# Life Insurance Compliance Guide for Producers

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# Introduction

North American Company takes great pride in being an industry-leading life insurance company and trusted authority to provide life insurance solutions for our distribution partners and the clients who purchase our products. We are committed to following fair and ethical principles in the sale of life insurance, and as an independent producer contracted to represent North American, we know you share in this commitment.

It is important that we are fully aware of the applicable laws and regulatory requirements that affect our industry. We believe following high standards of market conduct strengthens our competitive advantage and enables you to focus on developing relationships with clients and providing them with appropriate products and services.

We are providing this compliance guide to help you remain informed and aware of North American Company's policies and your role with policyowners. These policies will periodically be superseded by regulatory announcements and other communications from the Company. By accepting appointment with North American Company, you are consenting to comply with all regulatory requirements and to adhere to the following principles which have been adopted by the Company.

Demonstrating the highest ethical standards in all dealings with the Company and customers is essential to the relationship we have with you as an independent producer. As a valued distribution partner, you are expected to uphold these principles in your daily conduct and to report any activities of which you are aware of that may be in violation:

- Conduct business with high standards of honesty and fairness
- Provide competent and customer-focused sales and service based on an analysis of the specific insurance needs and financial objectives of the customer
- Engage in active and fair competition
- Provide advertising and sales materials that are clear as to purpose and fair and balanced in content
- Provide prompt and fair handling of customer complaints and disputes
- Maintain a system of supervision and monitoring reasonably designed to achieve these goals

Violations of these principles and/or other Company policies may result in disciplinary action up to and including, if appropriate, termination of your contract relationship with the Company.

You may access the compliance guide at any time online through the agent portal at **www.NorthAmericanCompany.com**. If you have questions concerning the topics referenced in this guide, you may contact the Compliance Department at 866-384-0384 or the Sales Support and Development Team at 877-872-0757 ext. 35721.

## Fair Competition

North American Company 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 Company supports the purposes of such statutes and laws and insists that producers act in full compliance with applicable federal and state statutes and regulations governing trade practices, antitrust and restraint of trade. North American Company and its producers 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 policies 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 Company 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 producer will result in action including, if appropriate, termination of the contractual relationship with the Company.

## Professional Designations and Titles

### PROFESSIONAL DESIGNATIONS

Professional designations used to solicit insurance products, particularly designations that imply an insurance producer has achieved special expertise in the area of financial planning and/or are related to senior markets, have come under heightened scrutiny from various state and federal regulators. The focus is primarily on designations that are awarded to any person who pays a fee and/or completes a minimal amount of study, either by attendance at a brief seminar or by completion of an independent study course.

The National Association of Insurance Commissioners (NAIC) has adopted its *Model Rule on the Use of Senior-Specific Certifications and Professional Designations in the Sale of Life Insurance and Annuities* (NAIC Model). Since the NAIC Model was adopted, various states have enacted or introduced laws aimed at producers who misrepresent their level of expertise in marketing and sales activities that involve senior citizens or retirees. The NAIC Model establishes a standard for the sale or solicitation of life insurance and annuities, and whether the use of a particular designation indicates or implies in a way that misleads the consumer, that the producer has special training or knowledge in advising seniors. All insurance producers must understand and comply with the state and federal laws that apply in the jurisdictions where they do business. In states that have not yet adopted a model law, it is prudent for producers doing business in those states to adhere to the standards set forth in model laws. Producers are encouraged to review state insurance regulator websites for specific information.

North American Company requires that all designations must be approved prior to use on all advertising[1] and in relation to solicitation of the company's products, in order to prevent the use of designations that lack substance, incorrectly imply expertise in the special needs of seniors, and/or are issued by organizations primarily engaged in marketing or sales instruction. The company has developed a limited list of approved designations[2] associated with the business of insurance, and producers who have properly earned an approved designation(s) may use such designation(s) in relation to the advertising and solicitation of North American Company products. Please be certain to keep any sales materials and website(s) that you maintain current and compliant.

North American Company may evaluate designations and certifications that represent a meaningful achievement through sufficient coursework, examinations and experience, and which are issued and accredited by nationally recognized organizations, for use in advertising on a case-by-case basis. Questions and/or requests for review should be submitted to the North American Advertising Review department at **adreview@sfgmembers.com**.

## PROFESSIONAL TITLES

The nature of our business requires a high degree of transparency and accuracy in how we present our professional credentials to the public. Certain state solicitation regulations require, prior to a sales presentation, that you inform a prospective purchaser that you are an insurance agent and disclose your full name. When soliciting the sale of North American Company products, be certain your clients understand that you are acting in the capacity of a life insurance agent. It is your responsibility to know and comply with each respective state's regulatory requirements for all states in which you conduct business.

Although much of what insurance agents do is involved with the planning and advising on financial matters, from a regulatory perspective, "financial planning" requires qualifications, knowledge and coordination of products and services that goes far beyond the training and education required of producers limiting their offerings to fixed and variable insurance products. Accordingly, during the sale of a North American Company product, you may not use titles such as "financial planner," "investment advisor," "consultant," "financial counselor" or other similar titles in such a way as to imply that you are generally engaged in an advisory business in which fee-based compensation is unrelated to sales, unless that is actually the case and you are properly registered as an investment advisor representative. Note that this provision is not intended to preclude persons who hold some form of formal recognized financial planning or consultant designation from using the designation even when they are only selling insurance; however, it does not permit agents to charge a fee for services that are customarily associated with the solicitation or servicing of life insurance policies.

Practice good judgment and encourage your clients to consult with other professionals on matters that you are not qualified and/or licensed to discuss (e.g., matters pertaining to legal or tax issues). While you may discuss the general tax treatment of the company's products offered to clients, you should not offer or be viewed as offering tax, legal or investment advice for specific circumstances, unless you are qualified and authorized as such and clearly disclose to the client that you are acting in that capacity and not as an agent of North American Company. The Company will not be responsible for any tax consequences that may arise or result from any transaction.

1 Includes mass mailings, business cards, letterhead, seminar presentations and websites and all other forms of advertising. All designations must be approved prior to use.

2 To review a list of currently approved designations, please refer to our website, www.NorthAmericanCompany.com. You will find the Professional Designations list in the Training Center under Compliance Information.

# Privacy and Information Security

## PRIVACY

The Gramm-Leach-Bliley Act, signed into law in 1999, provides financial institution consumers with the most sweeping expansion of privacy safeguards in the nation's history. The law imposes certain legal obligations ("Privacy Provisions") on all financial institutions, including insurance companies, with respect to the collection, use and protection of customers' non-public personal information ("NPPI") acquired in connection with the sale of insurance products. NPPI may include information such as client name, gender, age, address, contract number, bank account number, Social Security number, and health and financial information.

The Company needs to collect NPPI to provide products and services, to verify identity to detect and prevent money laundering and terrorism, and to contact your clients as needed for other matters related to their policy. Most of the information we collect is from a client's completed life insurance application; however, we may also obtain information from affiliated third parties which may include the Medical Information Bureau, paramedical examiners, agents, employers, other insurers, health care providers, and consumer reporting agencies. The Company reserves the right to request additional information when warranted, but limits the collection and use of NPPI to the extent required to administer and service your clients' policies. The Company will protect and restrict access to NPPI by maintaining physical, electronic and procedural safeguards, including restricting access only to persons who must use the information to provide insurance products and services.

The National Association of Insurance Commissioners adopted a model privacy regulation to enforce the Privacy Provisions for insurance companies. The NAIC Model requires that insurance companies provide to consumers a clear and conspicuous privacy notice when a new policy is issued and annually thereafter that accurately reflects their privacy policies and practices with respect to NPPI. The privacy notice must describe what kind of personal information is collected, where it comes from, and to whom it is disclosed. Companies may not disclose personal information to any unaffiliated third party for any purpose other than to market its own products unless the consumer has been given an opportunity to "opt out," that is, tell the not to disclose information about them. Because North American Company complies with the notice requirement of the regulation and does not share protected information with unaffiliated parties except as permitted by regulation, an offer of the "opt out" for our policy owners has not been necessary.

Insurance agents are considered "financial institutions" under the law and are required to comply with the regulation individually; however, to the extent a producer acts solely as an agent of companies that comply, the privacy notices sent by those entities to their customers can be relied upon to satisfy the requirements, thereby relieving the producer of the responsibility to provide a separate privacy notice.

As an independent producer, you may have an obligation to provide your own privacy notice to customers and to meet the other requirements of the law, depending on how your independent business is conducted. If you have a relationship that is separate from your representation of companies that comply with the law, you will have to comply separately and may want to consult with an attorney to develop a privacy notice that satisfies the specific requirements of the law.

North American's privacy policy is posted on our website at **www.NorthAmericanCompany.com**.

## INFORMATION SECURITY

Federal and state laws require that you protect the privacy of your clients' personal information. This includes the implementation of security measures to guard against the theft or loss of such information.

North American has defined and adheres to Corporate Information Security Policies and is committed to providing guidance to our independent agents with respect to Information Security recommended best practices:

- Utilize appropriate levels of encryption on laptop computers or other mobile devices, including external storage devices such as flash drives and external hard drives

- Install and regularly update anti-virus/anti-spyware software
- Never share passwords with others and utilize strong passwords
- Protect appropriate IT systems by firewalls
- Secure servers in an isolated, locked room
- Ensure all confidential information has been permanently removed prior to the disposal of equipment
- Ensure that office visitors and customers are not able to view or access restricted or confidential information
- Ensure that all desks or cabinets containing files and confidential information are securely locked and accessible only to authorized personnel

Improper disclosure or loss of North American Company client information, whether accidental or malicious, is characterized as a security breach and must be reported to the Company immediately upon discovery of the disclosure or loss. This may occur, for example, if you experience unauthorized access, loss or theft of your computer, paper files, CDs or other media containing customers' non-public private information, or if such information is sent to an unintended address, fax number or email address. To report a security breach, contact the North American Information Security Department at 800-800-3656.

## Marketing by Telephone

In response to the Telephone Consumer Protection Act, the Federal Communications Commission (FCC) and several states have adopted "Do Not Call" rules that govern telephone communications with the public. As a result, you may not use the North American Company name as part of your telephone solicitation calls unless you comply with FCC requirements and applicable state laws.

You are required to do the following if you make telephone solicitation calls (cold calls) using the North American Company name:

- Search the National Do Not Call Registry and applicable state registries before making any calls to residential telephone numbers. You may not make solicitation calls to any individual whose number is on either of these registries.
- Contact North American Company Policy Administration or Client Communications Department to confirm that the individual has not been placed on a North American Company Do Not Call list.
- Establish a personal Do Not Call list. You are responsible for maintaining a Do Not Call list of individuals who have asked not to receive calls placed by you, or on your behalf. Individuals must be kept on this list for five years.

In addition, some states have adopted restrictions around text messaging solicitations. You must check the laws and regulations of each state in which you do business to ensure you are in compliance with any state-specific requirements.

Information regarding the FCC rules and any applicable state laws is available on the FCC's website at **www.fcc.gov**.

## Anti-Money Laundering Compliance

As you conduct business, you must always watch for signs of illegal activities, such as money laundering. Money laundering refers to a series of financial transactions that aim to conceal the identity, source and destination of illegally obtained money; in other words, the conversion of criminal proceeds into seemingly legitimate funds. Money laundering facilitates a broad range of serious underlying criminal activities and ultimately threatens integrity of the financial services industry.

Following the terrorist acts of September 11, 2001, Congress enacted the USA PATRIOT Act, which strengthened anti-money laundering (AML) laws to prevent the financial services industry from being used for money laundering and terrorist financing by criminals and terrorists. As part of the USA PATRIOT Act, financial institutions, including insurance companies, are required to establish and maintain AML procedures to comply with minimum standards for customer identification as developed by the U.S. Department of the Treasury.

North American Company has taken appropriate steps to adhere to the compliance requirements under the Act and has established an anti-money laundering program. As a person who deals directly with customers and is often in a critical position to obtain information regarding the customer's source of funds and reasons for purchasing an insurance product, you play an important role in the program.

To sell North American Company's insurance products, the Company's anti-money laundering program requires you to ensure that all information disclosed on the application is correct and that associated documents are accurate and complete. Record of this information must be retained as long as the contract is in force and for five years thereafter. If a customer resists providing information, please contact the Compliance department for guidance.

You must notify the Company if you detect any money laundering "red flags" so that the Company can determine if a suspicious activity report (SAR) must be filed with the Financial Crimes Enforcement Network (FinCEN), a bureau of the U.S. Department of Treasury. Red flags that may be indicative of a money laundering situation include but are not limited to:

- A customer's purchase of a product that is not consistent with their insurance needs
- The purchase or funding of an insurance product that appears to exceed the customer's known income or net worth
- Any attempted unusual method or form of payment, particularly cash or money orders
- Payment of a large amount broken into multiple smaller amounts
- Payments received from apparently unrelated third parties to your client (other than transfers and exchanges from other insurers and broker/dealers)
- "Not taken" contracts, particularly if there are patterns or trends with a particular client
- Little or no concern by a customer for the performance of an insurance product, but much concern with respect to the early termination features of the product
- Reluctance of a customer to provide routine identifying information, or the provision of information that seems suspicious or turns out to be false
- The customer is unusually concerned about privacy or their appearance and/or demeanor is suspiciously unusual
- Any other activity which you believe is suspicious
- "Willful Blindness" is a violation of the USA PATRIOT Act, meaning it is illegal for you to "look the other way" if you know of, or reasonably should have known of red flags indicating suspicious activity. As a producer for North American Company, you have a legal duty to "know your client," detect suspicious activity, and report it to the Company.

Verification of identification is a section under the USA PATRIOT Act that requires producers and insurance companies to "Know Your Customer." In addition to identifying our customers, we must take care to identify the ownership and source of payments received (e.g., premium payments and loan payments). As part of the Company's AML program, the following guidelines have been established as to acceptable and unacceptable forms of payments:

| Acceptable | Not Acceptable |
|---|---|
| • Personal, business, cashier's or certified check drawn on U.S. bank<br>• Electronic funds transfer from U.S. bank | • Cash<br>• Money orders<br>• Agent or agency checks<br>• Generic or starter checks<br>• Third-party checks<br>• Traveler's checks<br>• Checks drawn on foreign banks<br>• Western Union Transfers |

*If a customer provides a form of payment that is not acceptable, it must be returned to the customer immediately with instructions on acceptable payment types.

The Company requires all producers to complete periodic anti-money laundering training and utilizes the course offered by LIMRA International, Inc. You may access the course at **http://aml.limra.com**. Your User ID will consist of the first four characters of your last name followed by the last six digits of your Social Security number. The password, if you are a first-time user, will be your last name. Both the user ID and password must be entered in lowercase characters. If you need assistance, please contact LIMRA's technical support team at 866-364-2380. Please note that you will not receive a physical certificate upon completion of the course; however, LIMRA will provide the Company with documentation following your completion.

Acceptable forms of AML training may include but are not limited to the following:

1. AML training course provided by LIMRA International, Inc.
2. Completion of a broker/dealer's AML training will be accepted by the Company for producers who are also Registered Representatives of a broker/dealer with which the Company, or one of its affiliates, has an active selling agreement.
3. A signed certification from another insurance company's AML Compliance Officer for producers appointed with other insurance companies who have completed another company's AML training program as mandated by the USA PATRIOT Act.

The Company and its producers share an important responsibility to comply with all applicable anti-money laundering laws. A producer's failure to do so constitutes cause for disciplinary action up to and including termination of the agent contract relationship. Additionally, violation of anti-money laundering laws may result in criminal or civil penalties under federal law.

If you have questions regarding acceptable methods of payment, customer identification requirements or any other new business issues, please contact Sales Support at 877-872-0757 ext. 35721. Questions regarding AML training requirements may be directed to Agency Services at 877-872-0757 ext. 32046.

To report suspicious activity or if you have questions regarding the Company's AML policy, please contact the North American Company AML Reporting Line at 866-384-0384.

## Selling Appropriately and Ethically

Competent and customer-focused appropriate sales are based on an analysis of the customer's insurable needs and financial objectives. You are required to carefully consider each customer's circumstance and future expectations when making product recommendations. You are also required to review all the proposed policy 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. All our product brochures provide specific, current information.

North American Company encourages the use of fact finders or other needs analysis tools to assist you in determining your customer's needs and objectives.

Insurance product recommendations should be made only upon having reasonable information to determine that such recommendations are appropriate to meet the client's needs.

## Practical Matters to Consider with Senior Clients and Vulnerable Adults

There are many important matters to consider when dealing with senior clients and vulnerable adults. Although the following guidelines are not comprehensive, they do illustrate some points to consider.

Selling life insurance or annuities to seniors requires special care and diligence. Senior protection legislation has been adopted in most states. Along with suitability, replacement, and consumer protection laws, generally this legislation provides broad protection to seniors. North American Company producers are expected to be familiar and comply with the applicable laws of the states in which business is conducted.

Although producers cannot be expected to "diagnose" mental or cognitive impairment, producers who work with senior clients and vulnerable adults 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 basic features of the 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 have diminished capacity and their ability to make decisions is impaired. This can include, but is not limited to, the following indicators:

- Another family member seems to be making all the decisions for the client;
- The person has a legal guardian, lives in a long-term care facility, and/or has a developmental disability;
- The person exhibits memory loss and/or inability to process information, or gives confusing or conflicting information;
- The person forgets appointments or to return phone calls;
- The person shows signs of fearfulness, extreme anxiety, erratic behavior, or dementia.

While a producer is not expected to be able to assess the cognitive function of a senior, many states expect producers to understand that any person of unsound mind is legally restricted from entering into an insurance contract. If it is determined that a policy is purchased by a person who is not competent to make such a decision, North American Company reserves the right to rescind the policy and charge back any commissions paid.

Many seniors are conservative by nature in investment strategy. Whenever you have doubt, it is always best to rely on more conservative strategies and recommendations.

Many people experience "buyer's remorse" 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 seniors may give the impression of being "market savvy" because they might have owned several stocks/bonds or mutual funds in the past but realistically have little or no market knowledge. Producers must not assume that seniors understand life insurance concepts without proper instruction.

Most seniors have other advisors, such as a CPA, a tax advisor, an attorney or even family members. These advisors may have different recommendations for the senior client. It may be beneficial to include these advisors or other family members in your discussions.

## Use of Illustrations

State regulations require the Company to obtain an illustration signed by both the producer and the applicant for all products that require an illustration ("Illustrated Products").

For Illustrated Products, producers must obtain a signed illustration or a signed Statement about Life Insurance Illustrations Form L-2766 at the point of sale and for certain Policy Change transactions. The illustration must disclose the name and address of the producer who prepared the illustration and must accompany the submitted application or Policy Change Request Form L-3187.

If an Illustration Statement is submitted with the application in lieu of a signed illustration, an illustration signed by both the producer and the policy owner must be submitted to the Company before the policy will be placed in force.

### REVISED ILLUSTRATIONS

Revised illustrations are required for changes to an original application or illustration. If a policy is issued other than as applied for, the Company will provide a revised illustration for delivery with the policy. The producer and applicant must sign the revised illustration and return it to the Company before the policy will be placed in force.

Common situations that require a revised illustration include, but are not limited to:

- Changes from the original application or illustration (this may include changes of the product, riders selected, non-guaranteed interest rate, policy rating or classification, death benefit and/or death benefit option)
- Changes in the initial planned premium amount or frequency (for example, changing from annual to monthly planned premium)

If an illustration submitted does not correspond with the application or policy change request, the Company will provide a revised illustration for delivery with the policy. The producer and applicant must sign the revised illustration and return it to the Company before the policy will be placed in force.

Some states (OH, NC, IL, NE and OR) require an illustration to be signed on or prior to the signature date of the application and also require the illustration to include the date it was created for the Illustrated Product.

## Non-Resident Sales

A non-resident sale occurs when a resident of one state purchases an insurance product in another state. Whenever any part of the sale, signing of documents, or delivery process occurs in a state other than the policyowner's state of residence, certain rules must be followed to ensure compliance with the laws and regulations of the applicable state insurance departments.

**If a product is approved for sale in both the policyowner's resident state and the non-resident state:** No additional action is required; however, you must maintain the appropriate non-resident license to conduct business in that state.

**When a product is not approved for sale in the policyowner's resident state:** The client is allowed to purchase the product in a non-resident state only if they can provide a valid reason to be in the non-resident state, other than solely to purchase life insurance. Under these circumstances, North American Company requires the producer and client to provide, in writing, the reason for the non-resident sale. To assist you in gathering this information, please use the ***Non-Resident Verification Form (O-2824)***, which is available in Forms Factory. Acceptable reasons for a client to purchase a policy/contract outside of their resident state may include the following:

- The policyowner maintains a second residence in the state
- The policyowner has regular business dealings in the state or is employed in the state
- The policyowner is different than the insured, and the sale took place in the resident state of the insured
- The policyowner is a family member or has a business relationship with you, and the sale took place in your state of business

**It is important to note the entire sales process must occur in the application state, including but not limited to the sale discussions, application signing, and policy delivery. A policy cannot be mailed to the client's resident state.**

States are becoming more protective with respect to the sale of insurance products to their residents. Alabama, Massachusetts, Minnesota, Oregon, Utah and Washington prohibit non-resident sales regardless of the circumstances of the case or the connection to the non-resident state. States are taking action against insurance companies and producers for violating these laws.

North American is not licensed to sell products in the state of New York; therefore, a New York resident may purchase a product in another state only if they are able to provide proof of residence or employment in the other state. Some examples of acceptable proof include utility bill, bank account records, mortgage statement, lease agreement, or valid driver's license.

If you are involved in a non-resident sale, North American Company requires that you:

- Confirm product availability and state approvals
- Ensure the owner is not a resident of a state that prohibits non-resident sales
- Make certain the owner has a connection to the non-resident state, as it is not acceptable to sell a product to a client outside of their resident state if there is no material interest/connection to that state
- Be currently licensed to sell the product in all states in which any aspect of the sale occurs
- Sell, sign and deliver the policy in the application state, as a policy cannot be mailed to the policy owner's resident state

The rules surrounding non-resident sales can be challenging, particularly in cases where the applicant/owner and the proposed insured are different persons. If you have questions about how to proceed in such cases, please contact the Compliance Department to discuss the specific case.

# Additional Important Compliance Information

## 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 extremely important and is often scrutinized in this market.

## 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 policy purchase.

### INDEX ACCOUNT ALLOCATIONS

North American Company index universal life 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 plus the additional choice of a fixed account.

The index account options are used as a measuring tool for a potential interest credit to their life insurance. Fixed index life insurance policies are not securities investments; therefore, do not participate directly in any index or indices.

If an index option is chosen by your client, it is important that the producer is not providing investment/allocation advice.

### SEMINAR SELLING/LEAD GENERATING MATERIAL

Seminar selling, complimentary lunch or dinner offers, and the use of lead generating material continue to be under increased scrutiny by regulators. These activities are not prohibited, but all such promotions must disclose that a licensed insurance producer is involved and that insurance 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 with respect to seminar selling and required disclosures are outlined in the North American Company Agent Advertising Guidelines, which can be accessed through the agent portal at **www.NorthAmericanCompany.com**.

## Prohibited or Restricted Practices

### MISREPRESENTATION ON INSURANCE APPLICATIONS

It is illegal for a producer or applicant to make false or fraudulent statements or representations with respect to an insurance application. This includes encouraging or knowingly assisting another person to make such a representation or knowingly attesting to it. A material misrepresentation in the application can void the policy contract and may result in commission charge-backs and loss of coverage.

### EXPERT WITNESS

Unless prior written consent is received from the Compliance Department, producers are not allowed to act as expert witnesses in legal, regulatory, or legislative proceedings.

### MORTGAGE AND REFINANCING

Encouraging or directing a client with substantial home equity to take out a reverse mortgage, refinance, and/or obtain home equity funds to purchase a life insurance policy is not acceptable to North American Company. Engaging in such sales tactics will result in the termination of your North American Company contract.

### USE OF CUSTOMER STATEMENTS IN THE SALES PROCESS

North American Company prohibits using copies of customers' annual statements during the application, sale, purchase, or any other aspect of marketing our life insurance products regardless of whether policyowner information is visible or not. North American Company 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 life insurance policy is not intended to predict future performance of similar products.

## REBATING

Rebating involves an applicant being given something of value that is not mentioned in the contract as an inducement to purchase or retain a contract. Rebating also includes refunding any part of your commission to induce the purchase or retention of a contract. North American Company prohibits producers from giving anything of value in conjunction with the sale of life insurance that is not specified in the policy or contract, from rebating commissions received, and from making any premium payments from funds or accounts under the control of the producer, regardless of applicable state law.

## BORROWING FROM OR LENDING MONEY TO CLIENTS

Producers are prohibited from borrowing from or lending money to customers as it creates an unacceptable conflict of interest. North American Company, and the laws of many states, prohibits a producer from receiving loans from a customer unless the customer is an immediate family member, which is defined as a spouse, child, mother, father, grandparent, brother or sister.

## PREMIUM FINANCING

Premium financing is a method of funding that can be utilized to purchase life insurance for business and estate planning purposes. The basis of the financing is to borrow money from an independent lender to fund current and/or future life insurance premiums, after which the loan is secured by the policy. North American Company does not participate in the premium finance market.

## STRANGER-OWNED AND INVESTOR-OWNED LIFE INSURANCE

We have become increasingly aware of the evolution of the sales practices in the industry involving Stranger-Owned Life Insurance (STOLI), Investor-Owned Life Insurance (IOLI), "lending of lives" and other non-traditional or speculative uses of life insurance. STOLI and IOLI involve an individual lending his or her insurability to an unrelated third person or entity. Some are presented under the pretense of charitable giving. The individuals targeted may be offered financial incentives to consent to the purchase and the policy is owned by a trust to facilitate the transaction. Premiums are typically financed through non-recourse loans where the policy will eventually be transferred to the stranger or investor in the future to satisfy the loan. Not all sales involve these features, and as this market evolves, new variations are being developed.

North American Company will not participate in STOLI, IOLI, or other speculative uses of life insurance where it appears the intent from the outset is to sell the policy in the secondary market. We believe this type of insurance undermines the vital role life insurance plays in providing financial security and death benefit protection necessary for millions of individuals and businesses.

Applications will not be accepted where it appears it is part of an investor-owned or stranger-owned transaction as described above. Our application has been modified to include inquiry into the various factors we will consider to identify this type of business, such as the following:

- Whether the proposed insured or applicant is being compensated in any way to purchase the policy
- The source of funding for the policy
- Whether a "non-recourse" loan is involved, which can be satisfied by transferring the policy to the lender or third party
- Whether any confidentiality or other agreements have been entered into regarding the purchase or funding
- Whether a third party or lender is hiding its ownership interest in the policy
- Whether the policy is being purchased with the intent to sell to investors or other third party
- Whether the proposed insured is purchasing a new policy to replace a policy that had or has been sold previously

## Wills and Trusts

Use caution when using or offering living trusts as an estate 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 sales have been the focus of private and government litigation against marketers of living trusts, insurance companies and producers. 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." North American Company has consistently held the position that the inappropriate use of trusts in conjunction with the sale of an insurance product cannot and will not be tolerated. In an effort to further strengthen its position, North American Company 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 Company 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 Company. It is important that your clients understand that the purchase of the insurance policy 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 life insurance policy.
- North American Company will require a current executed copy of its Certification of Trust Agreement Form (L-3172A), signed by the authorized trustee(s), to be on file whenever a policy will involve a trust as either an owner or beneficiary.

As a result of the Certification of Trust Agreement form, North American Company does not automatically require a copy of trust documents. However, North American Company reserves the right to require additional documentation for applications/policies involving trusts and may, if circumstances warrant, deny an application or allow rescission of a policy if it determines that a trust used in conjunction with an application/policy is inconsistent with its procedures.

North American Company does not 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 Company product in connection with a living trust.

When a trust is named as owner of an insurance product, it is imperative that the trustee(s) has obtained an independent determination that the policies are suitable for the trust's purpose, that the policy or 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 policy or policies.

Our producers should not serve in any capacity that may be construed as creating a conflict of interest (e.g. Power of Attorney/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 Company contract. Additionally, producers 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. In addition, our producers should neither engage in nor be involved in the writing of a trust for clients.

# Advertising Guidelines

The Advertising Review team offers streamlined procedures for submitting your advertising for review and approval. Take advantage of this by e-mailing your advertisement to the appropriate contact noted below. Following the submission guidelines will expedite the review and approval process.

Advertising includes all agent education, promotion, sales approaches, training seminars, or presentations that are designed to reach the public. Materials used to promote North American Company's fixed life insurance products or to secure appointments that may result in the sale of our fixed life insurance must be preapproved by North American Company's Advertising Review Team.

For easy reference, please refer to the advertising guidelines found below to assist you in complying with state regulations and market conduct standards. For additional questions, please use the following contact information:

| | |
|---|---|
| **Fixed Life** | • Phone: 800-800-3656 ext. 27869<br>• Fax: 605-373-8632<br>• Email: **adreview@sfgmembers.com** |

Advertising includes any material, written or electronic, that is designed for distribution to the general public, producers or prospective producers, including but not limited to:

- Print, and all other forms of media advertising (e.g. newspaper, magazine, TV, radio) including "pre-approved" ad slicks that have been personalized
- Internet websites and any form of e-commerce, which 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 (includes guest presenter materials at sales or producer meetings and events)
- Newsletters, research reports, and performance reports or summaries
- Prospecting, target market, and form letters
- All consumer advertising, including emails referencing the North American Company name, logo, description, products, services, rates or features
- Lead cards and lead generating material
- Business cards and letterhead
- Producer biographies
- Producer recruiting and training materials
- Sales illustrations
- Third-party software
- Materials used to recruit other producers
- LinkedIn, phonebook, and Yellow Pages listings

Without exception, all consumer advertising and "agent use only" recruiting material or sales literature mentioning North American Company or referencing any of our products and services must be approved by the Advertising Review Team prior to use. This includes products referenced by name, description, rates or features.

Generic ads that do not specifically reference North American Company or our products by name, feature or description are not required to be submitted; however, it is your responsibility to understand and apply all state advertising requirements for any material considered to be advertising.  If you choose to submit generic ads, the advertising review team will be happy to assist you by reviewing them for general information, accuracy and compliance with Company marketing standards.

If you are uncertain whether or not something falls within the definition of "advertising," please contact the Advertising Review Team for guidance.

Advertisements or mailers that invite consumers to attend a seminar must be submitted to the Advertising Review Team for review, along with the content, presentation materials (e.g. PowerPoint files, slides, overheads), and any handouts that will be distributed to consumers prior to offering these seminars to the public, if the ultimate goal is to promote North American Company or secure appointments in order to solicit sales of North American Company products.

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, 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 accessed through the agent portal at www.NorthAmericanCompany.com.

Periodically, new issues arise pertaining to advertising. At those times special bulletins are released to the field to advise you of changes and possible necessary revisions to advertising pieces.

There are certain designations that North American Company will not allow you to promote on advertisements. When submitting an advertisement, you may be asked to remove certain designations.

### SOCIAL MEDIA

Social media is the social interaction among people in which ideas and information are created, shared or exchanged in virtual communities and networks. Examples social media include Facebook, Twitter, 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 a life insurance product would be considered solicitation and must follow our normal advertising pre-approval process.

For additional information on North American Company's Social Media Policy, you may access the Agent Advertising Guidelines through the agent portal at **www.NorthAmericanCompany.com**.

### USE OF FAITH/RELIGION IN ADVERTISING

Given the diversity of our producers and our policyowners, 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, policyowner correspondence or any other materials used to promote the Company and/or the sale of our products. Submitted materials with such themes will not be approved through the Company's standard advertising review process.

## Record Retention

It is important to maintain, and make available upon request to North American Company or the insurance department/division of your state, a record of client information collected, whether or not the client elected to purchase a policy. Certain documents should always be maintained. These include:

- Original sales proposals;
- A copy of any needs analysis completed during the solicitation;
- A copy of any sales material and advertisements used during the sales process;
- Any written correspondence to or from the policyowner regarding the solicitation, issuance of the policy, or subsequent service of the contract;
- Documentation of phone calls to or from the policyowner addressing the above issues;
- Notes from meetings with the policyowner; and
- A copy of the policyowner's signed delivery receipt, if applicable.

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.

In situations where a client is not willing to fully discuss his/her financial information, North American Company recommends that you obtain a signed and dated statement from the client attesting to the fact and indicating that the client elected to proceed without providing full disclosure. The statement should be submitted to North American Company, and a copy should be maintained in your records. North American Company reserves the right to accept or decline an application.

## Customer Complaint Handling

North American Company has an obligation to monitor producer conduct and to ensure ethical and appropriate customer service. Customers may contact you, the company, or others for a variety of reasons, such as service requests, inquiries, questions and concerns, lack of understanding, or a serious grievance. If the company receives a complaint related to a sales practice and/or policy written or serviced by you, you may be contacted and required to provide a written statement and also may be asked to provide copies of sales materials (if applicable) and other documentation related to the matter. The Company is committed to handling all customer complaints fairly and expeditiously and expects your full cooperation. In an effort to keep the investigative process objective, the Compliance staff is not able to assist you in formulating your substantive response.

*Please note that all complaints received directly by you should immediately be forwarded to the Compliance Department for handling:*

**North American Company – Life Division**
**Attn: Compliance Department**
**4350 Westown Parkway**
**West Des Moines, IA 50266**
**Email: compliance@sfgmembers.com**

Once reported to the Company, producers should not respond directly to the customer, any customer representatives, or to regulators with respect to the complaint.

To ensure that we obtain the most complete and accurate information possible in reviewing a complaint, North American Company may perform a background check on the producer(s) named in the complaint and to do so may require your signed authorization to release the information.

Complaints must be identified, evaluated and handled according to applicable laws and regulations. It is inappropriate and unacceptable for any North American Company producer to initiate discussion of a settlement of any complaint or related matter. While your input may be solicited, the Company retains the absolute and unilateral right to settle and resolve all complaints and related matters in its sole discretion. The Company also retains absolute and sole discretion to charge back commissions pursuant to the terms of the agent contract.

The Company takes seriously and thoroughly investigates all complaints, and where called for, seeks to fairly and amicably resolve them. We track and monitor complaints to identify trends and also use the information to improve service and operational standards.

Questions relating to customer complaints or related matters should be directed to the Compliance Department at 866-384-0384.

## Life Insurance Application Guidelines

The life insurance application provides valuable information about the client and is a part of the insurance contract; therefore, it should be filled out completely and accurately. If the answers on the application are incorrect, incomplete, or untrue, North American Company may have the right to deny benefits or rescind a contract.

Premium payments, other than the first, are to be remitted directly to the Company by the policy owner. Our corporate guidelines do not support submission of agency checks or personal checks from producers for premium payment on a policy that insures someone other than a direct family member of the producer. 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 date and initial above the strike out.

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 any other document. Doing so may result in disciplinary action up to and including termination of your producer/agency contract. North American Company may also be required to report such conduct to insurance regulators.

Although the following list is not exhaustive, current company practice does not allow a producer to be named as, or to act as, the following:

- a beneficiary or contingent beneficiary;
- a trustee or successor trustee for a contract owner's trust; or
- an attorney-in-fact or successor attorney-in-fact for a contract owner.
- estate executor/executrix

The exception to this exists when the producer is "immediate family" of a policy owner, defined as spouse, child, step-child, mother, father, grandparent, brother or sister. It is equally unacceptable to use an agency or producer's home address or telephone number as the owner's address or phone number of record if the policy 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, producers 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. A producer must scrupulously avoid real or apparent conflicts of interest involving clients to whom North American Company products are sold.

The life insurance application is to be submitted to North American Company exactly as completed at the point of sale. The applicant must date and initial modifications to the application or other sales materials prior to signing them. Any modification made to the application, replacement form, authorization to transfer funds form, checks, or other 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.

Additionally, you may never call the Company impersonating the customer, even if the customer has given you permission to do so. Producers identified as impersonating a customer will be referred to the Compliance Department for review, are subject to possible termination and we may refer the producer to the appropriate regulatory agencies. Customers may also be contacted in these situations.

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 Company, as well as regulations of many states, requires that the producer signing an application be the same producer that meets with the customer, explains the product to the customer and delivers the Contract to the customer. Only the licensed producer who solicited the business at the time of sale may sign the application.

The signing of an application by a non-soliciting producer is prohibited. **You should only sign the application if you solicited the sale.** If another producer 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 producer(s) are. **By signing the application and other sales documentation, you are taking responsibility for the sale and the information provided.** Failure to comply with these requirements may result in rejection of new business, the termination of your appointment with North American Company and any affiliated companies, commission chargeback, and/or a referral to an applicable regulatory agency.

Please be aware of individual state guidelines for selling outside of a client's resident state.

For transactions that involve the transfer of funds, producers are not permitted to sign a Letter of Acceptance on behalf of North American Company.

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 Company should be maintained in the utmost confidence.

## Replacements

Whenever an existing contract is being used to fund the purchase of a new policy, a replacement may be involved. Replacements must always be in the best interest of the client and almost all states have some form of replacement law designed to protect the consumer and to ensure full and fair disclosure.

Although the following factors are not exhaustive, they provide important considerations in determining whether a replacement may be in your client's best interest:

- 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;
- Whether the client can purchase or obtain a greater benefit for the same premium; and
- Surrender charge length and/or percent.

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 policies;
- Any surrender charges, expenses and/or fees associated with both contracts;
- The premium requirements of the proposed policy;
- The present and future (if permissible) values of both policies;
- The current interest rates and any mortality charges of both policies;
- The potential tax treatment of the replacement, such as whether the replacement may qualify as a Section 1035 Exchange, and;
- Riders on existing policies may not be available on proposed policy.

Various states have specific requirements in determining whether or not a replacement is appropriate. You must check the laws and regulations of each state in which you do business to ensure you are in compliance with state-specific requirements.

As insurance products may only be sold by licensed insurance agents, securities products (including variable annuity and variable universal life products) may only be sold by FINRA Registered Representatives. North American Company 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 with respect to a client's portfolio. The client should make an independent judgment to purchase the product offered by the agent of North American Company and should discuss the liquidation of securities with a Registered Representative.

The definition of "replacement" goes beyond the surrender of one policy and subsequent purchase of another policy. As a producer, you should be aware of all of the transactions that are considered to be replacements. For example, a replacement may occur when a policy 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; or
- Amended by reducing or eliminating ancillary benefits, such as waiver-of-premium or accidental death benefits.
- Reduced in value through a withdrawal or policy surrender with funds sent to the client. Using any portion of those funds to establish a new life insurance policy or fund a subsequent premium on an existing policy.

If writing business in NAIC Model Replacement regulated states, a replacement notice will be required whether the sale is a replacement or not.

## A REPLACEMENT CAN BE INTERNAL OR EXTERNAL

What constitutes a replacement transaction is defined quite broadly. A partial or full surrender from an existing policy and subsequently placing those funds in a money market account or checking account, and then using those same funds to purchase another policy 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 of funds was another insurance policy, 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 insurance policy. **Please note that intentionally circumventing North American Company's replacement procedures will result in termination of your agent contract.**

An internal replacement occurs when an existing contract is exchanged for a new policy with the same insurer or affiliated insurers under common ownership. An external replacement occurs when a policy is replaced by a policy with a different insurer. Penalty-free or partial withdrawals from an annuity or life insurance contract are considered a 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 be subject to additional paperwork. Only you and your client can decide if a replacement is appropriate and in their best interest. Additionally, you must always ensure that the appropriate replacement disclosure forms are completed and submitted.*

*Please be aware that North American Company requires a replacement form for all partial or full replacement transactions regardless of state regulations.

### MONITORING OF REPLACEMENT ACTIVITY

**North American Company monitors replacement activity on an ongoing basis. If the replacement activity of a producer or agency is identified as being excessive or inappropriate, the Company will investigate and review the results with the producer and/or agency.**

Protect your reputation with your clients, North American Company and state regulators. Failure to disclose replacements or engaging in inappropriate replacement activity will lead to disciplinary action, up to and including termination of your contract as well as forfeiture of the right to service policies for existing North American Company contract owners.

## POLICY DELIVERY RECEIPT REQUIREMENTS

North American Company is committed to the highest standards of market conduct and fundamental business practices and requires new contracts be delivered to the policy owner in a timely manner. Delivering contracts to the customer shortly after issuance allows producers the opportunity to reaffirm the sale and to review the policy and answer any questions.

Proof of policy delivery is required by law or regulation in the states[1] listed below. For policies issued in these states, producers are required to return to the Company, a policy delivery receipt signed and dated by both the policy owner and the agent.

- California
- Colorado
- Louisiana
- Missouri
- New Jersey
- Ohio
- Pennsylvania
- South Dakota
- Virginia
- West Virginia

North American Company includes a policy delivery receipt with every policy issued and strongly encourages that regardless of whether or not required by state law or regulation, producers obtain and submit to the Company a copy of a signed and dated delivery receipt for every policy issued.

The use of a policy delivery receipt provides protection not only to the Company but to the producer as well by confirming legal proof of required delivery of the policy and of the date the right to examine or free-look period begins.

## Other Important Guidelines and Information

### FREE LOOK

If your client is not satisfied with their policy, they may return it to the administrative office during the Free Look Period (Right to Examine), shown on the first page of the policy or contract.

### 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 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.

1 List compiled as of the effective date of this Guide and is subject to change without notice. Midland National will not pay commissions on policies issued in a state that requires proof of policy delivery until an appropriately signed policy delivery receipt has been received at the Company's Administrative Office.

## LICENSING AND CONTRACTING

North American Company follows all state licensing regulations regarding agent licensing and appointments. Your appointment to sell insurance with North American Company 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 a producer. You must also comply with all Company policies and procedures.

You may contact our Agency Services Department at 877-872-0757 ext. 32046. Please note that some states prohibit taking applications prior to product training or appointment.

## ERRORS AND OMISSIONS COVERAGE

North American Company requires all of its producers to maintain Errors and Omissions Professional Liability Insurance (E&O) coverage. All producers must carry a minimum of $1,000,000 per claim and $1,000,000 in the aggregate per policy year. Producers must provide proof of E&O coverage on an annual basis to maintain an agent contract. In the event that a claim is made against you, your E&O carrier should be notified within 24 hours of your receipt of the information. You are responsible for making this notification.

## AGENT EDUCATION

North American Company 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.

For specific information regarding the resources that are available, call Sales Support at 800-800-3656 ext. 10411.

You are responsible for ensuring that you meet all continuing education requirements associated with your insurance and other licenses.

# Contact Us

We hope that you find this Compliance Guide to be helpful; however, please keep in mind that it is not intended to discuss all topics, laws and regulations that may affect your activity as a producer.  Because the guidelines are general in nature, they will not address all details of any specific circumstance; therefore, if you need additional assistance in applying these guidelines, please contact the Compliance Department.

**Mailing Address:** **North American Company - Life Division**
**Compliance Department**
**4350 Westown Parkway**
**Des Moines, IA  50266**
**Email:** **Compliance@sfgmembers.com**
**Telephone:** **800-384-0384**

For assistance from Sales Support, please call 800-872-0757 ext. 35721 or email **salessupport@nacolah.com**.

North American Company
for Life and Health Insurance
Since 1886

Life