



David A. Crofts & Associates Inc.

LIFE • HEALTH • GROUP • INVESTMENTS

AUTO • HOME • BUSINESS

422 Montague Ave. Suite 7 • Greenwood, SC 29649-1961

Please return, by FAX or mail to:

David A. Crofts & Associates, Inc.

422 Montague Avenue, Suite #7

Greenwood, SC 29649

800-803-7873 -or- 864-223-8788

Fax: 864-229-7392

Please note that most areas which require signatures are pointed out with markers such as these:





**David A. Crotts
& Associates Inc.
Insurance**

North American Life Insurance Company

Appointment Requirements:

- Complete and Sign Producer Contract Application and Agreement
- Review and Sign Annualization Agreement, if requesting
- REQUIRED**: Complete Commission Direct Deposit Authorization form and attach VOID check
- Attach current copy of Resident State Life License
- REQUIRED**: Attach current E&O Coverage Certificate

Pre-Appointment states: GA, PA, WA

Please Return To Your Direct Upline For Processing

Upline Signatures Required:

- Producer Contract Application as Distributor
- Annualization Agreement as Distributor



026221

PRODUCER CONTRACT APPLICATION AND AGREEMENT

Agent Number _____
(Home Office Use Only)

All Questions Must Be Completed.

Full Name _____			Sex: <input type="checkbox"/> Male <input type="checkbox"/> Female
(First Name)	(Middle Name)	(Last Name)	
Business Name _____			
Contract Type: <input type="checkbox"/> Individual <input type="checkbox"/> Corporation <input type="checkbox"/> Other _____			
Check box for desired mailing address			
<input type="checkbox"/> Resident Address _____			
(Street, City, State, County, ZIP Code)			
<input type="checkbox"/> Business Address _____			
(Street, City, State, County, ZIP Code)			
Resident Phone (____) _____		Business Phone (____) _____ Fax (____) _____	
E-Mail Address _____		License # _____ (attach Photocopy)	
Date of Birth _____		Social Security # _____ or Taxpayer ID # _____	

PLEASE RESPOND TO ALL QUESTIONS FOR YOU PERSONALLY AND ANY ORGANIZATION OVER WHICH YOU HAVE EXERCISED CONTROL. IF YOU ANSWER "YES" TO ANY QUESTIONS, YOU MUST ATTACH AN EXPLANATION WITH ALL RELEVANT INFORMATION AND SUPPORTING DOCUMENTS.

- Yes No Have you ever had your insurance license or securities license suspended or revoked or have you ever had an application for an insurance license denied by any insurance department?
- Yes No Have you ever had a complaint filed against you with an insurance department, NASD or other regulatory agency, or do you anticipate one being filed?
- Yes No Has any claim ever been made against you, your surety company, or errors and omissions insurer arising out of insurance sales or practices or have you been refused surety bonding?
- Yes No Has your contract or appointment ever been terminated involuntarily by an insurer?
- Yes No Are you at the present involved in any litigation or are there any unsatisfied judgments or liens (including state or federal tax liens) against you?
- Yes No Do you currently have a pending bankruptcy or have you ever declared bankruptcy?
- Yes No Have you pled guilty or nolo contendere to or been found guilty of a felony or a crime including but not limited to crimes involving dishonesty, breach of trust, or a violation of any federal law or are you now under indictment?
- Yes No Does any insurer, insured, or other person claim any indebtedness from you as a result of any insurance transactions or business?
- Yes No Are you currently licensed in your resident state? If yes, please attach a copy of your resident license.
- Yes No Are you currently licensed as a non-resident in any state? If yes and you would like to be appointed in that state, attach a copy of that license, and appointment fees.
- Yes No I certify that I have received, understand and will conform with the procedures outlined in the brochures Partnering with You on Compliance Matters.
- Yes No Do you have Errors & Omissions coverage? (Required by North American Company)

PLEASE PROVIDE COPY OF DECLARATION PAGE.

Please indicate other companies with which you are currently licensed: _____

Do you have a NASD license? Yes No If yes, who is your Broker-Dealer? _____

What products do you sell? Life Variable LTC Group Disability Senior Small Business 403(b)

Annual Earnings: _____



O2622

CONDITIONS AND AGREEMENTS—By signing this application, I hereby acknowledge I have read a specimen copy of the proposed Contract and all applicable supplements and addendums thereto to be entered into between myself and North American Company for Life and Health Insurance (North American). If this application is approved by North American, I agree to be bound by all of the terms and conditions of such contract, supplements and addendums, the terms of which are incorporated into this application by reference. I agree not to solicit business until I have been notified by North American that I am authorized to do so either by mail or North American's Solicitation Guidelines.

Any marketing materials which have not been provided by North American must be approved by North American prior to their use. I understand that any specimen sales brochures and material I have received are provided only for my personal examination of product provisions and rates.

I understand that the Fair Credit Reporting Act requires North American to notify me that, as a routine part of processing my contract application, a consumer report may be obtained which may include information bearing on my credit worthiness, credit standing, credit capacity, character, general reputation, personal characteristics or mode of living. I authorize North American or any of its affiliates¹ to obtain a consumer report and Vector One report in connection with this application. I further authorize North American or any of its affiliates or their duly authorized representative to contact any organization or individual who has knowledge of my employment history, credit history, financial status, or record of any illegal activity in order to obtain a record of such history, status or activities; and I hereby authorize the release of such information by such organization or individual about any debit balance I may incur to Vector One, its successors, or any organization designated to replace Vector One. I understand that by providing the fax/mail information above, I hereby consent to receive communications sent by or on behalf of Sammons Financial Group.

¹Affiliate means any company owned, directly or indirectly, by Sammons Financial Group, Inc.

I hereby certify that all information and answers given by me on this application are true, and correct without any consequential omissions of any kind.



Signature _____ Date _____

Distributor:/Producer

Printed Name: David A. Crotts Agent Number 5L699

By: _____
(Authorized Signature)

North American Company for Life and Health Insurance Approval:

By: _____
(Authorized Signature)

Title: _____

Effective Date of Agreement: _____

The North American Companies endorse and support the concepts in the Principles and Code of Ethical Market Conduct established by the Insurance Marketplace Standards Association (IMSA).

Return pages 1 and 2 for approval by North American. North American will return an executed copy to you upon approval.

Retain pages 3 through 8 for your records.



O26223

NORTH AMERICAN COMPANY FOR LIFE & HEALTH INSURANCE'S PRODUCER'S CONTRACT

1. RELATIONSHIPS

The ATTACHED CONTRACT is made by and between North American Company For Life and Health Insurance ("NACOLAH", "Company", "we", "us", or "its"), the undersigned Producer ("Producer", "you", "your"), and the undersigned Distributor. The Producer shall act in good faith when dealing with NACOLAH's policyholders and acknowledges that all policies and the information contained therein are the property of NACOLAH. The Producer is an independent contractor for NACOLAH and not an employee of NACOLAH. Nothing in this contract shall be construed to make you an employee of NACOLAH. You shall be free to exercise your own judgment as to the persons from whom you will solicit applications and as to the time and place of solicitation, subject to the Company's rules and regulations. You may represent other insurance companies while this Contract is in force, provided, however, that while doing so you may not hold yourself out in any manner as acting on behalf of the Company. You agree that your compensation is determined by the terms of this Contract or addendums to the contract. You are not eligible to participate in any employee benefit programs, including but not limited to, any employee welfare or pension benefit plan for employees of the Company.

2. AUTHORITY

a) The Producer agrees to:

- 1) procure applications for policies underwritten by NACOLAH and, if applicable, recommend qualified Producers for NACOLAH appointment in your hierarchy,
- 2) promptly forward all applications and initial premiums to NACOLAH,
- 3) take all reasonable steps to ensure that all policies issued by NACOLAH are delivered to the policyholder within 30 days in accordance with NACOLAH's underwriting guidelines and published rules and procedures; in the event policy delivery is not possible then you must return the policies immediately to NACOLAH's home office,
- 4) make reasonable efforts to maintain NACOLAH's policies and provide reasonable assistance to NACOLAH's policyholders,
- 5) operate in compliance with all applicable laws and regulations,
- 6) supervise and be responsible for keeping your producers of NACOLAH's published rules, guidelines, procedures, and practices provided by your Distributor or published by NACOLAH,
- 7) exercise reasonable due diligence for the faithful performance, fidelity and honesty of your employees and Producers and maintain responsibility for all funds collected and business done by or entrusted to you and your employees,
- 8) promptly report to NACOLAH, in writing, any known or alleged misappropriation of funds by any Producer or employee regardless of whether such known or alleged misappropriation is with respect to funds of NACOLAH or funds of any other person or company,
- 9) fully cooperate with NACOLAH in any investigation or proceeding of any federal, state or other regulatory or governmental body, or court, if it is determined by NACOLAH that the investigation or proceeding affects matters covered by or arising out of this Contract,
- 10) immediately notify NACOLAH if served with any legal document received by you through any medium or if you have knowledge of any legal or administrative action,
- 11) maintain any and all state insurance licenses and be in good standing with all applicable state and regulatory authorities.
- 12) keep full and accurate records of the business transacted by you under this Contract and forward records to the Company as we may prescribe,
- 13) notify the Company in writing of the Producer Commission Schedule that will govern the compensation to be received by them, and
- 14) have and maintain reasonable and effective policies and procedures for the detection and prevention of illegal activity, including anti-money laundering and anti-terrorism financing procedures and controls.

b) The Producer may:

1. solicit, personally and through other Producers, applications for NACOLAH insurance policies, and annuities as described in the Schedule of Commissions, and
2. collect the full initial premium for the NACOLAH policies, subject to the restrictions listed on the Company's Temporary Insurance Agreement or Conditional receipt. Checks, money orders, or other forms of payment from policy owners and applicants shall be made payable to the order of the Company and shall not be commingled with your funds. You are not authorized to collect other premiums.

3. LIMITATION OF AUTHORITY

The Producer may not:

- a) make, alter or discharge any NACOLAH policy, contract, Temporary Insurance Agreement or other NACOLAH agreement,
- b) pay any premium personally or rebate premium to any policyholder,
- c) waive or modify any terms of any NACOLAH policy or contract, including rates or conditions of limitation,
- d) execute any documents on behalf of a proposed NACOLAH insured or policyholder,



O26224

- e) approve evidence of insurability,
- f) bind or commit NACOLAH to any policy, contract, risk or otherwise, except to NACOLAH's Temporary Insurance Agreement,
- g) deliver to a NACOLAH applicant any policy where the health of the applicant at the time of the delivery is other than as stated in NACOLAH's application for insurance,
- h) receive any premiums after the initial premium,
- i) extend time for any premium payment or reinstate any lapsed policy,
- j) approve, imply approval, adjust or settle any claim,
- k) retain any issued NACOLAH policy beyond thirty (30) days of issue,
- l) enter into any legal proceedings pertaining to NACOLAH or obligate NACOLAH for any expenses with respect to such proceedings,
- m) use or cause to be used any letters, advertising of any character or medium, or promotion of any kind, descriptive of products, services, procedures, or other information about the Company unless first approved, in writing, by the Company. You shall not use the Company's name or logo without Company prior written approval. The Company shall provide you with printed materials that relate to the Company and its products on the Company website, illustration software, or material in any other medium and you may distribute such materials at your expense.
- n) exercise any authority on behalf of NACOLAH other than as authorized by Section 2 of this Contract,
- o) waive any outstanding debts of you or your Producers,
- p) incur any expenses not authorized by the Company, and
- q) act as Trustee or Fiduciary on behalf of an applicant, insured or policyowner of insurance with the Company.

4. NACOLAH'S RIGHTS

NACOLAH at any time may:

- a) discontinue any policy form in any state,
- b) change any policy form or premium rate,
- c) determine maximum or minimum policy limits,
- d) change the conditions under which any policy may be offered,
- e) change, delete or add any NACOLAH procedure, guideline or practices,
- f) cease doing business in any state,
- g) unilaterally amend the payment of commissions, bonuses, and benefits under this Contract as to amount, conditions, and vesting of payment that shall include all Supplements to this Contract and the Company's procedures, guidelines or practices. These amendments will be effective upon mailing of such notice addressed to you at Your last known address and will be prospective in effect.
- h) determine whether to accept any applications and determine underwriting standards,
- i) recapture from the producer vendor expenses for underwriting requirements when applications for life insurance are not received and when inappropriate underwriting requirements are ordered by the producer.
- j) terminate any producer for any reason with appropriate notice,
- k) choose not to contract or appoint any producer recommended by you for any reason,
- l) reject applications for insurance submitted by you or your Producers without specifying the cause,
- m) examine your records of the business transacted by you or your Producers under this Contract at any time prior to and/or after termination of this Contract and to make copies of such records as we may deem necessary, and
- n) appoint as Producers those persons recruited by you who are deemed acceptable by the Company.

5. COMPENSATION

The Producer agrees that:

- a) the compensation from NACOLAH as specified in this Contract, applicable supplements, Schedule of Commissions and Addendums is your sole compensation for all matters covered under this Contract,
- b) commissions will be paid at the commission rate in effect at the time a NACOLAH application is submitted to us according to the "Schedule of Commissions" and payment method as determined by the Company,
- c) the Company will pay your override commissions on first year and renewal premiums where applicable on policies written by your Producers and received by the Company while this Producer contract is in effect,
- d) the Company may adjust each of your Producer's commissions in accordance with the provisions of that Producer's contract. Your percentage of commissions may increase or decrease as a result of such adjustment,
- e) the Company may charge back commissions including overrides to you in the event of rescission or cancellation, if commissions were paid in error, or if there are unearned commissions, which include but are not limited to the following: if the policy was not taken for any reason, or when there is a change in billing mode, or the policy was surrendered or lapsed in the first year, for any reason, and



026225

- f) commissions and/or overrides are not earned on premiums being waived under any non-forfeiture or Waiver of Premium provision of any NACOLAH policy, including retroactively waived premium.

6. VESTING

The Producer agrees that:

- a) except as provided herein, all first year and renewal commissions will vest immediately, according to the contract held by your Distributor or your Producer,
- b) vesting, if any, applies only to business remaining in force after termination of this Contract,
- c) if you are terminated for cause, all commissions no longer vest,
- d) if, after termination other than by cause, commissions are less than \$600 in any calendar year, NACOLAH shall have the option of paying you the "present value" of those commissions and no further commissions shall be due to you under this Contract. "Present Value" as used here means the value of such commissions determined by NACOLAH on the basis of accepted actuarial practices,
- e) if you are appointed as a sole proprietorship and this Agreement is terminated by your death or physical disability at a time when commissions are payable to you,
 - i) the Company will continue to pay, for the vesting period specified in this section, such commissions to your legal surviving spouse during his or her life, and,
 - ii) thereafter to such persons as your spouse may appoint by will or, in default of appointment, to your spouse's legal representative, and
- f) if this Agreement is terminated by your mental disability or if you die leaving no legal surviving spouse, such commissions will be payable to your legal representative.

7. INDEBTEDNESS

- a) You shall repay the Company for any indebtedness arising from the marketing activities or transactions from you or your Producers or from the payment of any unearned commissions or bonuses if applicable to you. Any indebtedness owed by you or your Producers to the Company is a legal debt. The Company is hereby given a first lien upon any amounts due you, your estate, successors, or assignments under this or any other agreement with the Company or its affiliates as security for payment of any indebtedness owed to the Company by you. Your indebtedness may be offset by any sum due to you or thereafter becoming due from the Company for the satisfaction of the debt. The Company at any time may pursue additional means to satisfy your then outstanding indebtedness to the Company, and may assign its right to collect this debt to your Distributor or overriding Producer.
- b) To the extent you are liable for any Producer's or Distributor's indebtedness, the company is free to seek satisfaction and/or offset of the debt from you at any time and is not obligated first to seek satisfaction or offset from the Distributor or Producer involved.
- c) You shall be responsible for your and your employees' present and future indebtedness to NACOLAH. The Company may offset such indebtedness from compensation otherwise due to the Distributor from NACOLAH. Any unsatisfied indebtedness to NACOLAH shall accrue interest at a rate equal to NACOLAH's current practice rate and shall be payable upon demand together with all collection costs incurred by NACOLAH.
- d) Transactions that may result in your indebtedness to the Company include, but are not limited to, the following:
 - 1. The advance payment of commissions or payment of commissions to you that are not earned due to any of the following:
 - a) a policy cancellation under a "free look" provision,
 - b) a policy surrender, lapse, or a change in the frequency of premium payment,
 - c) a policy not being accepted by the applicant after commission is paid,
 - d) a refund of premium or rescission of the policy by the Company for any reason, or
 - e) change in billing mode.
 - 2. The payment of a death benefit, which would have been denied but for your prior knowledge a material misrepresentation had been made;
 - 3. Cancellation fees charged to you when a policy was delivered more than 30 days from the date of issue and the policy is subsequently canceled or refused;
 - 4. Causing the Company expense in defending against a charge that you, your employee, or your Producer violated an insurance law or regulation;
 - 5. Causing the Company expense in settling a consumer complaint arising out of alleged negligent, fraudulent, illegal, or unauthorized acts or transactions by you, your employee, or your agent, or
 - 6. Any other transactions or activity by you, your employee or your agent, which results in your indebtedness to the Company.

8. TERRITORY

The Producer has not been assigned an exclusive territory or market segment.

9. ASSIGNMENT

NACOLAH, by any of its officers or designated employees, must approve in writing any assignment of this Agreement or any current or future compensation assignment under this Agreement. NACOLAH does not assume any responsibility for the validity, sufficiency, or tax consequences of any assignment. No assignment shall be effective until any indebtedness to NACOLAH incurred prior to, or subsequent to, such assignment is satisfied.



026226

10. INDEMNITY AND ERRORS & OMISSIONS INSURANCE

- a) The Producer will indemnify and hold NACOLAH harmless from all expenses (including reasonable attorneys' fees incurred by the Company), loss or damages (including punitive and extra contractual damages) suffered by NACOLAH because of violation of, or refusal or failure to comply with the terms of this Contract or with any federal or state laws, rules or regulations, or resulting from unauthorized acts or transactions, errors or omissions by the Producer or the Producer's employees in the performance of its services under this Contract.
- b) NACOLAH will indemnify and hold the Producer harmless for all non-commission related expenses, loss or damage suffered by the Producer resulting from any intentional act or omission by the Company or any of its employees contrary to the terms and provisions of this Agreement. However, NACOLAH will not be liable to the Producer for any legal or other expense the Producer chooses to incur, solely on its own, in connection with any such error.
- c) The Producer shall maintain Errors & Omissions liability insurance coverage in such amount during the term of this Agreement and in such terms as NACOLAH may from time to time determine. The Producer shall provide evidence of such coverage with submission of contract and subsequent renewal of coverage each year.
- d) Additionally, the Producer will communicate that the Company requires all producers and brokers to have and maintain Errors and Omissions liability insurance covering themselves during the term of this Contract and also provide evidence of such coverage with submission of contract and subsequent renewal of coverage each year.

11. PRIVACY AND CONFIDENTIALITY

You shall follow the Company's published Privacy Policy. This includes, but is not limited to:

- a) We require you protect the confidentiality of the underwriting information received by an applicant for insurance.
- b) You will maintain and dispose of all personal information in a secured manner as required by federal and state law. You will disclose all underwriting information only to us.
- c) You will maintain physical, electronic, and procedural safeguards that comply with federal and state standards.
- d) You will allow only designated personnel or service providers to have access to such information for our underwriting purposes.

12. TERMINATION

Termination of this Contract will automatically include termination of all supplements, amendments, addendums, and guarantees. The Producer agrees that:

- a) this Contract may be terminated without cause at any time by mutual agreement, or by you or the Company by depositing written notice in regular U.S. mail addressed to the last known address of the other party at least 30 days prior to the date of such termination,
- b) if the Producer is a corporation, corporate dissolution or cessation of doing business will cause immediate termination of this Contract,
- c) if the Producer is a partnership, death of one of the partners will cause immediate termination of this Contract,
- d) if the Producer is an individual, his or her death will cause immediate termination of this Contract,
- e) if the Producer is an individual or corporation, bankruptcy or commission of any act of bankruptcy will cause immediate termination for cause of this Contract,
- f) NACOLAH at any time also may terminate this Contract immediately for cause. "For cause" includes, but is not limited to, any determination by NACOLAH that the Producer:
 1. has breached this Contract, Company rules, guidelines or procedures, or state or federal law or regulation,
 2. has become involved in any legal or regulatory proceeding which might impair its ability to perform its obligation,
 3. has committed, or attempted to commit, an illegal or fraudulent act,
 4. has encouraged, induced or attempted to induce the replacement, lapse, or other termination of NACOLAH policies,
 5. has acted detrimentally towards NACOLAH or its policyholders,
 6. has withheld funds or documents from NACOLAH or its policyholders,
 7. has misrepresented NACOLAH's products or services, or
 8. has misrepresented, falsified or omitted (or has encouraged or attempted to misrepresent, falsify, or omit) material information furnished to NACOLAH on any applicable license or bond or if the applicable license or bond is refused, canceled, or not renewed,
- g) upon termination, the Producer and/or their legal representatives will immediately cease acting on behalf of NACOLAH, will return all of NACOLAH's property, and will promptly account to NACOLAH for all funds held on behalf of NACOLAH, and
- h) commissions will continue to vest as provided in Section 6 of this Contract.

13. CONSTRUCTION AND EFFECT

The Producer and NACOLAH agree that:

- a) as used in the Contract, the term "Producer" includes the Producer and the Producer's employees,
- b) the term "contract" includes any NACOLAH policy, certificate, endorsement, rider, Temporary Insurance Agreement, addendum or agent Contract,
- c) all notices under this Contract must be delivered by regular mail, addressed to the last address furnished in writing by either party to this Contract to the other,
- d) Illinois law governs this Contract.



O26227

14. **NON WAIVER** Failure of the Company to require strict compliance with any of the terms of this Contract shall not constitute a waiver of such terms or conditions nor affect the right of the Company thereafter to require such compliance.
15. **SEPARABILITY** The provisions of this Contract will be considered to be separable and independent from each other, and in the event any provision of this Contract is found to be invalid, it will not affect the validity or effectiveness of the remaining provisions.
16. **SUPPLEMENTS, ADDENDUMS, AND AMENDMENTS** Supplements, Addendums and Amendments to this Contract shall run concurrently with it and are subject to the terms and conditions of the contract thereof, except as specifically modified by the Supplement, Addendum or Amendment.
17. **MEDIATION AND ARBITRATION OF DISPUTES** Any disputes or controversies between you and the Company arising out of or relating to your contract may, upon written demand of either party, be submitted to mediation and non-binding arbitration administered by the American Arbitration Association or a similar arbitration organization agreed upon by you and the Company, under the organization's then-applicable mediation and arbitration rules. This clause in no way limits or restricts the rights of you or the Company to obtain relief in a court of competent jurisdiction.
18. **ENTIRETY OF CONTRACT** This Contract and any supplements, amendments, addendums, or guarantees plus the producer contract application and agreement form the complete contract between you and the Company. Any amendment, supplement, or addendum to this contract must be in writing. Your signed Contract on file with the Company will control as to form and content.



O26228

NOTICE REGARDING CONSUMER REPORTS

In connection with your application for a Producers Contract with North American Company for Life and Health Insurance Company (North American), North American may obtain one or more reports regarding your credit worthiness, credit standing, credit capacity, character, general reputation, personal characteristics, and/or mode of living from a consumer reporting agency. If North American plans to use any information in a consumer report in a decision not to contract with you or to make any other adverse contracting decision regarding you, it will provide you with a copy of the credit report upon which its decision was based and a written summary of your rights under the Fair Credit Reporting Act before it takes any adverse action. If any adverse action is taken against you based upon a consumer report, North American will notify you that the action has been taken and that the consumer report was the reason for the action.



COMMISSION ANNUALIZATION PROGRAM

Amendment to the Producer Contract

Producer: _____

Distributor: David A. Crotts 5L699

Annualization Percentage: _____ %

Amendment Effective Date: _____

This Amendment, effective as of the date written above, between North American Company for Life and Health Insurance (the "Company"), the Producer, and the Distributor, is attached to and forms a part of the Producer Contract between the Company and the Producer. This Amendment solely governs the Commission Annualization Program (the "Program") as set forth below. In consideration of the foregoing and the mutual covenants contained in this Amendment, the Company, the Producer and the Distributor agree as follows:

1. DEFINITIONS.

- a. An *Annualized Commission* is an advance of a percentage of first year commissions on New Business to a Producer. *Annualized Commissions* are computed by multiplying the Annualization Percentage by the first year commission rate for New Business, as specified in the Producer's commission schedule. Commissions will only be annualized in Year 1 of the policy.
- b. The *Annualization Percentage* is the percentage of first year commissions that the Company will pay the Producer under the Program. The Annualization Percentage is identified above and may be modified from time to time by the Company upon written notice to the Producer.
- c. *Annualized Policy* means New Business for which an Annualized Commission has been paid to the Producer.
- d. *New Business* means a life insurance policy issued by the Company for which the Company has received full payment of the first modal premium and all outstanding policy requirements. New Business does not include annuities or unscheduled or excess premiums on universal life products.
- e. *Unearned Annualized Commissions* means Annualized Commissions for which the first year commission on New Business has not been earned.

2. PRODUCTION REQUIREMENTS. To continue to qualify for participation in the Program, the Producer must maintain, at a minimum, a 25-month policy persistency level equal to 85%. The Company reserves the right to modify or change the minimum required policy persistency level at any time upon written notice to the Producer.

3. ANNUALIZED COMMISSION PAYMENT.

- a. The Company will pay an Annualized Commission to the Producer on New Business eligible for annualization. The Company reserves the right, in its sole discretion, to determine whether New Business is eligible for annualization under this Amendment.
- b. An Annualized Commission will be reported as income for tax purposes at the time it is paid to and received by the Producer.
- c. The Company will credit first year commissions, as those commissions are earned, against the sum of Annualized Commissions paid on Annualized Policies pursuant to the Automatic Commission Withholding Process set forth in Section 4 below. Any remaining balance of first year commissions, after crediting those commissions against paid Annualized Commissions, will be paid to the Producer as earned.
- d. The Company reserves the right to determine the maximum amount of Annualized Commissions to be paid in any calendar month to the Producer.
- e. The maximum amount of Annualized Commissions to be paid on New Business shall not exceed \$10,000.

4. AUTOMATIC COMMISSION WITHHOLDING PROCESS.

- a. In consideration for receipt of Annualized Commissions under the Program, the Producer authorizes the Company to withhold first year commissions earned on an Annualized Policy until the sum of those first year commissions equals the amount of Annualized Commissions paid for that Annualized Policy.
- b. Notwithstanding the Automatic Commission Withholding Process, the Company reserves the right to offset any Unearned Annualized Commissions from all first year and renewal commissions otherwise be payable to the Producer.
- c. If the Producer's commission account does not have sufficient earnings to offset the outstanding balance of Unearned Annualized Commissions, the Company reserves the right, in its sole discretion, to demand payment in full or to enter into a repayment schedule with the Producer. In the event a demand for payment of the outstanding balance of Unearned Annualized Commissions is made pursuant to this provision, the Producer agrees to pay interest on the unpaid balance, which interest shall accrue at a rate equal to the lesser of: (a) the prime interest rate, as published in the Wall Street Journal on the date each Loan Balance is incurred, plus three (3) percentage points per year from such date; or (b) the highest interest rate allowed by Illinois law.
- d. In the event the Producer fails to repay any outstanding balance of Unearned Annualized Commissions, the Company may seek repayment of that outstanding balance from the Distributor pursuant to Section 6 below.

5. DEFAULT.

- a. Failure of the Producer to repay any outstanding balance of Unearned Annualized Commissions when due, in accordance with the terms of Section 4(c) above, will constitute a Default. In the event of Default, the Company may send the Producer written request for payment of the outstanding balance of Unearned Annualized Commissions. Payment must be made within ten (10) calendar days from the date such written notice is sent. If the Producer fails to remit payment within ten (10) calendar days from the date such written request is sent, the entire outstanding balance of Unearned Annualized Commissions, plus accrued interest, will become immediately due and payable, without further demand or notice to the Producer.

- b. In addition, if any of the following events occur during the term of this Amendment or during the repayment period, if granted by the Company, the Producer will be deemed to be in Default and the outstanding balance of Unearned Annualized Commissions, plus accrued interest, will become immediately due and payable, without demand or notice:
 - i. Termination of the Producer's appointment with the Company for any reason;
 - ii. Death of the Producer; or, if the Producer is a business entity, dissolution or merger of Producer;
 - iii. Filing of bankruptcy proceedings involving the Producer as a debtor;
 - iv. Application for appointment of a receiver for the Producer; or
 - v. Making of a general assignment for the benefit of the Producer's creditors.
- c. The Company may require the Producer to remit payment of the full amount of Unearned Annualized Commission, plus accrued interest, at anytime the Producer is in Default. Any exception granted by the Company for a prior Default does not waive the Company's right to require payment of the entire outstanding balance of Unearned Annualized Commissions pursuant to this provision.
- d. If the Company sues to collect the outstanding balance of Unearned Annualized Commissions, the Producer agrees to pay all reasonable costs of the suit, including, but not limited to, reasonable attorney's fees.
- e. The Company reserves the right to exercise any one or more of the rights and remedies granted pursuant to this Amendment or available under applicable law. The exercise of any particular right shall not constitute a waiver of any other right or remedy.

6. GUARANTEE OF DISTRIBUTOR.

- a. The Distributor consents to the participation of the Producer in the Program; and guarantees the repayment of any and all outstanding Unearned Annualized Commissions, which result from the Producer's participation in the Program.
- b. Upon failure of the Producer to repay any outstanding balance of Unearned Annualized Commissions, whether such payment is demanded in full or such payment is part of a repayment schedule, the Distributor agrees to assume all liability for such payments.
- c. The Distributor authorizes the Company to withhold any and all commissions payable to the Distributor to recover the outstanding Unearned Annualized Commissions guaranteed by this Section.
- d. This Amendment shall constitute an amendment to the Distributor Contract between the Company and the Distributor. Except as otherwise provided in this Amendment, the Distributor Contract shall remain in full force and effect; and except as provided herein, the Distributor Contract with the Company shall govern and control the rights of the Distributor and the Company.

7. CONDITIONS.

- a. This obligation shall be binding upon, and inure to the benefit of, the parties to it, and their respective executors, administrators, successors and assigns.
- b. The Producer waives presentment, notice of dishonor and protest under this Amendment and agrees it shall be binding upon him and his successors and assigns until it is fully paid.
- c. This Amendment shall be governed by the laws of the State of Illinois.

8. **NOTICE REQUIREMENTS.** Any notice sent from any party to this Amendment must be in writing and sent by regular U.S. mail to the address below or any other address designated in a written notice from a party.

Company:
North American Company for Life and Health Insurance
Attn: Agency Services
525 West Van Buren, 12th Floor
Chicago, Illinois 60607

Producer:

Attn: _____

Distributor:

Attn: _____

9. **TERMINATION.**

- a. This Amendment may be terminated or modified in the same manner as the Producer Contract with the Company.
- b. In addition, this Amendment shall terminate immediately upon the occurrence of any of the following:
 - i. Termination of the Producer Contract between the Company and the Producer;
 - ii. Termination of the Producer's appointment with the Company;
 - iii. Termination of the Producer's affiliation with the Distributor; or
 - iv. Revocation of the Producer's insurance licenses.
- c. The Company reserves the right to terminate this Amendment or the Program at any time, with or without cause.
- d. Upon termination of this Amendment, any outstanding balance of Unearned Annualized Commissions will be due and payable. The Company reserves the right, in its sole discretion, to demand payment in full or to enter into a repayment schedule with the Producer.

10. **AMENDMENT TO THE PRODUCER CONTRACT.** This Amendment shall constitute an amendment to the Producer Contract between the Company and the Producer. Except as otherwise provided in this Amendment, the Producer Contract shall remain in full force and effect; and except as provided herein, the Producer Contract with the Company shall govern and control the rights of the parties. No modification of this Amendment shall be binding upon the Company unless it has been approved and executed in writing by an officer of the Company.

11. **WAIVER.** Failure on the part of the Company to enforce strict compliance with any of the terms and conditions of this Amendment shall not be considered a waiver of any such terms or conditions.

12. **COUNTERPARTS.** This Amendment may be executed in counterparts; and when considered together, all executed counterparts shall constitute this Amendment.

IN WITNESS, WHEREOF, the parties have executed this Amendment the day and year first above written.

NORTH AMERICAN COMPANY FOR LIFE AND HEALTH INSURANCE

By: _____

Print name: _____

Print title: _____

WITNESS

Print name: _____

PRODUCER

By: _____

Print name: _____

Print title: _____

Producer Agent Number: _____

WITNESS

Print name: _____

DISTRIBUTOR

By: _____

Print name: David A. Crotts

Print title: _____

Distributor Agent Number: 5L699

WITNESS

Print name: _____



02619

Commission Direct Deposit Authorization Form

This authorization gives North American Company for Life and Health Insurance and your financial institution the authority to deposit your compensation directly to your account. To take advantage of this service, all you need to do is:

1. Complete the requested information about you, your financial institution and your account.
2. Mark the appropriate box specifying the type of account.

Checking Account

Attach a voided check for verification of all financial institution information.

Savings Account

Attach letter from financial institution verifying savings account number and routing number.

3. Return to Agency Services.

NOTE: Be sure to sign the form, you may fax to 877-595-8256.

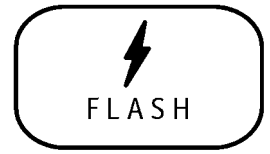
DIRECT DEPOSIT AUTHORIZATION

Please fill out and return to Agency Services, Chicago.

I authorize you and the financial institution listed below to automatically deposit my net amounts earned and payable to my Checking/Savings Account each pay period. Should an inappropriate deposit be made, the financial institution is authorized to make debit entries to my account and return to the Company the amount of any such overage. This authorization will remain in effect until I have cancelled it in writing.

FINANCIAL INSTITUTION'S NAME		YOUR NAME (PLEASE PRINT)	
BRANCH	YOUR ACCOUNT NUMBER	BANK ROUTE NUMBER	
CITY	STATE	FINANCIAL INSTITUTION PHONE NUMBER	
YOUR SIGNATURE	NORTH AMERICAN CODE #	DATE	

STAPLE VOIDED CHECK HERE



Anti-Money Laundering Training

Training must be completed by January 1, 2007

In accordance with regulations stated under the USA PATRIOT Act, North American Company has established an anti-money laundering (AML) training program that requires all agents submitting business to complete by January 1, 2007.

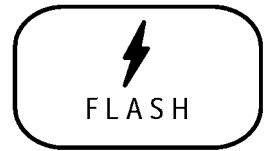
Agents and brokers submitting business must complete appropriate anti-money laundering training through one of the following methods:

- AML training course provided by LIMRA International, Inc. You may participate in training by accessing their website, at <http://aml.limra.com>. If we did not have a record of your training, your user name and password were provided to you in a personalized letter from North American. The training process is approximately 45 minutes. If you are unable to locate your user name and password please contact LIMRA at 1-866-364-2380. Our Agency Services and New Business departments will automatically be notified when you complete your AML training through LIMRA. You **need not** notify North American of your training completion.
- For agents who are appointed with other insurance companies and have completed LIMRA training, we will receive a record of this training and therefore, you will not have to take the training again.
- If you have completed another insurance company's AML training program that is not associated with LIMRA, North American may accept a signed certification from the AML Compliance Officer of that company. The signed certification must state that the company has an AML program and that you have received AML training in accordance with that program. North American's acceptance of AML training from another carrier is contingent on approval from our AML Compliance Committee. You may fax or e-mail your AML training certification to our Agency Services department at 1-877-595-8256 or teampurple@nacolah.com.

Quick Hints on AML Training

Here are some details about AML Training and how it'll reflect your business submissions in 2007.

- If a policy submitted in 2007 is split between multiple agents, all agents on the case must be AML certified.
- If a policy is submitted and an agent has not completed AML training, the agent will have 30 days after the submit date to complete the AML training.
 - In anticipation of the agent completing AML training, our New Business department will continue with the underwriting process on the policy.
 - AML training is a requirement for the Temporary Insurance Agreement (TIA) acceptance. If the agent has not completed AML training within 48 hours of receipt of the TIA, the TIA will be considered void and the check with an off risk letter will be returned to the policyowner.



- When a policy is submitted and the agent does not have the proper AML training (and a TIA is not involved), Agency Services will attempt to contact the agent via phone and email within one business day after the policy has been submitted.
- If agent has not completed AML training seven calendar days after our first attempt to contact them, another attempt will be made. This process will continue two more times, every seven calendar days, if the agent does not complete AML training.
- Then, if the agent on the case has not completed AML training within 30 days after the policy submit date, the policy will be closed out and the agent's contract with North American will be closed out/terminated.
- AML training will be an annual requirement.

North American understands the importance of diligently monitoring our business and proudly works with our industry leaders to comply with government regulations. We hope you will join us in our endeavors.

For additional information regarding North American's Anti-Money Laundering Program please feel free to contact our AML Compliance Committee at 1-866-384-0384.

IMC COMMISSIONS - for those agencies "grandfathered" under the IMC Commission schedule

Custom Series Universal Life Products

	Custom TermGUL		Custom GrowthCV		Custom Guarantee		Custom Accumulator			
	1st Yr Comm %	Excess/ Renewal	1st Yr Comm %	Excess/ Renewal	1st Yr Comm %	Excess/ Renewal	1st Yr Comm %	Renewal	Excess	Asset Trails
RM 110	105.00	2.50/2.50	105.00	2.25/2.25	100.00	1.25/1.25	110.00	3.00	2.75	1.10
RM 105	100.00	2.25/2.25	100.00	2.25/2.25	95.00	1.25/1.25	105.00	2.75	2.60	1.05
RM/Producer 100	95.00	2.00/2.00	95.00	2.00/2.00	90.00	1.00/1.00	100.00	2.50	2.50	1.00
Producer 95	90.00	1.75/1.75	90.00	1.75/1.75	85.00	1.00/1.00	95.00	2.25	2.50	0.95
Producer 90	85.00	1.50/1.50	85.00	1.50/1.50	80.00	1.00/1.00	90.00	2.00	2.50	0.90
Producer 85	80.00	1.50/1.50	80.00	1.50/1.50	75.00	1.00/1.00	85.00	2.00	1.75	0.85
Producer 80	75.00	1.50/1.50	75.00	1.50/1.50	70.00	1.00/1.00	80.00	2.00	1.75	0.80
Producer 75	70.00	1.50/1.50	70.00	1.50/1.50	65.00	1.00/1.00	75.00	2.00	1.75	0.75
Producer 70	65.00	1.50/1.50	65.00	1.50/1.50	60.00	1.00/1.00	70.00	2.00	1.75	0.70

Builder IUL Series

	Builder IUL		Guarantee Builder IUL		Rapid Builder IUL	
	1st Yr Comm %	Excess/ Renewal	1st Yr Comm %	Excess/ Renewal	1st Yr Comm %	Excess/ Renewal
RM 110	110.00	3.00/3.00	105.00	2.00/2.00	105.00	3.50/3.50
RM 105	105.00	2.75/2.75	100.00	1.75/1.75	100.00	3.25/3.25
RM/Producer 100	100.00	2.50/2.50	95.00	1.50/1.50	95.00	3.00/3.00
Producer 95	95.00	2.00/2.00	90.00	1.25/1.25	90.00	2.50/2.50
Producer 90	90.00	2.00/2.00	85.00	1.00/1.00	85.00	2.50/2.50
Producer 85	85.00	2.00/2.00	80.00	1.00/1.00	80.00	2.50/2.50
Producer 80	80.00	2.00/2.00	75.00	1.00/1.00	75.00	2.50/2.50
Producer 75	75.00	2.00/2.00	70.00	1.00/1.00	70.00	2.50/2.50
Producer 70	70.00	2.00/2.00	65.00	1.00/1.00	65.00	2.50/2.50

Term Product

ADDvantage		
10 Yr Term	15 Year Term	20 Year Term
85.00	90.00	95.00
82.50	87.50	92.50
80.00	85.00	90.00
75.00	80.00	85.00
70.00	75.00	80.00
65.00	70.00	75.00
60.00	65.00	70.00
55.00	60.00	65.00
52.50	55.00	60.00

UL Footnotes:

CUSTOM GROWTHCV

- For all Universal Life policies, first year commissions are paid up to the policy's commissionable target (CT). (The CT designation appears on the last page of a policy illustration). Any premium received in excess of the commissionable target will be paid at the policy's excess rate. Commissionable target is reduced when the Waiver of Surrender Charge Option is elected.
- This product has a two year rolling target and there is no minimum premium requirement in year one to qualify.
- Renewal Commissions apply in years 2 - 10. Excess commissions apply in the first year and in the years renewals are paid.
- Commissions are payable on extra premiums as follows: Substandard table ratings - Full commissions, Permanent Flat Extras - Full Commissions, Temporary Flat Extras - No commissions.
- Standard company charge back provisions as outlined in our agent contract apply. Additionally, commission charge backs apply during the first three years on this policy when the Waiver of Surrender Charge Option is elected and the policy lapses, surrenders or has a partial withdrawal. The charges are: 100% - year 1, 75% - year 2, and 25% - year 3. Partial withdrawals will be subject to a commission chargeback to the extent that the cumulative withdrawal exceeds 10% of the cumulative premiums paid. In years where the percentage withdrawn is less than 10, any remaining amount will be applied to the following policy year. For example, if no withdrawals are made in the first policy year, then a commission chargeback in year 2 will only be made to the extent the withdrawal exceeds 20% of cumulative premiums paid.
- A separate commission structure applies to these policies with anticipated first year premiums of \$500,000 or greater where the Waiver of Surrender Charge Option is elected. This structure has a lower first year commission rate but includes asset trails. For specific information on this structure contact Agency Services.
- For information on internal replacements please refer to the Producer's infoNet at www.producersinfonet.com
- Currently, no North American products pay service fees.

CUSTOM GUARANTEE

- For all Universal Life policy's, first year commissions are paid up to the policies commissionable target (CT). (The CT designation appears on the last page of a policy illustration). Any premium received in excess of the commissionable target will be paid at the policy's excess rate.
- This product has a two year rolling target. First year commission will be paid on premium paid in the first 24 months up to the target premium established at the time of issue.
- Renewal Commissions apply in years 2 - 10. Excess commissions apply in the first year and in the years renewals are paid.
- Commissions are payable on extra premiums as follows: Substandard table ratings - Full commissions, Permanent Flat Extras - Full Commissions, Temporary Flat Extras - No commissions.
- Standard company charge back provisions as outlined in our agent contract apply.
- For information on internal replacements please refer to the Producer's InfoNet at www.producersinfonet.com
- Currently, no North American products pay service fees.

CUSTOM ACCUMULATOR

- For all Universal Life policy's, first year commissions are paid up to the policy's commissionable target (CT). (The CT designation appears on the last page of a policy illustration). Any premium received in excess of the commissionable target will be paid at the policy's excess rate for Custom Accumulator III ONLY. Prior versions of Custom Accumulator (I and II) do NOT earn commission on premium received in excess of the commissionable target.
- Renewal Commissions apply in years 2 - 10.
- Commissions are payable on extra premiums as follows: Substandard table ratings - Full commissions, Permanent Flat Extras - Full Commissions, Temporary Flat Extras - No commissions.
- There is a \$60 per \$1,000 cap on commissionable target premium.
- Standard company charge back provisions as outlined in our agent contract apply. Additionally, for policies qualifying for the Return of Premium Benefit, there is a 100% charge back for surrenders in the first year (365 days). Full or partial surrenders (not available until year 2) in the second year (366 days or later) will result in a 75% charge back.
- Asset trails are paid annually in years 6 - 10 and based on account value as of 12/31. Paid to active agents only.
- For information on internal replacements please refer to the Producer's infoNet at www.producersinfonet.com
- Currently, no North American products pay service fees.

CUSTOM TERM GUL

- For all Universal Life policy's, first year commissions are paid up to the policy's commissionable target (CT). (The CT designation appears on the last page of a policy illustration). Any premium received in excess of the commissionable target will be paid at the policy's excess rate.
- Renewal Commissions apply in years 2 - 10. Excess commissions apply in the first year and in the years renewals are paid.
- Commissions are payable on extra premiums as follows: Substandard table ratings - Full commissions, Permanent Flat Extras - Full Commissions, Temporary Flat Extras - No commissions.
- Standard company charge back provisions as outlined in our agent contract apply.
- For information on internal replacements please refer to the Producer's infoNet at www.producersinfonet.com
- Currently, no North American products pay service fees.

BUILDER IUL

- For all Universal Life policies, first year commissions are paid up to the policy's commissionable target (CT). (The CT designation appears on the last page of a policy illustration). Any premium received in excess of the commissionable target will be paid at the policy's excess rate.
- This product has the rolling target feature, as long as 80% of target premium is received in the first year. If 80% of target premium is not received in year one, all second year premium received will be commissioned at the renewal rate.
- Renewal Commissions apply in years 2 - 10. Excess commissions apply in the first year and in the years renewals are paid.
- Commissions are payable on extra premiums as follows: Substandard table ratings - Full commissions, Permanent Flat Extras - Full Commissions, Temporary Flat Extras - No commissions.
- Standard company charge back provisions as outlined in our agent contract apply.
- For information on internal replacements please refer to the Producer's infoNet at www.producersinfonet.com
- Currently, no North American products pay service fees.

RAPID BUILDER IUL

- For all Universal Life policies, first year commissions are paid up to the policy's commissionable target (CT). (The CT designation appears on the last page of a policy illustration). Any premium received in excess of the commissionable target will be paid at the policy's excess rate. Commissionable target is reduced when the Waiver of Surrender Charge Option is elected.
- This product has a two year rolling target. First year commission will be paid on premium paid in the first 24 months up to the target premium established at the time of issue.
- Renewal Commissions apply in years 2 - 10. Excess commissions apply in the first year and in the years renewals are paid.
- Standard company chargeback provisions as outlined in our agent contract apply. Commission charge backs apply during the first three years on this policy when the Waiver of Surrender Charge Option is elected and the policy lapses, surrenders or has a partial withdrawal. The charges are: 100% - year 1, 75% - year 2, and 25% - year 3. Partial withdrawals will be subject to a commission chargeback to the extent that the cumulative withdrawal exceeds 10% of the cumulative premiums paid. In years where the percentage withdrawn is less than 10, any remaining amount will be applied to the following policy year. For example, if no withdrawals are made in the first policy year, then a commission chargeback in year 2 will only be made to the extent the withdrawal exceeds 20% of cumulative premiums paid.
- A separate commission structure applies to these policies with anticipated first year premiums of \$500,000 or greater where the Waiver of Surrender Charge Option is elected. This structure has a lower first year commission rate but includes asset trails. For specific information on this structure contact Agency Services.
- Commissions are payable on extra premiums as follows: Substandard table ratings - Full commissions, Permanent Flat Extras - Full Commissions, Temporary Flat Extras - No commissions.
- For information on internal replacements please refer to the Producer's infoNet at www.producersinfonet.com
- Currently, no North American products pay service fees.

GUARANTEE BUILDER IUL

- For all Universal Life policies, first year commissions are paid up to the policy's commissionable target (CT). (The CT designation appears on the last page of a policy illustration). Any premium received in excess of the commissionable target will be paid at the policy's excess rate.
- This product has the rolling target feature, as long as 80% of target premium is received in the first year. If 80% of target premium is not received in year one, all second year premium received will be commissioned at renewal rate.
- Renewal Commissions apply in years 2 - 10. Excess commissions apply in the first year and in the years renewals are paid.
- Commissions are payable on extra premiums as follows: Substandard table ratings - Full commissions, Permanent Flat Extras - Full Commissions, Temporary Flat Extras - No commissions.
- Standard company charge back provisions as outlined in our agent contract apply.
- For information on internal replacements please refer to the Producer's infoNet at www.producersinfonet.com
- Currently, no North American products pay service fees.

TERM Footnotes:

- ADDvantage term products have a non-commissionable policy fee. This fee is based on the mode of the policy. Please contact Agency Services with questions.
- Standard company charge back provisions as outlined in our contract apply.
- For complete commission information, please refer to the Producer's InfoNet at www.producersinfonet.com.
- Commission Percentage has not changed since prior commission schedule.

FOR AGENT USE ONLY. NOT INTENDED FOR CONSUMER SOLICITATION PURPOSES.

This commission/production schedule is a supplement to the contract and its terms & conditions. This schedule is subject to change at any time by written notice.