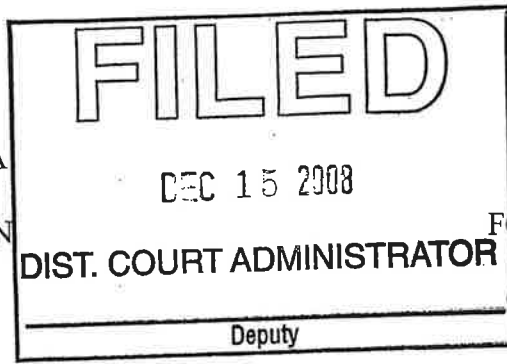


STATE OF MINNESOTA
COUNTY OF HENNEPIN



DISTRICT COURT
FOURTH JUDICIAL DISTRICT
Court File No. 27-CV-07-24362
Judge Lloyd B. Zimmerman

In the Matter of North American Company
for Life and Health Insurance

**STIPULATION FOR SETTLEMENT AND
ORDER**

WHEREAS, State of Minnesota, by and through its Attorney General, Lori Swanson ("State"), filed a Complaint on November 29, 2007 against Midland National Life Insurance Company ("Midland"), a company affiliated with North American Company for Life and Health Insurance ("North American"), relating to Midland's sale of deferred annuity products;

WHEREAS, North American also offers and sells deferred annuities in Minnesota;

WHEREAS, Midland has entered into a Stipulation for Settlement and Order with the State regarding the offer and sale of deferred annuities in Minnesota, and North American and the Attorney General wish to enter into a similar Stipulation for Settlement and Order;

WHEREAS, North American denies that it acted improperly with respect to the sale of deferred annuities and asserts that it has complied with Minnesota law in all respects and at all relevant times;

WHEREAS, the State alleges that (i) deferred annuities are financial products that may impose significant restrictions on a consumer's ability to access all money paid into a deferred annuity without surrender charges, and (ii) therefore are not a suitable product for some consumers, including some senior citizens;

WHEREAS, North American wishes to take additional steps to further ensure that its annuity sales processes and suitability procedures comply with applicable laws and regulations, and are suitable for purchasers, including senior citizens; and

WHEREAS, the Parties wish to resolve and settle any and all issues by and between them concerning North American's sale of deferred annuities;

NOW, THEREFORE, the State and North American hereby stipulate to entry of the following Stipulation for Settlement and Order ("Agreement") as set forth below:

DEFINITIONS

1. "Annuity" shall mean any fixed interest or fixed index deferred annuity issued by North American with a surrender charge period of one (1) year or more.
2. "Policyholder" shall mean the current or former owner of an Annuity who was a Minnesota resident or domiciled in Minnesota at the time the Annuity was purchased. "Policyholder" includes the heirs and successors of the Annuity owner.
3. "Applicant" shall mean any Minnesota resident who applies to purchase an Annuity.
4. "Income" shall mean the earned and investment income received by an Applicant and, if a member of the same household, the earned and investment income of the Applicant's spouse/partner. "Income" shall include, but is not limited to, salary and wages; Social Security payments; payments from an individual retirement account ("IRA") and other similar retirement plans, including a pension; payments from annuities that have been annuitized; interest payments; rental income; and profits or losses from the sale of a business or asset. "Income" shall not include income currently earned on funds an Applicant intends to invest in an Annuity.
5. "Living Expenses" shall mean the expenses incurred by an Applicant and, if a member of the Applicant's household, the expenses of the Applicant's spouse/partner. "Living

Expenses" shall include, but are not limited to, rent, mortgage, and other household maintenance costs, including utilities; insurance premiums; health care, medical and prescription drug costs, including deductibles and co-pays; nursing home and assisted living costs; taxes (including income, FICA and property taxes); support for dependants; education expenses; food costs; transportation costs; membership costs; and vacation and recreation costs.

6. "Disposable Income" shall mean monthly household Income minus monthly household Living Expenses.

7. "Liquid Assets" shall mean the value of assets owned by an Applicant and, if a member of the same household, the value of assets owned by the Applicant's spouse/partner, that could readily convert to cash without the imposition of fees or penalties. The term "Liquid Assets" shall include, but are not limited to, any amount in a checking, savings, or money market account; and amounts invested in stocks, bonds, mutual funds, or other investments that are easily converted to cash without the imposition of fees or penalties. The term "Liquid Assets" shall not include any amount that an Applicant may withdraw from the Annuity which is being applied for by the Applicant. The term "Liquid Assets" also shall not include personal belongings or other personal property of an Applicant including, but not limited to, jewelry, furnishings or vehicles.

8. "Net Worth" shall mean the value of assets owned by an Applicant and, if a member of the same household, the value of assets owned by the Applicant's spouse/partner (including premium for the Annuity to be purchased by an Applicant, but not including the value of the Applicant's primary residence) minus the total debt (not including mortgages or debt owed on the Applicant's primary residence) of the Applicant and, if applicable, the Applicant's

spouse/partner. "Net Worth" does not include personal belongings or other personal property of an Applicant including, but not limited to, jewelry, furnishings or vehicles.

9. "Parties" shall mean the State and North American.

STIPULATED RELIEF

A. ANNUITY SUITABILITY SYSTEMS, STANDARDS AND PROCEDURES

10. North American shall not issue an Annuity unless it has reasonable grounds for believing that the Annuity is suitable for the Applicant based on the totality of the Applicant's circumstances at the time of purchase. Before determining whether an Annuity is suitable for a particular Applicant, North American shall require its agents to obtain from the Applicant all information reasonably necessary to analyze and determine the suitability of the Annuity for the Applicant. In addition, North American shall not issue an Annuity that is subject to Elevated Review under the terms of this Agreement, unless it determines and documents in accordance with paragraph 13 of this Agreement, that the Annuity is suitable for the Applicant.

11. North American will modify its existing suitability system, standards and procedures to monitor and review Annuity sales ("Suitability System") as provided in paragraphs 12-15 below, to include additional suitability threshold tests that are applied to each application before an Annuity may be issued. If an application triggers one or more of the threshold tests of the Suitability System, then the application is, and will be, submitted to a heightened, elevated review process ("Elevated Review").

12. North American will modify its Suitability System threshold tests for monitoring whether an Annuity is unsuitable for particular Applicants. Such threshold tests shall include the following: if, on the date of application, the Applicant is 65 years of age or older and:

- (a) has Liquid Assets, after purchase of the Annuity, of less than or equal to \$75,000;
or

- (b) anticipates a significant increase in Living Expenses or a significant reduction in Net Income or Liquid Assets during the Annuity's deferral or surrender charge period; or
- (c) the premium paid for the Annuity exceeds twenty five (25) percent of the Applicant's Net Worth; or
- (d) the Applicant's annual Income is less than or equal to \$20,000; or
- (e) the premium paid for the Annuity is greater than four (4) times the annual Income of the Applicant.

The dollar amounts referenced in this paragraph 12 shall increase on January 1, 2010, and each year thereafter, by three (3) percent. North American and its agents shall not consider an Annuity to be suitable for an Applicant simply because none of the thresholds set forth in this paragraph 12 are triggered with respect to the particular Applicant.

13. If Elevated Review is triggered, North American shall only issue the Annuity if it determines and documents in its file specific, objective evidence that clearly establishes that the sale is suitable to the Applicant in light of his or her stated financial condition, needs, and objectives.

14. North American will continue to use and require its agents to complete and submit to North American its product suitability form as part of the application process and will modify the product suitability form to incorporate substantially similar language as set forth in Exhibit A attached hereto. In addition, at the time of application, North American shall, for any Applicant who is 65 years of age or older on the date of application, require its agents to complete the Fact Finder in the form of **Exhibit B** attached hereto or compile such financial information in a substantially similar written manner. North American shall require that the Fact Finder be maintained in the agent's files. If an Annuity application requires Elevated Review, North American will review the information on the Fact Finder form if necessary to conduct the Elevated Review of the suitability of the Applicant's Annuity purchase.

15. North American will continue to develop and implement policies and procedures to further monitor agents, review sales, and take other actions as North American deems appropriate, for agents who demonstrate a pattern of submitting applications determined to be unsuitable.

16. North American will fully implement paragraphs 12 - 15 of this Agreement by April 15, 2009. During the period between the execution of this Agreement and the date North American fully implements paragraphs 12 - 15 of this Agreement, North American will do the following: (1) In its current suitability review process, North American will consider the standards identified in paragraphs 12 and 13 of this Agreement in determining whether the Annuity is suitable for the particular Applicant; and (2) any Policyholder who purchases an Annuity during the period between the execution of this Agreement and the date North American fully implements paragraphs 12 - 15 of this Agreement and complains to North American and/or the Attorney General within 120 days after the Policy is delivered shall be eligible to participate in the claims review process outlined in paragraphs 17-21. North American shall promptly notify the Attorney General's Office when it determines the date it will fully implement paragraphs 12-15 of this Agreement.

B. CLAIMS REVIEW PROCESS

17. The Parties agree to establish a review process for determining any claim for rescission for Policyholders of Annuities because the Annuity was not suitable at the time of purchase or because the agent misrepresented the terms and conditions of the Annuity at or before the time of purchase. This review process shall be available to Policyholders who either (a) have complained to the Attorney General's Office and/or North American as set forth in paragraph 18 below, or (b) fall within the category of Policyholders as described in paragraph 22 below.

18. The Attorney General's Office and North American, jointly, shall promptly send the attached **Exhibit C** to Policyholders who have complained to the Attorney General's Office regarding the sale of an Annuity(ies) to the Policyholder (for which no refund has already been made by North American). **Exhibit C** shall also be sent to Policyholders who have made complaints to North American regarding the sale of Annuities from January 1, 2001 to the date of the execution of this Agreement (for which no refund has already been made by North American). Within ten (10) business days of execution of this Agreement, North American shall provide the Attorney General's Office with a complete and updated list of such written complaints made to North American by Policyholders, and the name and address information requested by the Attorney General's Office to send **Exhibit C** to such Policyholders. The Attorney General's Office shall, during the same time period, provide to North American the name and address information for North American Policyholders who have presented any complaint to the Attorney General's Office so North American has notice of all intended recipients of Exhibit C.

19. North American and the Attorney General's Office have mutually selected an independent third-party to review Policyholder complaints pursuant to paragraphs 18 and 22 of this Agreement

20. The Policyholders referenced in paragraph 18 will, as soon as reasonably possible, have their complaints reviewed by the process referred to in paragraph 17 above. North American shall make a rescission offer to a Policyholder if it is determined by the review process that the Annuity(ies) sold to the Policyholder was unsuitable on the date of application or that North American or its agent misrepresented the terms or conditions of the Annuity to the Policyholder. North American and the Attorney General's Office shall oversee the claims review

process and mutually agree on whether a Policyholder should receive a rescission offer. North American and the Attorney General's Office shall review the totality of the circumstances to determine whether the sale was unsuitable or resulted after North American or a North American agent misrepresented the terms or conditions of the Annuity. If North American and the Attorney General's Office cannot resolve a dispute as to whether a Policyholder should receive a settlement surrender offer, then the independent third-party mutually selected pursuant to paragraph 19 shall review the totality of the circumstances as they existed at the time of the purchase, and shall have full authority to determine whether an offer of rescission shall be made. The reasonable fees and expenses of the independent third-party shall be paid by North American. During all parts of the claims review process, North American, the Attorney General's Office, and the independent third-party shall liberally construe all facts and circumstances in favor of the Policyholder. All information submitted will be reviewed and reasonably considered.

21. The amount of the rescission offer by North American under this Agreement shall be calculated as follows:

- (a) For Annuities where there have been no withdrawals, annuitization payments, surrender payments, or payments to beneficiaries, the settlement payment shall be equal to: (i) the full amount of any premium paid by the Policyholder into the Annuity over the life of the contract (not including any additional bonus applied by North American); plus (ii) 4.15 percent interest compounded annually from the date of each premium payment to the date of the settlement payment or transfer by North American; and (iii) without the imposition of withdrawal or surrender charges or other fees; or
- (b) For Annuities where there have been withdrawals, annuitization payments, surrender payments, or payments to beneficiaries, the settlement payment shall be equal to: (i) the full amount of any premium paid by the Policyholder into the Annuity over the life of the contract (not including any additional bonus applied by North American); plus (ii) 4.15 percent interest compounded annually from the dates of each premium payment to the date of the withdrawals, annuitization payments, surrender payments, or payments to beneficiaries; minus (iii) the amounts paid as withdrawals, annuitization payments, surrender payments, or payments to beneficiaries of the Annuity; plus (iv) 4.15 percent interest compounded annually on any remaining amount after the date of each withdrawal,

annuitization payment, surrender payment, or payment to beneficiaries of the Annuity, to the date of the settlement payment or transfer by North American; and (v) without the imposition of withdrawal or surrender charges or other fees.

A rescission offer shall be sent to the Policyholder by the Attorney General's Office and North American jointly, in a form mutually agreeable to North American and the Attorney General's Office. The Policyholder then shall have sixty (60) days from the date of the rescission offer to accept it. If the Policyholder accepts the offer, the Policyholder shall execute a Settlement Agreement and Release in the form attached hereto as **Exhibit E**. Within ten (10) business days of North American receiving a Settlement Agreement and Release and any documentation required to complete the transaction, including whether the Policyholder wants to receive funds as a direct payment, transfer to another financial institution, or exchange pursuant to 28 U.S.C. § 1035 of the Internal Revenue Code, North American shall make the payment, transfer or exchange.

22. The Attorney General's Office and North American, jointly, shall promptly send the attached **Exhibit D** to all Policyholders (except for complainants referenced in paragraph 18 above) who were issued an Annuity on or after January 1, 2001 to the date of execution of this Agreement, and were 65 years of age or older on the date of their Annuity application. Every Policyholder referenced in this paragraph will be given the opportunity to submit a claim to request a rescission offer with respect to the Policyholder's Annuity if they believe it was unsuitable at the time of the application or the terms or conditions of the Annuity were misrepresented by North American or a North American agent to the Policyholder prior to or at the time of purchase. If a Policyholder chooses to submit such a claim, the Policyholder will have 120 days from the date **Exhibit D** is sent to the Policyholder to file a claim form (a copy of which is attached to **Exhibit D**) for that purpose. As claim forms are received, the claims review process will proceed in the same manner as set forth in paragraphs 20 and 21 above, subject to

the same standards and procedures contained therein, including that North American, the Attorney General's Office, and the independent third-party selected pursuant to paragraph 19, shall liberally construe all facts and circumstances in favor of the Policyholder. All information submitted will be reviewed and reasonably considered. North American, the Attorney General's Office, and the independent third-party shall make every effort to expedite the claims review process.

23. If, during the claims review process, North American and the Attorney General's Office believe that more information about a particular Annuity sale is needed to determine whether a Policyholder should receive a settlement surrender offer, then such information shall be requested by the Attorney General's Office from the Policyholder. If North American and the Attorney General's Office disagree whether additional information is needed from the Policyholder, then the Party seeking the additional information may submit its request to the independent third-party selected pursuant to paragraph 19. Any such request shall identify the additional information the requesting Party believes is necessary to complete the claims review process. The Party opposing the request may submit its objections to the third-party within three (3) days of the request for additional information. Upon receiving a request for additional information and any objections to it, the third-party shall have full authority to determine whether and to what extent any additional information is necessary. If the third-party determines that additional information is necessary, then the third-party shall contact the Policyholder and request the information to the extent that it is reasonably available.

24. The Parties agree that at least one knowledgeable and experienced independent financial planner and tax advisor mutually selected by North American and the Attorney General's Office shall be made available, at North American's expense, to a Policyholder by

telephone or in-person meeting, to provide information and advice to the Policyholder regarding the tax, financial, and other consequences of requesting or accepting an offer of rescission made pursuant to this Agreement. The independent financial planner and tax advisor shall agree that he or she will only provide advice to the Policyholder and will not, at any time, whether present or in the future, sell any product to the Policyholder or otherwise charge any fee to the Policyholder for any advice, service or product. Neither North American nor the Attorney General's Office shall be responsible or liable for the advice to a Policyholder by the independent financial planner and tax advisor.

C. STATE'S COSTS, INVESTIGATIVE EXPENSES AND ATTORNEYS' FEES

25. The Parties agree to each bear all of their own attorneys' fees and costs incurred in negotiating and complying with this Agreement. North American shall also pay all out-of-pocket costs incurred by the State related to the mailing and printing of correspondence and forms to policyholders pursuant to the terms of this Agreement.

GENERAL PROVISIONS

26. Nothing in this Agreement constitutes, and nothing herein shall be construed to mean or imply, that North American has engaged in any wrongdoing or violations of law, or that it has made any express or implied admission of any wrongdoing or violation. North American has denied and continues to deny that it engaged in any wrongdoing or violated any rule, regulation, statute, law or common law. North American enters into this Agreement to avoid uncertain and expensive litigation, and to help achieve uniformity in the sales of deferred annuities in Minnesota.

27. Because this Agreement represents the settlement of a disputed claim, neither this Agreement nor the discussions that led to this Agreement shall be admissible into evidence in any other proceeding, except to the extent it becomes necessary to enforce the terms of this

Agreement, and are protected under Minn. R. Evid. 408 and Fed. R. Evid. 408. The discussions that led to this Agreement are likewise not discoverable. This Agreement does not constitute an admission by North American that any form of class treatment is appropriate for any group of North American Policyholders, whether in the form of damages or in the form of equitable relief.

28. North American is not required to implement this Agreement in any other state.

29. The Parties have read this Agreement and voluntarily agree to its entry as an order of the court.

30. In consideration of the stipulated relief, the sufficiency of which is acknowledged, the Office of the Attorney General, by execution of this Agreement, hereby fully and completely releases, extinguishes, acquits, discharges and covenants not to sue to the fullest extent permitted by law North American, including all of its past and present agents, employees, officers, directors, attorneys, trustees, stockholders, principals, and parent corporations, subsidiaries, affiliates, affiliated companies (except for Midland National Life Insurance Company), sureties, reinsurers, subrogors, subrogees, indemnitors, predecessors, successors, and assigns thereof, of any and all claims (including actions, causes, causes of action, suits, liabilities, sums of money, interest, costs, expenses, controversies, agreements, promises, damages, and demands of whatever nature or description, in law or in equity) whether now known or unknown, suspected or unsuspected, which it has or may have, relating to or referred to in, directly or indirectly, or in any way connected with or arising out of the allegations in its Complaint in the above-entitled action regarding the sale of Annuities, up to and including the date of this Agreement; provided that this release does not apply in any way to, and the Office of the Attorney General retains any and all claims it may have against insurance agents, insurance agencies, insurance or securities brokers or any other similar entities or organizations, and their past and present agents; provided

further that this release does not apply in any way to claims of any other Minnesota state agency, department, or division including, but not limited to, the Minnesota Department of Commerce and Department of Revenue, against North American, including all of its past and present agents, employees, officers, directors, attorneys, trustees, stockholders, principals, and parent corporations, subsidiaries, affiliates, affiliated companies, sureties, reinsurers, subrogors, subrogees, indemnitors, predecessors, successors, and assigns thereof. In addition, except as provided in paragraph 31 below, this release and Agreement in no way affects the individual rights of Policyholders, Applicants or other persons including, but not limited to, any rights they have or may have, in the certified or putative class action lawsuits currently pending against North American, such as the lawsuits referenced in paragraph 31 below.

31. As a condition of accepting a rescission offer made pursuant to this Agreement, a Policyholder shall execute a Release of Liability in the form attached hereto as **Exhibit E**. Neither the Release of Liability nor any provision of this Agreement shall in any way affect, impair or impede a Policyholder who accepts a rescission offer made pursuant to this Agreement from pursuing any rights that the Policyholder has or may have in certified or putative class action lawsuits currently pending against North American. Under no circumstances, however, shall this Agreement entitle a Policyholder to “duplicative” recovery from the Released Parties.

32. It is understood and accepted by the Parties that nothing contained herein shall be deemed to be nor construed as any admission by the Parties hereto of any legal or factual issue raised in this matter or of liability of any kind to the other party, nor shall it be construed as a waiver, modification or retraction of the positions of the Parties. The Stipulation for Settlement and Order shall not be considered an admission of a violation of law for any purpose whatsoever, and shall not be considered evidence of such in any other proceeding.

33. Except as provided in this Agreement, nothing herein shall be construed as altering, modifying or deleting the provisions, terms, conditions, exclusions, endorsements, coverages or other terms of the North American Annuities, which said Annuities shall remain in force and effect to the extent otherwise provided for by their terms, conditions and coverages. Accordingly, this Agreement does not reflect upon North American's or the State's views as to the rights and obligations with respect to matters or persons outside the scope of this Agreement.

34. This Agreement constitutes the entire agreement and understanding between the Parties with respect to the matters addressed herein and supersedes and replaces all prior negotiations, proposed agreements, and agreements, written or oral, including, but not limited to, settlement correspondence, discussions, representations, statements, offers, counter-offers and understandings, all of which have become merged and fully integrated into this Agreement. Any other prior or contemporaneous settlement negotiations, including, but not limited to, settlement correspondence, discussions, representations, statements, offers, counter-offers and understandings, whether oral or written, are void and unenforceable. The Parties acknowledge that none of them, their agents or attorneys have made any promise, representation or warranty whatsoever, express or implied, not specifically set forth as a part hereof and contained herein concerning the subject matter hereof, to induce the Parties to execute this agreement, and acknowledge that the Parties have not executed this Agreement in reliance on any promise, representation or warranty not contained herein.

35. The Parties shall cooperate to implement and facilitate this Agreement, including the exchange of information reasonably necessary for that purpose.

36. Any failure by any Party to this Agreement to insist on performance by the other Party of any provision of this Agreement shall not be deemed a future waiver of any of the

provisions of this Agreement, and such Party, notwithstanding such failure, shall have the right to insist upon the performance of any and all of the provisions of this Agreement.

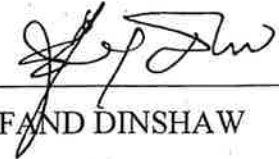
37. Each Party participated in the drafting of this Agreement, and each agrees that the Agreement's terms may not be construed against or in favor of either Party by virtue of draftsmanship.

38. This Agreement shall be governed by the laws of Minnesota. The Court shall retain jurisdiction over this matter to enforce the terms of this Agreement. This Agreement shall remain in effect until April 15, 2013. If, after April 15, 2011, North American determines that a requirement of this Agreement puts it at a material competitive disadvantage in the industry and that consumers will not be harmed by a modification of this Agreement, North American may request that the Attorney General consent to a modification of this Agreement. When making this request, North American shall provide the Attorney General with information demonstrating which requirements of this Agreement put North American at a material competitive disadvantage and that consumers will not be harmed by the modification of this Agreement. The Attorney General shall then evaluate the existing circumstances and, after collecting information the Attorney General deems necessary, make a decision within sixty (60) days as to whether to consent to a modification of this Agreement.

39. The individual who executed this Agreement on behalf of a Party is authorized to do so, and to bind that Party to the terms of this Agreement.

NORTH AMERICAN COMPANY FOR LIFE
AND HEALTH INSURANCE

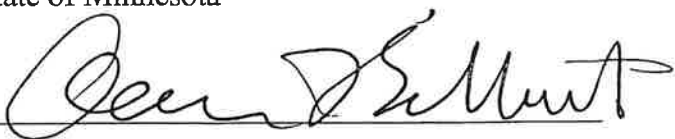
Dated: 12-11-08

By 
ESFAND DINSHAW

Its _____
President – Annuity Division

Dated: 12/15/08

LORI SWANSON
Attorney General
State of Minnesota



ALAN I. GILBERT
Solicitor General
Atty. Reg. No. 0034678

JAMES W. CANADAY
Assistant Attorney General
Atty. Reg. No. 030234X

IAN DOBSON
Assistant Attorney General
Atty. Reg. No. 0386644

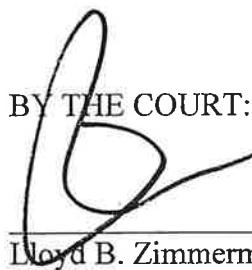
102 Capitol
75 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155-1609
(651) 296-6196 (Voice)
(651) 297-7206 (TTY)

ATTORNEYS FOR PLAINTIFF STATE OF
MINNESOTA

IT IS SO ORDERED:

Dated: 12-15-08

BY THE COURT:



Lloyd B. Zimmerman
HENNEPIN COUNTY DISTRICT COURT
JUDGE

LET JUDGMENT BE ENTERED ACCORDINGLY.

EXHIBIT A

- 1) Approximate Monthly Income \$ _____
Approximate total current monthly household* income (excludes income currently earned on the money to be used to purchase the annuity). For example: salary, Social Security payments, pension/retirement benefits, investment and rental income.
- 2) Approximate Monthly Living Expenses \$ _____
Approximate current monthly household living expenses. For example: housing, transportation, insurance, food, healthcare and taxes (including property, income and FICA taxes).
- 3) Approximate Disposable Income \$ _____
Monthly Income minus Monthly Living Expenses.
- 4) Approximate Liquid Assets \$ _____
Approximate current household liquid assets after purchase of the annuity. Includes assets such as checking, savings, and money market accounts and securities that can be sold without fees or penalty. Excludes withdrawals that may be taken from the annuity being purchased and any personal belongings or personal property such as jewelry, furnishings and vehicles.

In purchasing this annuity what percentage of your liquid assets will be used? ___%

- 5) Approximate Net Worth \$ _____
Approximate current value of household assets (including premium for the annuity to be purchased but excluding primary residence and any personal belongings or personal property such as jewelry, furnishings and vehicles) minus total debt (not including mortgages or debt owed on the primary residence).
- 6) Future changes in Income, Living Expenses and Liquidity

A. Do you anticipate any significant changes in your household's monthly income or living expenses or liquid assets during the ___-year surrender charge period of the annuity you are purchasing, such as a reduction in income caused by retirement or pension changes or by an increase in expenses such as housing, medical, nursing home, assisted living or travel expenses? Yes _____ No _____

If answer is "yes," please describe the anticipated changes (include, if possible, approximately when you anticipate the changes to occur and the approximate amount of these anticipated changes in income, living expenses, or liquid assets).

* Household means the applicant, and if a member of the applicant's household, the applicant's spouse/partner.

EXHIBIT B FINANCIAL INVENTORY

Monthly Household* Income

Salary/Wages	\$
Social Security Payments	
Pension/Retirement Benefits	
Interest/Dividend Income (other than income received on money used to purchase this annuity)	
Rental Income	
Other	
Total Income	\$

Rent/Mortgage Payment	\$
Utilities	
Debt Repayment	
Transportation	
Food	
Health Care	
Taxes (including property, income and FICA taxes)	
Insurance	
Support for Dependents	
Charitable Donations	
Travel	
Other	
Total Expense	\$

Disposable Income \$

Household* Net Worth

(Not including Primary Residence and any personal belongings or personal property such as jewelry, furnishings and vehicles)

Checking Accounts	\$
Savings Accounts and CDs	
Securities (in non-retirement accounts)	
Annuities (in non-retirement accounts)	
Retirement Account Balances	
Real Estate (exclude primary residence)	
Value of Business	
Ownership (explain business and nature of interest in business) _____	
Other	
Total Assets	\$
Minus Total Liabilities (exclude mortgage on primary residence)	\$
Net Worth	\$

Household* Liquid Assets (Assets that can be easily converted to cash, without penalty. Does not including personal belongings or personal property such as jewelry, furnishings and vehicles)

Checking Accounts	\$
Savings Accounts	
Securities (including mutual funds without deferred sales charges)	
Current Year Free Withdrawals from Annuities (other than on the annuity being purchased)	
Other	

Total Liquidity \$
(Excludes liquid assets used to
fund this annuity)

*Household means the applicant, and if a member of the applicant's household, the applicant's spouse/partner.

Monthly Household* Expense

EXHIBIT C

[Attorney General Letterhead]

[Date]

[Name]

[Address]

[City, State, Zip]

Dear _____:

As you may know, in recent months, there has been a fair amount of national attention to issues surrounding the sale of long-term annuities to senior citizens by the insurance industry. This includes concerns about whether senior citizens have been adequately informed of the duration and other terms of these annuities and whether the annuity was suitable for the particular senior citizen.

North American Company for Life and Health Insurance (North American) and the Minnesota Attorney General (Attorney General) have reached an agreement regarding the sale of North American fixed deferred annuity contracts in Minnesota.

It is our understanding that you purchased a deferred annuity from North American and previously submitted a complaint to North American and/or the Attorney General regarding your purchase of a North American deferred annuity contract. North American and the Attorney General have agreed to a process to review your complaint to determine whether your contract or contracts should be cancelled. The matter may also be reviewed by an independent person (under guidelines agreed to by North American and the Attorney General).

If it is determined that the sale was not suitable or that you were sold the annuity without full information explaining important terms about the annuity, you will be entitled to rescind the contract and receive premiums you paid (not including any premium bonus previously added by North American), without penalties, less any funds you have received from the annuity, plus interest at 4.15 percent. You will have 60 days to accept the offer of rescission. You may participate in this process even if you surrendered or annuitized your policy.

If you do not want your annuity reviewed in this fashion, please call the Attorney General's Office toll-free at 1-800-657-3787 or 651-296-3353. If you have any questions about this process or your annuity, please feel free to call North American toll free at 1-800-_____ or the Attorney General's Office at 1-800-657-3787 or 651-296-3353. Please note that you may be contacted by a representative of North American or the Attorney General's Office to get more information if necessary to help resolve your issue.

As with any financial transaction, we recommend that you consult your own tax and legal advisors about any tax or financial consequences to you if your annuity is cancelled. As part of this process, a financial planner/tax advisor will also be made available to you at no cost to discuss the tax and financial consequences for you if your annuity is cancelled. If you would like such advice from this advisor, please call North American at 1-800-____ or the Attorney General's Office at 1-800-657-3787 or 651-296-3353 and arrangements will be made for consultation with the advisor.

Sincerely,

NORTH AMERICAN COMPANY FOR
LIFE AND HEALTH INSURANCE

Sincerely

LORI SWANSON
ATTORNEY GENERAL

EXHIBIT D

[Attorney General Letterhead]

[Date]

[Name]

[Address]

[City, State, Zip]

Dear _____:

In recent months, there has been a fair amount of national attention given to issues surrounding the sale of long-term annuities to senior citizens by the insurance industry. This includes concerns about whether senior citizens have been adequately informed of the duration and other terms of these annuities and whether the annuity was suitable for the particular senior citizen.

North American Company for Life and Health Insurance (North American) and The Minnesota Attorney General (Attorney General) have reached an agreement to regarding the sale of North American fixed deferred annuity contracts in Minnesota.

According to North American's records, you purchased a deferred annuity from North American. We want to make sure you were treated fairly and properly when you made that purchase. North American and the Attorney General have agreed to a process to review any concerns of Minnesota senior citizens who purchased deferred annuities from North American.

If you have concerns that your North American annuity was not suitable (for example, because a long-term retirement product was not suited to your circumstances at the time of purchase), or if you have concerns that the agent who sold the annuity to you did not fully inform you about the terms of the annuity, you may ask that North American cancel the annuity and refund your money. You may do this by completing the enclosed form and returning it to the Attorney General's Office.

North American and the Attorney General's Office will review your completed form. The matter may also be reviewed by an independent person (under guidelines agreed to by North American and the Attorney General). If it is determined that the annuity should be cancelled, North American will offer to return your full premium (not including any bonus amount added to the contract by North American), without penalties, less any payments you received under the

contract, plus interest at 4.15 percent. You will be given 60 days to decide whether to accept North American's offer. You are eligible to participate in this review even if you have already surrendered your North American annuity or have annuitized it.

If you would like your annuity to be reviewed in this fashion, you must return the enclosed form to the Attorney General's Office no later than _____. If you have any questions about this process or your annuity, please feel free to call North American toll-free at 1-800-_____ or the Attorney General's Office toll-free at 1-800-657-3787 or 651-296-3353. Please note that if you submit a request for review, you may be contacted by a representative of North American or the Attorney General's Office to get more information if necessary to help resolve your issue.

As with any financial transaction, we recommend that you consult your own tax and legal advisors about any tax or financial consequences to you if your annuity is cancelled. As part of this process, a financial planner/tax advisor will also be made available to you at no cost to discuss the tax and financial consequences for you if your annuity is cancelled. If you would like such advice from this advisor, please call North American at 1-800-_____ or the Attorney General's Office at 1-800-657-3787 or 651-296-3353 and arrangements will be made for consultation with the advisor.

Sincerely,

Sincerely,

NORTH AMERICAN COMPANY FOR
LIFE AND HEALTH INSURANCE

LORI SWANSON
ATTORNEY GENERAL

State of Minnesota
Office of Minnesota Attorney General Lori Swanson

North American Review Form

Complete and mail to the address below no later than _____

Your Name: _____

Your Address: _____

Your City: _____ Your State: _____ Your Zip Code: _____

Your Telephone Number: (_____) _____

1. Do you believe your North American annuity may not have been suitable for your needs at the time you made the purchase? Yes No

OPTIONAL: If you answered "Yes" to question number 1, briefly explain why you believe the policy may not have been suitable: _____

2. Do you believe that the agent who sold you the annuity made misrepresentations or did not fully disclose to you important terms of the annuity at the time of sale (e.g., the bonus, surrender penalties or how long you have to keep your money in the annuity)?
 Yes No

If you answered "Yes" to question number two, please briefly explain: _____

I would like to have my North American annuity reviewed, and I would like to be offered the opportunity to cancel my annuity. I understand that before North American actually cancels my annuity, I will be given the right to accept or reject its offer.

Signature

Date

Mail this form (in the enclosed envelope) no later than _____

Minnesota Attorney General Lori Swanson
102 State Capitol
75 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155-1609

EXHIBIT E

SETTLEMENT AGREEMENT AND RELEASE

This Settlement Agreement and Release is made on the date last signed below between North American Company for Life and Health Insurance ("North American"), _____, and [NNNNNNNNNNNN] ("NAME"), [ADDRESS].

RECITALS

- A. North American issued Annuity Policy No. [XXXXXXX] to [NAME] as owner on (the "Policy") on _____, 200__.
- B. Pursuant to the Claims Review Process established as the result of an agreement between the Attorney General of the State of Minnesota and North American, [NAME] has submitted a claim regarding the Policy. North American is willing to cancel the policy and refund premiums in a manner calculated pursuant to the terms of the agreement with the Attorney General and as a settlement with [NAME].

WHEREFORE, for good and valuable consideration, the sufficiency of which is acknowledged, the parties agree as follows:

1. Upon receipt of this Settlement Agreement and Release signed by [NAME], and in consideration for the provisions thereof, North American will provide a settlement amount and will either: (1) pay to [NAME] the sum of \$[] plus 4.15% interest until the date this payment is made to [NAME]; (2) transfer said amount to another financial institution as specified by [NAME]; or (3) exchange the settlement amount to another insurance (annuity) company pursuant to 28 U.S.C. § 1035 as specified by [NAME]. North American will make the payment or transfer within ten (10) business days after North American receives from [NAME] this signed Settlement Agreement and Release and any documentation required to complete the transaction;
2. In exchange for the settlement and the settlement surrender amount described in paragraph 1 above, [NAME] does hereby completely release and forever discharge North American and its successors, predecessors, heirs, assigns, officers, directors, employees, agents, affiliates and attorneys (hereinafter "Releasees"), from all manner of actions, causes of action, suits liabilities, debts, sums of money, accounts, bonds, bills, notes, commitments, contracts, controversies, agreements, promises, judgments, claims and demands whatsoever, in law or in equity, known or unknown, which [NAME] ever had, now has or may have against North American and Releasees arising out of or relating to the issuance, sale, funding, administration, surrender, redemption, cancellation or rescission of Policy [XXXXX]; provided, however, that this Settlement Agreement and Release shall not in any way effect, impair or impede [NAME] from pursuing any rights that [NAME] has or may have in certified or putative class action lawsuits currently pending against North American, subject to possible limitations on duplicative recovery.

3. [NAME] further covenants and agrees that this Settlement Agreement and Release will be binding upon the heirs, successor trustees, administrators, beneficiaries, successors and assigns of [NAME];
4. [NAME] further covenants and agrees that [she/he] has read the terms of this Settlement Agreement and Release and has had the opportunity to discuss it with [her/his] attorney, and that [she/he] has voluntarily entered into this Settlement Agreement and Release solely in reliance on [her/his] own knowledge, belief and judgment and the advice of [her/his] counsel if such advice was obtained, and not in reliance on representations made by the parties released by or by others on their behalf;
5. North American and Releasees deny any liability in connection with Policy [XXXXX] and/or the matters recited in or represented in this Settlement Agreement. This Agreement shall never be considered an admission of the truth of the allegations, claims or contentions by any party;
6. It is further understood and agreed that North American will withhold income taxes, if any, as required by law from any payment or transfer effected by North American under the Settlement Agreement and Release, and that North American has made no representation regarding tax liability, if any, resulting from said payment, transfer, or exchange. It is further understood and agreed that neither North American, any Releasee, nor the Attorney General's Office shall be responsible or liable for any advice to [NAME], by an independent financial planner and/or tax advisor that is made available to [NAME] pursuant to the Consent Judgment. The responsibility to address any tax consequences of said payment, transfer, or exchange is solely the responsibility of [NAME]. Further, [NAME] agrees that to the extent any tax liability may now or hereafter become due because of the payment, transfer, or exchange made by North American, such liability will be the sole responsibility of [NAME], and [NAME], not North American or Releasees, shall pay taxes, penalties or interest, if any, which may be determined to be due and payable;
7. This Settlement Agreement and Release may be executed in one or more counterparts, each of which shall be an original as against the party who signed it, but all of which shall constitute one and the same agreement;
8. This Settlement Agreement and Release contains the entire agreement between the parties, and any statement not contained herein is not admissible to establish the basis of this settlement and release.

IN WITNESS WHEREOF, the parties hereto have caused this Settlement Agreement and Release to be duly executed.

_____ Dated: _____
[Name]

Subscribed and sworn to before me
this _____ day of _____, 2009.

Notary Public

North American Company for Life and Health Insurance

By: _____

Its: _____

Dated: _____

