option or adding or removing a rider will change the minimum premium that is required to maintain this guarantee. Payment of the minimum premium may not provide coverage beyond the first 5 years and may result in a negative or zero account value. If that happens, significantly higher premiums may be necessary to keep the policy in force. By paying only the minimum premium, you may be forgoing the advantage of building more significant cash values in subsequent years.

The normal maturity date for your policy is the policy anniversary nearest your age 120. For this proposal, the minimum Annual premium that must be paid to guarantee coverage to maturity is \$4,714.09. It is important to note that the calculation of this premium is based on the following assumptions:

- guaranteed interest rate, guaranteed mortality charges and guaranteed expenses;
- premiums are paid in all years to age 100, regardless of the premium payment pattern shown in the Tabular Detail pages, to keep the policy in force to age 120;
- pour-ins and 1035 exchange amounts, if any, are not included;
- policy changes, withdrawals, and loans are not included. Any of these transactions combined with the calculated premium may cause the policy to lapse prior to age 120 on a guaranteed basis.
- riders and ratings, if applicable, are included.

Extended No Lapse Guarantee

The Extended No Lapse Guarantee provides an important no lapse protection guarantee that can ensure that your coverage will continue beyond the minimum 5-year death benefit guarantee period even if the policy's surrender value is not sufficient to cover the monthly deductions as defined in the policy. The guarantee will vary depending on the amount and timing of premium payments. By paying the premiums proposed on the Tabular Detail pages, the guaranteed death benefit coverage is extended to age 120. There are charges associated with this benefit, and they are defined in the Schedule of Policy Benefits.

The guarantee uses an alternate account value that is calculated in a similar manner as the policy account value but uses different charges and interest rates. This alternate account value is simply a reference value that is used to determine whether the guarantee is in effect. It is not used in determining the policy account value, surrender value or any other value described in the policy, and you cannot access its value for purposes of loans or withdrawals. The performance of the alternate account value fund is sensitive to the prompt payment of premiums. Payments should be made on time and in a consistent manner to protect this guarantee.



Custom Guarantee (Gen 8)

A Universal Life Insurance Policy Proposal

Prepared for:

Susie
Female, Age 68 (Based on Nearest Birthday), Preferred Non-Tobacco
Death Benefit: \$217,241 Initial DB Option: Level
Initial Annual Premium: \$.00
1035: \$0.00 (Month 1) Non-1035: \$75,000.00 (Month 1)
Riders: None
Rating: None

Agent:

North American Company
North American Company
525 W. Van Buren
Chicago, IL 60607
312-648-7600

EXPLANATION OF POLICY PROPOSAL (CONT.)

If the premium requirements associated with the Extended No Lapse Guarantee are not met, significantly higher premiums may be necessary to keep the policy in force. Paying only the premium to guarantee the death benefit under this provision may result in a negative or zero account value.

Note that changes in your premium payment pattern or other policy changes such as loans, withdrawals and death benefit changes may affect the length of time that this guarantee can continue your policy in force.

Premium Outlay

The premium amount that appears in any given year on the Tabular Detail pages is the sum of the payments you plan to make each year. Based on the payment frequency you selected for this proposal, the Annual premium for the first year is \$0.00. This proposal assumes that all scheduled premium payments are received on the first day of each payment frequency period.

The following additional funds are included in the first year premium outlay, and are assumed to be received as indicated:

1035 Exchange Amount: None in policy month 1

Non-1035 Exchange Amount: \$75,000.00 in policy month 1

Maximum (Guideline) Premium

The Internal Revenue Service has set certain limitations on the amount of premium that can be paid into a policy to qualify it as insurance. There are two classifications:

1. The maximum single premium, which is referred to as the Guideline Single Premium.
2. The maximum level annual premium paid each year, which is referred to as the Guideline Level Premium or Guideline Annual Premium.

Based on the data used for this proposal, the initial Guideline Single Premium is \$126,631.98 and the initial Guideline Annual Premium is \$12,637.52. The total of your premium payments cannot at any time exceed the greater of the Guideline Single Premium or the sum of the Guideline Annual Premiums for the same period.

The payment of the initial Guideline Single Premium in year 1 or the initial Guideline Annual Premium in all years will not, in some cases, guarantee coverage for the duration of your policy.

If you pay the premiums that are shown on the Tabular Detail pages of this proposal, then based on the guaranteed interest rate and guaranteed charges, the insurance coverage of \$217,241.00 would cease at age 120.



Custom Guarantee (Gen 8)

A Universal Life Insurance Policy Proposal

Prepared for:

Susie
Female, Age 68 (Based on Nearest Birthday), Preferred Non-Tobacco
Death Benefit: \$217,241 Initial DB Option: Level
Initial Annual Premium: \$.00
1035: \$0.00 (Month 1) Non-1035: \$75,000.00 (Month 1)
Riders: None
Rating: None

Agent:

North American Company
North American Company
525 W. Van Buren
Chicago, IL 60607
312-648-7600

EXPLANATION OF POLICY PROPOSAL (CONT.)

Modified Endowment Contract

Based on the premium payments and exchange information used in this proposal, this policy is a Modified Endowment Contract as it violates federal guidelines in year 1. See the attached Disclosure Statement for more information. MEC premiums are computed according to Internal Revenue Code guidelines.

According to the Internal Revenue Code, a life insurance policy is considered a Modified Endowment Contract ("MEC"), and loses certain tax advantages, if the accumulated premiums paid at any time during the first 7 policy years exceed the sum of the MEC premium of \$18,995.45 for the same period. Also, if you are exchanging a modified endowment contract for a new life insurance policy, the new policy will automatically be a modified endowment contract regardless of the amount of premiums paid.

Proposal Values

Policy values and death benefits shown are end-of-year values.

Life Insurance Benefit

The initial death benefit is: \$217,241.

The level death benefit proposed is the amount that we will pay to the named beneficiary when the insured person dies while this policy is in force. The death benefit is the greater of the initial death benefit or the account value multiplied by the corridor percentage shown in the Schedule of Policy Benefits. The actual amount payable may be lower if you reduce your death benefit, take a policy loan or make a withdrawal. It may be higher if you increase your death benefit.

If you would like to see a proposal for a death benefit amount other than what is shown here, please discuss it with your North American representative.

Underwriting Class

The underwriting class used in this proposal is Preferred Non-Tobacco. Actual premiums for the proposed insurance coverage will ultimately depend on the outcome of the underwriting process and may vary from this proposal. If so, you will receive a revised proposal with your insurance contract.

Account Value

The account value is the amount we use to calculate the interest that we credit to your policy. Your account value is equal to:

- the total of all of the premium payments you've made;
- minus the cost of insurance charges;
- minus policy expenses;
- minus the cost of any additional insurance or benefits;
- minus any withdrawals;
- plus any interest credited.



Custom Guarantee (Gen 8)

A Universal Life Insurance Policy Proposal

Prepared for:

Susie
Female, Age 68 (Based on Nearest Birthday), Preferred Non-Tobacco
Death Benefit: \$217,241 Initial DB Option: Level
Initial Annual Premium: \$.00
1035: \$0.00 (Month 1) Non-1035: \$75,000.00 (Month 1)
Riders: None
Rating: None

Agent:

North American Company
North American Company
525 W. Van Buren
Chicago, IL 60607
312-648-7600

EXPLANATION OF POLICY PROPOSAL (CONT.)

Because this is a flexible premium policy, you have the option to stop or reduce premium payments for a period of time. Even if this proposal shows premium payments for just one year or several years only, North American will continue to deduct the cost of insurance and policy expenses from your policy's account value each month. Depending on actual results, you may need to continue or resume premium outlays. If at any time the account value is not sufficient to cover the monthly charges and expenses, and absent an applicable no lapse guarantee, you would have to make sufficient premium payments to cover the charges and expenses in order to continue coverage.

Surrender Value

The surrender value is the amount you receive if you cancel your policy. Your surrender value is equal to:

- your account value;
- minus any outstanding policy loans and loan interest;
- minus surrender charges.

The surrender charge reduces to zero at the end of 20 years.

Processing Changes at Age 100

The normal maturity date for your policy is the policy anniversary nearest your age 120. If your policy is in force at age 100, death benefit coverage will continue to age 120 unless the accrued value of any outstanding loan causes the policy to lapse prior to age 120. Certain changes will occur for the years beyond age 100:

- No mortality or expense charges will be deducted, and no further premium payments will be accepted.
- Loan repayments will be accepted, and loan interest will continue to accrue.
- Rider charges, if any, will continue to be assessed.

Accelerated Death Benefit Endorsement

This endorsement allows the policy owner to access a portion of the policy's death benefit if you are diagnosed with a terminal, chronic or critical illness. We must receive due proof that you are terminally, chronically or critically ill as defined in the endorsement before an accelerated payment will be made. Accelerated benefits can only be elected under one of these conditions at any given time. The maximum death benefit we will accelerate on the policy is \$1,000,000.

If you are diagnosed with a terminal illness, the minimum benefit is the smaller of 10% of the death benefit on the election date or \$100,000. The maximum benefit is the smaller of 75% of the death benefit on the election date or \$750,000. Only one election can be made for terminal illness.



Custom Guarantee (Gen 8)

A Universal Life Insurance Policy Proposal

Prepared for:

Susie
Female, Age 68 (Based on Nearest Birthday), Preferred Non-Tobacco
Death Benefit: \$217,241 Initial DB Option: Level
Initial Annual Premium: \$.00
1035: \$0.00 (Month 1) Non-1035: \$75,000.00 (Month 1)
Riders: None
Rating: None

Agent:

North American Company
North American Company
525 W. Van Buren
Chicago, IL 60607
312-648-7600

EXPLANATION OF POLICY PROPOSAL (CONT.)

If you are diagnosed as chronically ill, the minimum benefit amount that can be accessed at each election, except the final election, is the smaller of 5% of the policy's death benefit on the initial election date or \$50,000. The maximum benefit at each election is the smaller of 24% of the death benefit on the initial election date or \$240,000. The maximum benefit may be smaller for a final election. A chronic illness election is effective for 12 months starting from the election date, and only one election can be made in that 12-month period.

If you are diagnosed as critically ill, the minimum benefit amount that can be accessed at each election is \$2,500. The maximum benefit at each election is the smaller of 25% of the policy's death benefit at the time of election or \$50,000.

This endorsement is automatically issued with your policy if all of the following qualifications are met:

- Your age at policy issue is 75 or less.
- If the standard cost of insurance rates are increased, the increase cannot exceed 50% for the life of the policy.
- You are not assessed with a flat extra premium of any amount for medical reasons.

If all of the above qualifications are not met, your policy will be issued with either the Accelerated Death Benefit Endorsement for terminal and chronic illness, or the Accelerated Death Benefit Endorsement for terminal illness.

There is no additional premium to have this endorsement as part of your policy, but there is an administrative fee when an Accelerated Death Benefit payment is made for either the terminal illness or chronic illness benefit. Since this benefit is paid prior to death, the payment received will be discounted and will be less than the death benefit accelerated. An accelerated payment will reduce the policy's death benefit and policy values, which include, but are not limited to, the account value, cash surrender value and loan value.

Benefits and limitations may vary by state. Refer to the Accelerated Death Benefit Endorsement form for additional details regarding this benefit.



Custom Guarantee (Gen 8)

A Universal Life Insurance Policy Proposal

Prepared for:

Susie
Female, Age 68 (Based on Nearest Birthday), Preferred Non-Tobacco
Death Benefit: \$217,241 Initial DB Option: Level
Initial Annual Premium: \$.00
1035: \$0.00 (Month 1) Non-1035: \$75,000.00 (Month 1)
Riders: None
Rating: None

Agent:

North American Company
North American Company
525 W. Van Buren
Chicago, IL 60607
312-648-7600

MODIFIED ENDOWMENT CONTRACT DISCLOSURE STATEMENT

Modified endowment contracts are life insurance policies under which the gross premiums paid at any time during the first seven years exceed the sum of the annual net level premiums under the statutory 7 pay test. Also, if you are exchanging a modified endowment contract for a new life insurance policy, the new policy will automatically be a modified endowment contract regardless of the amount of premiums paid. Your plan of insurance, as proposed, would fail that statutory test. You should be aware that:

- 1) Any cash distributions, withdrawals or loans made at any time during the life of the policy (other than death) will be includable in your taxable income to the extent that they reflect surrender values in excess of premiums paid.
- 2) Such distributions will also be subject to a 10% penalty tax (on amounts includable as income) unless you have attained age 59 1/2, become disabled, or you annuitize the entire cash value. (If the policy owner is a corporation, such proceeds are subject to the 10% penalty tax at any time.)

The information given above is NOT intended as legal or tax advice. For such advice, the taxpayer should consult his/her attorney or tax advisor.

I acknowledge that I have read this disclosure statement and understand that the proposed plan of insurance would be a Modified Endowment and be subject to special tax treatment as outlined above.

Proposed Insured (or Applicant, if different)

Date

Agent



Custom Guarantee (Gen 8)

A Universal Life Insurance Policy Proposal

Prepared for:

Susie
 Female, Age 68 (Based on Nearest Birthday), Preferred Non-Tobacco
 Death Benefit: \$217,241 Initial DB Option: Level
 Initial Annual Premium: \$.00
 1035: \$0.00 (Month 1) Non-1035: \$75,000.00 (Month 1)
 Riders: None
 Rating: None

Agent:

North American Company
 North American Company
 525 W. Van Buren
 Chicago, IL 60607
 312-648-7600

TABULAR DETAIL

*Guaranteed
 3.00% / 2.50% Interest Rate*

<u>End of Year</u>	<u>End of Yr Age</u>	<u>Premium Outlay</u>	<u>Account Value</u>	<u>Surrender Value</u>	<u>Death Benefit</u>
1	69	75000.00	58001	46922	217241
2	70	0.00	55416	44669	217241
3	71	0.00	52505	42091	217241
4	72	0.00	49186	39215	217241
5	73	<u>0.00</u>	45409	35881	217241
		75,000.00			
6	74	0.00	41117	32032	217241
7	75	0.00	36203	27562	217241
8	76	0.00	30591	22392	217241
9	77	0.00	24169	16303	217241
10	78	<u>0.00</u>	16809	9385	217241
		75,000.00			
11	79	0.00	8336	1356	217241
12	80	0.00	0	0	217241
13	81	0.00	0	0	217241
14	82	0.00	0	0	217241
15	83	<u>0.00</u>	0	0	217241
		75,000.00			
16	84	0.00	0	0	217241
17	85	0.00	0	0	217241
18	86	0.00	0	0	217241
19	87	0.00	0	0	217241
20	88	<u>0.00</u>	0	0	217241
		75,000.00			
21	89	0.00	0	0	217241
22	90	0.00	0	0	217241
23	91	0.00	0	0	217241
24	92	0.00	0	0	217241
25	93	<u>0.00</u>	0	0	217241
		75,000.00			



Custom Guarantee (Gen 8)

A Universal Life Insurance Policy Proposal

Prepared for:

Susie
 Female, Age 68 (Based on Nearest Birthday), Preferred Non-Tobacco
 Death Benefit: \$217,241 Initial DB Option: Level
 Initial Annual Premium: \$.00
 1035: \$0.00 (Month 1) Non-1035: \$75,000.00 (Month 1)
 Riders: None
 Rating: None

Agent:

North American Company
 North American Company
 525 W. Van Buren
 Chicago, IL 60607
 312-648-7600

TABULAR DETAIL (CONT.)

*Guaranteed
 3.00% / 2.50% Interest Rate*

<u>End of Year</u>	<u>End of Yr Age</u>	<u>Premium Outlay</u>	<u>Account Value</u>	<u>Surrender Value</u>	<u>Death Benefit</u>
26	94	0.00	0	0	217241
27	95	0.00	0	0	217241
28	96	0.00	0	0	217241
29	97	0.00	0	0	217241
30	98	0.00	0	0	217241
		<u>75,000.00</u>			
31	99	0.00	0	0	217241
32	100	0.00	0	0	217241
33	101	0.00	0	0	217241
34	102	0.00	0	0	217241
35	103	0.00	0	0	217241
		<u>75,000.00</u>			
36	104	0.00	0	0	217241
37	105	0.00	0	0	217241
38	106	0.00	0	0	217241
39	107	0.00	0	0	217241
40	108	0.00	0	0	217241
		<u>75,000.00</u>			
41	109	0.00	0	0	217241
42	110	0.00	0	0	217241
43	111	0.00	0	0	217241
44	112	0.00	0	0	217241
45	113	0.00	0	0	217241
		<u>75,000.00</u>			
46	114	0.00	0	0	217241
47	115	0.00	0	0	217241
48	116	0.00	0	0	217241
49	117	0.00	0	0	217241
50	118	0.00	0	0	217241
		<u>75,000.00</u>			



Custom Guarantee (Gen 8)

A Universal Life Insurance Policy Proposal

Prepared for:

Susie
 Female, Age 68 (Based on Nearest Birthday), Preferred Non-Tobacco
 Death Benefit: \$217,241 Initial DB Option: Level
 Initial Annual Premium: \$.00
 1035: \$0.00 (Month 1) Non-1035: \$75,000.00 (Month 1)
 Riders: None
 Rating: None

Agent:

North American Company
 North American Company
 525 W. Van Buren
 Chicago, IL 60607
 312-648-7600

TABULAR DETAIL (CONT.)

*Guaranteed
 3.00% / 2.50% Interest Rate*

<u>End of Year</u>	<u>End of Yr Age</u>	<u>Premium Outlay</u>	<u>Account Value</u>	<u>Surrender Value</u>	<u>Death Benefit</u>
51	119	0.00	0	0	217241
52	120	0.00	0	0	217241
		75,000.00			

13.00% year 1, 2.50% thereafter



Prepared for:

Susie
Female, Age 68 (Based on Nearest Birthday), Preferred Non-Tobacco
Death Benefit: \$217,241 Initial DB Option: Level
Initial Annual Premium: \$.00
1035: \$0.00 (Month 1) Non-1035: \$75,000.00 (Month 1)
Riders: None
Rating: None

Agent:

North American Company
North American Company
525 W. Van Buren
Chicago, IL 60607
312-648-7600

TRADITIONAL UNDERWRITING REQUIREMENTS

Requirements

The underwriting requirements based on this proposal are:

NOTE: In addition to the requirements below, please complete Part A of the application and Part B.

Paramed
Blood/HOS

Motor Vehicle Reports will be ordered for all applicants that are of driving age and have a valid driver's license.

The Home Office reserves the right to order additional requirements deemed necessary.

TRADITIONAL REQUIRED FORMS

Standard Form(s)

ADBE Summary Disclosure L-3199NS (8-13)
Civil Union Notice LR353A12 (01-12)
Consumer Protection Notice L-2978 (01-09)
Life Agent Report O-2724 (06-10)
Life Insurance Application ICC13L3208 (8-13)
Life Insurance Buyers Guide BYG76NA (12) (06-06)
NAC HIPAA Authorization L-3100 (11-11)
Transmittal Report O-922 (R11) (09-11)

Supplemental Form(s)

1035 Exchange L-2008 (R9) (7-13)
Certificate of Trust Agreement L-3172A (R2) (8-13)
COLI Consent Form L-3168 (11-09)
Credit Card Billing Authorization L-2856 (6-13)
Electronic Fund Transfer Authorization L-1683 (R11) (07-10)
L-3204 and DD Form 2885 Military Sales Disclosures L-3204 and DD Form 2885
Non-Resident Verification Form O-2824 (04-12)
Pension Max Disclosure Statement O-2792 (07-08)
Policy Change Application ICC13L3187B (8-13)
Replacement Form (External Replacement 2) O-2328 (R3) (10-09)
Replacement Form (External Replacement) O-2309(12) (10-09)
Replacement Form (Internal Replacement 2) O-2328 (R3) (10-09)
Replacement Form (Internal Replacement) O-2309(12) (10-09)
Request to Exchange Coverage O-2793 (R1) (12-11)
Temporary Life Insurance Agreement L-2977B (8-13)