



**THE NORTH AMERICAN ESCALATING RATE ANNUITY<sup>SM</sup> IS BACKED BY THE STRENGTH OF NORTH AMERICAN COMPANY FOR LIFE & HEALTH INSURANCE . . .**

Since 1886, Chicago-based North American Company for Life and Health Insurance has established a tradition of producing quality insurance products. North American's product lines are marketed in 49 states and the District of Columbia.

**PORTRAIT OF FINANCIAL STABILITY**

Independent rating agencies are an important source of information on an insurance company's ability to meet its obligations. Based on its financial strength and operating performance, North American continues to receive high ratings from the most well-respected ratings services, including:

**A+ (SUPERIOR) RATING FROM A.M. BEST SINCE 1979**

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 ongoing obligations to contractholders. A+ is the second highest rating out of 15 rating categories and was assigned to North American Company for Life and Health Insurance, as part of the Sammons Financial Group, on August 31, 2006. For the latest rating, access [www.ambest.com](http://www.ambest.com).

**AA- (VERY STRONG) FROM STANDARD & POOR'S CORPORATION (S&P)**

Standard & Poor's awarded its AA- rating for insurer financial strength on December 5, 2006 to North American Company as part of Sammons Financial Group.

The AA- rating, which is the fourth highest out of twenty-two, reflects Sammons Financial Group's (which is comprised of Midland National Life Insurance Company and North American Company for Life and Health Insurance) financial strength.

**AA- (VERY STRONG) FROM FITCH RATINGS**

Fitch is a leading global rating agency committed to providing the world's credit markets with independent, timely and prospective credit opinions. Fitch's insurer financial strength ratings range from AAA to D. The AA- rating is the 4th highest rating out of 24 rating categories.

**PREMIUM TAXES:** Contractholder values will be reduced for premium taxes as required by the state of residence. North American does not give tax or legal advice. Please consult with your attorney or tax advisor. The Escalating Rate Annuity<sup>SM</sup> is issued on Form LC117A (group certificate) or LS117A (individual contract) or appropriate state variations. This product and its features may not be available in all states.

- 1 In states where Rider is approved. Please contact your sales representative for state availability. If joint annuitants are named on the annuity, Rider will apply to the first annuitant who qualifies for the benefit.
- 2 If joint annuitants are named on the annuity the Death Benefit will be paid at the second death. If joint owners are named in the annuity, the Death Benefit will be paid at the first death.
- 3 Benefits are not guaranteed and are subject to change.



NOT FDIC INSURED.  
NO BANK GUARANTEE.





NORTH AMERICAN  
ESCALATING RATE ANNUITY<sup>SM</sup>

## ESCALATING

## RATE ANNUITY<sup>SM</sup>

The Escalating Rate Annuity<sup>SM</sup> from North American Company for Life and Health Insurance is a single premium, multi-year guaranteed annuity that includes many features to help you achieve your goals for retirement.

It provides a 7-year guaranteed interest period with a guaranteed interest rate increase each year.

**Planning** for future retirement income can be difficult. Will interest rates go up or down in the future? No one knows for sure! But the interest rate on the Escalating Rate Annuity<sup>SM</sup> is guaranteed to increase every year through the seven-year term. After which, you can renew your Escalating Rate Annuity<sup>SM</sup> for a new term at then-current guaranteed rates, or you can withdraw all or a part of your funds without a surrender charge.

The Escalating Rate Annuity<sup>SM</sup> from North American Company for Life and Health Insurance offers you peace of mind through the protection of your premium and a guaranteed seven-year increasing interest rate.

### Liquidity Features

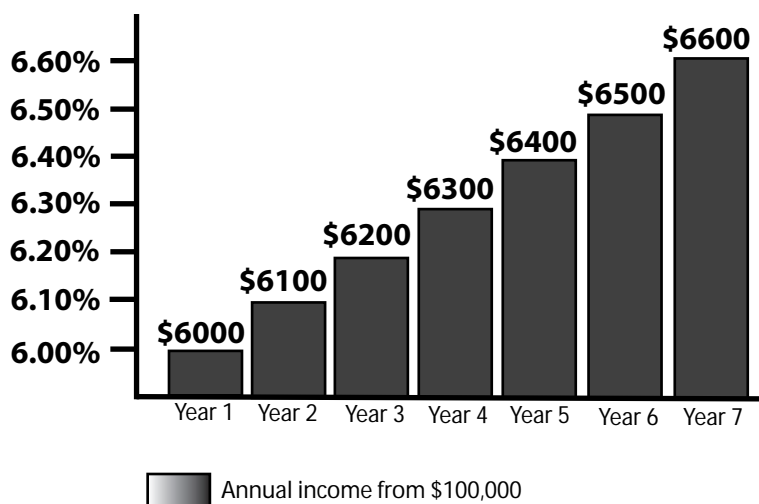
Emergencies do arise, so accessing your money is always an important concern. The **Escalating Rate Annuity<sup>SM</sup>** offers a variety of liquidity features, including the following:

### Penalty Free Withdrawals

The **Escalating Rate Annuity<sup>SM</sup>** allows you to take a penalty-free withdrawal equal to the interest earned each year after the first contract year, without incurring any surrender charges or interest adjustments. Under North American current Company practice, this interest withdrawal can begin as early as 30 days after your annuity is issued and can be received on a Systematic Withdrawal Program. You can elect to receive payments monthly, quarterly, semi-annually or annually as long as each payment is at least \$50. Withdrawals prior to age 59<sup>1/2</sup> may be subject to IRS penalties.

**EXAMPLE:** This graph shows an example of \$100,000 initial premium deposited into the **Escalating Rate Annuity<sup>SM</sup>**, and the effect of an increasing rate each year on the annual withdrawal of interest.

(Please consult your sales representative for current rates.)



### Nursing Home Confinement Rider

After the first anniversary, should the annuitant become confined to a qualified nursing home facility for at least 90 consecutive days, we will increase the penalty-free withdrawal by 10% of the total Accumulation Value each year while the annuitant is confined. For ages 75 and younger, this rider is automatically included in your annuity at no additional charge.

### No Initial Sales Charges or Administrative Fees

Since there are no initial charges or fees, your entire premium is immediately working for you, earning tax-deferred interest.

## Tax-Deferred Growth

The **Escalating Rate Annuity**<sup>®</sup> gives your money the advantage of tax deferral. This allows you to earn more interest every year. You earn more interest every year for three reasons. 1) Your interest rate is guaranteed to increase every year. 2) You earn interest on previously earned interest (compounding), if you do not withdraw any money from your contract. 3) Because your **Escalating Rate Annuity**<sup>®</sup> is tax deferred, you don't pay any current income taxes on your interest until it is withdrawn... your money is earning more money every day.

## Death Benefit<sup>2</sup>

North American will waive all surrender charges upon the death of the owner or annuitant and will pay out the full Accumulation Value to your beneficiary.

## Renewal Feature

At the end of each guarantee period, you may choose to renew your annuity for another guaranteed interest period. Or you can choose to take all or a portion of your accumulation value within a 30-day window. After the end of the guarantee period, renewal of another 7 year guarantee period is automatically processed for your convenience if no other election is taken within 30 days.

## Surrender Charges

A surrender charge will be assessed in the event of a full or partial surrender exceeding the penalty-free withdrawal privileges described earlier. Surrender charges on IRS required minimum distributions exceeding the penalty-free amount will be waived by current company practice. Surrender charges for the seven year period are as follows: 8%, 8%, 8%, 8%, 8%, 8%, 6%, 0%.

Note: Please keep in mind that a surrender during the surrender charge period could result in a loss of premium.

## Interest Adjustment

The **Escalating Rate Annuity**<sup>SM</sup> includes an interest adjustment, which allows the Company to credit interest rates that are higher than those on products without an interest adjustment. This interest adjustment is applied only during the surrender period to full surrenders and to any partial surrender in excess of the penalty-free amount. The adjustment will increase or decrease the Accumulation Value, based on the change in interest rates during the period since you purchased your **Escalating Rate Annuity**<sup>SM</sup>.

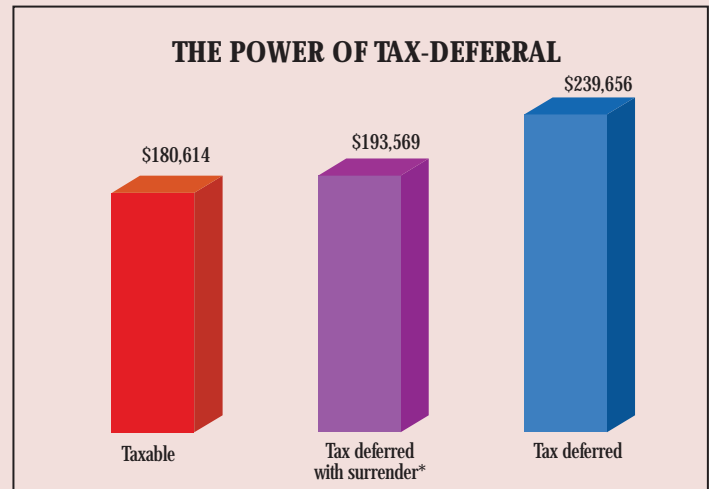
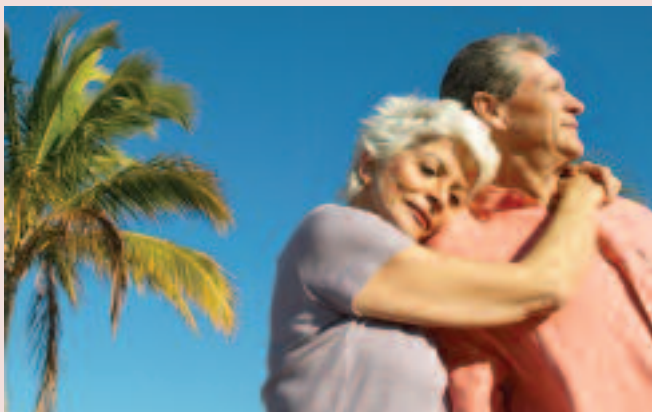


Chart is a hypothetical illustration of tax-deferral and assumes an initial premium of \$100,000 earning 6.00% compounded annual rate of return for 15 years. Not intended to predict or project performance. \*Tax deferred with surrender represents the surrender value less taxes at an assumed rate of 33%.

## Annuity Payout Options

Should you decide to receive an income from the **Escalating Rate Annuity**<sup>SM</sup> after the surrender charge period, you will have several settlement options from which to choose. With the exception of the Life Income Option, our settlement options are for a minimum of 5 years and a maximum of 20 years. The following options are available:

- Income for a Specified Period
- Income of a Specified Amount
- Life Income with a Period Certain
- Life Income
- Joint and Survivor Income

By current Company practice, you may receive an income from the Accumulation Value after the first contract year (without surrender charges) if you choose a Life Income option during the surrender period or if the annuity has been in force for at least five years and payments are received over at least a 5-year period.<sup>2</sup>

## Summary of Benefits

- Guaranteed Rate Increase Each Year
- Safety of Premium from Market Risk
- May Avoid Probate
- Tax-Deferred Growth
- Loan Provision (TSA only; after first year)
- Lifetime Income Options