

**CUSTOM  
GUARANTEE<sup>®</sup>**

**North American Company**

# **Universal Life Insurance with a Death Benefit Guarantee\***

**Marketing Guide**



**North American Company**  
for Life and Health Insurance  
Since 1886

\* Subject to premium payment requirements.

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SOLICITATION PURPOSES.**

PR-651 R8 5/11





# Marketing Custom Guarantee

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Uncertainty in life is guaranteed. No one can predict what changes may occur in his or her lifetime, or when the unthinkable might happen. Fortunately, universal life insurance can help provide protection from the unpredictable—and now, with Custom Guarantee®, death benefit protection can be guaranteed.<sup>1</sup>

Custom Guarantee, part of our Custom Series of universal life insurance products, can give your clients the life insurance they need, regardless of what happens. It delivers guarantees that are more typical of whole life insurance, but offers the performance and flexibility of universal life. Plus, with its Extended No Lapse Guarantee, your clients can select the duration of the guarantee period that meets their specific needs.<sup>1</sup>

Guarantees include:

- Guaranteed death benefit for the duration the client chooses<sup>1</sup>
- Guaranteed no premium payments beyond age 100
- Acceleration of death benefit for terminal illness<sup>2</sup>
- Acceleration of death benefit for chronic illness<sup>3</sup>
- Guaranteed exchange privilege
- Guaranteed policy expenses — no hidden fees

With these guarantees, Custom Guarantee meets the needs of your clients looking for:

- Guaranteed death benefit protection
- An alternative to whole life
- A traditional universal life policy with solid guarantees
- A tool for estate planning
- A vehicle for legacy building

1 Subject to premium payment requirements.

2 Subject to eligibility requirements. Terminal illness will result in death within two years. State variations may apply. Refer to endorsement form for more details. See Accelerated Benefit Endorsement section.

3 Subject to eligibility requirements. Refer to rider form for more details. See Chronic Illness Accelerated Benefit Rider section.

## Extended No Lapse Guarantee

The Extended No Lapse Guarantee is automatically included on every policy and extends the 5-year no lapse guarantee period to any age up to age 120 (subject to premium payment requirements). It guarantees that the policy will not enter the grace period when certain conditions are met.

How the Extended No Lapse Guarantee works: If on any monthly anniversary after the 5-year no lapse guarantee period, the total of all premium guarantee accounts (explained below) is greater than or equal to the policy debt, then the policy will not enter the grace period or lapse due to its net cash surrender value, even if the net cash surrender value is insufficient to pay the monthly deductions.

The premium guarantee accounts are reference values used to determine whether the Extended No Lapse Guarantee is in effect. They do not represent an independent dollar value that can be accessed. They also do not affect the calculation of the actual account value, net cash surrender value, or any other value described in the policy.

For purposes of the Extended No Lapse Guarantee, premiums are applied at the beginning of the policy month in which they are received and special treatment is given to 1035 exchanges in order to provide extra protection for the performance of the Extended No Lapse Guarantee.

## Guaranteed Exchange Privilege

With the guaranteed exchange privilege, your client can exchange a policy (up to the specified amount) without evidence of insurability to one of North American's cash accumulation universal life insurance products then available from us for exchange from this product.

- The guaranteed exchange privilege is available to policy age 75, and it is not available to policy ages 76 and above. It is not available if there is an outstanding policy loan.
- Any supplementary benefit, rider, or new feature may be included on the new policy subject to North American's approval and to the terms and conditions of each rider or endorsement.

The Cash Surrender Value on the new policy may not be greater than the Cash Surrender Value on the policy being exchanged.



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## Custom Guarantee Product Specifications

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The following product details are highlights of Custom Guarantee. You may also visit our Website, the Producer's InfoNet® at [www.producersinfonet.com](http://www.producersinfonet.com), for information.

### Minimum Face Amount

- \$25,000

### Issue Ages

- 15 days to 85 years (age nearest)

### Minimum Premium

- Coverage is guaranteed for five years for all issue ages provided the 5-year no lapse guarantee minimum requirement is met.

*Please consult our illustration software for premium rates.*

### Target Premium

Custom Guarantee features a two-year rolling target:

- Generally, the premium required to provide guaranteed coverage to age 120 is fully commissionable for issue ages up to 75 (on non-rated cases) on a level pay basis. Beyond issue age 75 and on rated cases, that premium may not be fully commissionable.
- We will pay the full first year commission on premium paid during the first 24 policy months up to the target premium established at the time of issue.
- We will not apply a rolling target to commissions paid for face increases.

### Interest Rate

- 2.5% guaranteed in all years.
- Current rate is set by the company and is guaranteed for the first policy year.

## Withdrawals

- Partial withdrawals are available starting in the first policy year.
- Only one withdrawal may be made in the first policy year.
- The maximum withdrawal in policy year one is equal to 50% of the net cash surrender value. In policy year two and beyond, the maximum cumulative withdrawal in each policy year is equal to 90% of the net cash surrender value.
- The minimum withdrawal is \$500.
- There is no withdrawal processing fee for the first withdrawal made in a policy year. A \$25 fee applies for each subsequent withdrawal made in the same policy year.

## Surrender Charges

- Surrender charges decrease on an annual basis for policy years 1 through 20, but are not applied after attained age 95.
- Surrender charges vary by issue age, sex, premium class, policy year and amount of coverage.

## Loans

There are two types of loans on Custom Guarantee. The amount available for loans is the net cash surrender value less the interest on policy loans that will accumulate on the next policy anniversary.

- **Regular Loans**

Regular policy loans are available in the first five policy years. Please refer to the illustration software for the current loan interest rate. The policy loan interest rate is guaranteed not to exceed 6%.

- **Net Zero Cost Loans**

Beginning in the 6<sup>th</sup> policy year, loans have no net cost because the loan interest rate and the credited interest rate are both set at 2.5% resulting in a 0% net cost.



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## Automatic Distribution Option

The policyowner can request monthly, quarterly, semi-annual or annual distributions of the net cash surrender value. The policyowner needs to complete the Automatic Distribution Option form to begin receiving the distribution.

## Death Benefit Options

There are two Death Benefit options available on Custom Guarantee.

- Level Death Benefit, where the death benefit is at least the Specified Amount.
- Increasing Death Benefit, where the death benefit is at least the Specified Amount plus the Account Value in the policy.

## Maturity Date

- To age 120, age nearest.
- Extended maturity: If the contract is still in effect at age 120 and if the IRS will still treat the policy as life insurance past age 120, then the owner may elect to extend the maturity date. (The Death Benefit Option must be the Level Death Benefit Option.)

## Specified Amount Changes

- Increases
  - Available in the first policy year with satisfactory evidence of insurability
  - Minimum increase amount is \$25,000
- Decreases
  - Available after the second policy year
  - Specified amount may not be decreased below \$25,000
  - Subject to surrender charges

**FLEXIBILITY FOR YOUR CLIENTS!**

## Riders and Endorsements

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### Accelerated Benefit Endorsement

The owner can request an advance of 75% of the policy's specified face amount (up to \$250,000) upon a physician's certification that the insured is suffering from a terminal illness, which would likely result in death within two years. The endorsement is not available to insureds rated over Table 4 or policies that contain flat extras due to medical reasons. There is no additional premium for this benefit.

### Chronic Illness Accelerated Benefit Rider<sup>4</sup>

This accelerated benefit rider advances a portion of the death benefit if the insured is chronically ill, which is defined as permanently unable to perform at least two of the six Activities of Daily Living or has a severe cognitive impairment. The rider is not available to insureds over issue age 75, or on insureds rated higher than Table 4 or on policies that contain medical flat extras. There is no additional premium for this benefit, however an administrative fee is required at the time of election. The death benefit will be reduced by the amount of the death benefit accelerated. Since benefits are paid prior to death, a discount will be applied to the death benefit accelerated. As a result, the actual amount received will be less than the amount of the death benefit accelerated. Additional exclusions and limitations apply. May not be exercised at the same time as the Accelerated Benefit Endorsement. Refer to the Chronic Illness Accelerated Benefit Rider guide (PR-1080) for complete details.

4. Chronically ill is defined as permanently unable to perform at least two of the six Activities of Daily Living (bathing, continence, dressing, eating, toileting and transferring) without substantial assistance from another person. Severe cognitive impairment means the insured requires substantial supervision by another person to protect him or herself from threats to health and safety due to a severe cognitive impairment. (In MN, chronically ill is defined as an insured having a condition that requires Continuous Confinement in an Eligible Institution and is expected to remain there for the rest of his or her life).

## Additional Riders

Additional riders available for Custom Guarantee are:

- Accidental Death Benefit Rider
- Children's Term Rider
- Guaranteed Insurability Rider
- Waiver of Monthly Deductions Rider

North American's illustration software can illustrate cases that include these riders.

## Policy Costs

- Policy expense charge is \$6.00 in all policy years until age 100.
- Premium load is 20% in all policy years until age 100.
- Guaranteed and current cost of insurance charges until age 100.
- Guaranteed COIs based on 2001 CSO, ANB, sex distinct, smoker distinct tables.
- Extended No Lapse Guarantee charge is a per \$1,000 of specified amount charge assessed for the earlier of 30 years or age 100 on a current basis and to age 100 on a guaranteed basis.



## Underwriting

Detailed underwriting requirements can be found in the Underwriting Guidelines brochure, PR-1147.

<b>Issue Ages</b> <i>(age nearest)</i>	<b>Specified Amount:</b> <b>\$25,000 to Maximum*</b>
<b>15 days - 17 years</b>	Standard NT
<b>18 years - 85 years</b>	Super Preferred NT Preferred NT Standard NT Preferred TB
<b>15 years - 85 years</b>	Standard TB

\* Maximum specified amount is \$999,999 for issue ages less than 18.

### Substandard

Table ratings are available for both medical and non-medical reasons for issue ages 16-85, and are applied under the following guidelines:

- Table ratings are 25% per table for COI rates and minimum premiums.
- Target premiums will increase by the same amount as the minimum premium increases.
- Table ratings are applied to the Standard Non-Tobacco or Standard Tobacco rates.

Flat extras may be applicable for issue ages 16-85, and are applied under the following guidelines.

- Non-medical flat extras are applied to Standard Non-Tobacco and Standard Tobacco rates only.
- Medical temporary flat extras may be applied to the Standard Non-Tobacco and Standard Tobacco rates.
- Temporary flat extras are non-commissionable.



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Neither North American Company nor its agents give legal or tax advice. Please advise your customers to consult with and rely on a qualified legal or tax advisor before entering into or paying additional premiums with respect to such arrangements.

Custom Guarantee is issued on policy form series LS170, Accelerated Benefit Endorsement is issued on form series LR352A, Accidental Death Benefit Rider is issued on form series LR370A, Children's Term Rider is issued on form series LR456, Chronic Illness Accelerated Benefit Rider is issued on form series LR450A, Guaranteed Insurability Rider is issued on form series LR373A, Waiver of Monthly Deductions Rider is issued on form series LR416B or state variations. Product features, riders, endorsements or issue ages may not be available in all jurisdictions. Limitations and restrictions may apply.



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**We're Here for Life®**

Executive Office  
525 W Van Buren  
Chicago IL 60607

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