



CREATING A STRONG FINANCIAL FUTURE.

NORTH AMERICAN

CHARTER SERIESSM

FIXED INDEX ANNUITIES



CHARTER SERIESSM

The **Charter SeriesSM** are flexible premium, fixed index annuities that offer you the ability to apply all or a portion of your premium among two accounts: an Index Account or a Fixed Account. Your premium may be allocated to these two accounts as you wish and can be transferred between accounts once each contract anniversary for the life of your annuity. Additionally, you have the ability to choose between three unique options, each having a distinct surrender charge period and premium bonus that may be applied depending on the option chosen.

The **Charter SeriesSM** fixed index annuities are *not* investments in the stock market or in the applicable indices. Rather they are long-term fixed annuities that allow you to benefit from the advantages that a fixed annuity offers such as: tax-deferred growth, the potential to avoid probate, safety of premium and income for life. Additionally, these annuities offer an Index Account that provides enhanced growth potential without experiencing loss of premium. Your Index Account returns are based on three distinct crediting methods, allowing an Index Credit to be earned based on the annual performance of the indices and crediting methods you select.

The is a long-term annuity product that offers several different options, allowing you the flexibility to choose the option that is best for your situation. Listed below are three surrender charge options you can choose from. You may elect one of the following:

ELECT THE OPTION THAT BEST FITS YOUR NEEDS

7-YEAR OPTION

The **7-year option** offers:

- A 7-year surrender charge schedule with access to the full Accumulation Value after the seventh year.
- The opportunity to elect a life annuity payout option based on the Accumulation Value after the first year or you may elect at least a 5-year annuity payout option after the fifth year. These payout options are available by current Company practice.

10-YEAR OPTION

The **10-year option** offers:

- A 10-year surrender charge schedule with access to the full Accumulation Value after the tenth year.
- A **5% premium bonus** on all premiums received in the first seven years.
- The opportunity to elect a life annuity payout option based on the Accumulation Value after the first year or you may elect at least a 5-year annuity payout option after the fifth year. These payout options are available by current Company practice.

14-YEAR OPTION

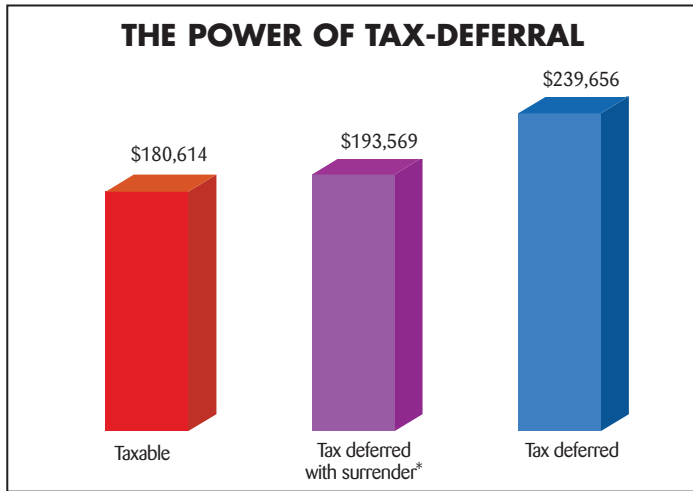
The **14-year option** offers:

- A 14-year surrender charge schedule with access to the full Accumulation Value after the fourteenth year.
- A **10% premium bonus** on all premiums received in the first seven years.
- The opportunity to create a life annuity payout option based on the Accumulation Value after the first year or you may elect at least a 10-year annuity payout option after the fifth year. These payout options are available by current Company practice.
- Longer Term—Ideal for people with long-term objectives looking for highest premium bonus who are comfortable with 14 year surrender charge.

All options offer:

- **Full Accumulation Value at death**
- **Safety of premium**
- **Lifetime income options**

BENEFITS OF OWNING A DEFERRED ANNUITY



*Chart is a hypothetical illustration of tax-deferral and assumes an initial investment of \$100,000 earning 6.00% compounded annual rate of return for 15 years. *Tax deferred with surrender represents the surrender value less taxes at an assumed rate of 33%.*

TAX-DEFERRED GROWTH

Tax-deferred growth allows your money to grow faster because you earn interest on dollars that would otherwise be paid in taxes. Your premium earns interest, the interest compounds within the contract and the money you would have paid in taxes earns interest. This chart details the potential of a tax-deferred annuity.

SAFETY OF PREMIUM

All North American tax-deferred annuities are backed by the financial strength of the Company's investment portfolio, which emphasizes high-quality bonds that provide safety, liquidity and competitive interest rates. In states where these products are approved, North American maintains reserves equal to those required by state regulation.

DEATH BENEFIT

North American will pay out, as the Death Benefit, the Accumulation Value to your beneficiary upon the death of the annuitant or an owner. Your beneficiary may choose to receive the payouts in either a lump sum or a series of income payments. If joint annuitants are named, the Death Benefit will be paid on the death of the second owner. If joint owners are named, the Death Benefit will be paid on the death of the owner.

LIFETIME INCOME

North American can provide you with a guaranteed income stream with the purchase of your tax-deferred annuity. You have the ability to choose from several different annuity payout options, including life or a specified period.

MAY AVOID PROBATE

By naming a beneficiary, you may minimize the delays, expense and publicity often associated with probate. Your designated beneficiary receives death proceeds in either a lump sum or a series of income payments. Please consult your legal or tax advisor.





JUMP START TO YOUR SAVINGS

PREMIUM BONUS

To get a head start on your retirement savings, North American awards you a premium bonus based on the surrender charge schedule chosen.

**YOU CHOOSE
FROM THE
FOLLOWING
BONUS/
SURRENDER
CHARGE OPTIONS:**

7-YEAR

**No
Premium
Bonus**

10-YEAR

5%
on all premium
payments received
during first seven years

14-YEAR

10%
on all premium
payments received
during first seven years

ANNUITY PAYMENT BONUS

By current Company practice, if you elect an annuity payout option of at least five years any time after an appropriate time period has elapsed, the following bonus will be added to your Accumulation Value.

7-YEAR

1%
after the eighth year

10-YEAR

1%
after the tenth year

14-YEAR

2%
after the fourteenth year

ACCESS YOUR MONEY IN SEVERAL DIFFERENT WAYS

Emergencies do arise, and access to your money is always an important concern. The **Charter SeriesSM** offers a variety of liquidity features.

ANNUITY PAYOUT OPTIONS

Should you decide to receive an income from your annuity after the surrender charge period, you will have several annuity payout options from which to choose. Annuity payout options are a benefit of deferred annuities, but annuitization is not a requirement with the **Charter SeriesSM**.

With the exception of the Life Income options, annuity payout options are for a minimum of five years and a maximum of 20 years. The following options are available:

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

With non-qualified plans, a portion of each income payment represents a return of premium that is not taxable, thus reducing your tax liabilities.

By current Company practice, you may receive an income from the Accumulation Value after the first year (without surrender charges or Interest Adjustment) if you choose a Life Income option. Please see your Annuity Disclosure Statement for more details regarding the annuity payout options available to you.

PENALTY-FREE WITHDRAWALS¹

The **Charter Series**SM allows you to take a Penalty-Free Withdrawal (Partial Surrender) of up to 10% of your current Accumulation Value once each year after the first contract anniversary, without incurring any surrender charges or Interest Adjustment. The amount withdrawn in excess of 10% will be assessed a surrender charge. Surrender charges and Interest Adjustments on IRS-Required Minimum Distributions exceeding the 10% Penalty-Free Withdrawal amount will be waived by current Company practice.

NURSING HOME CONFINEMENT RIDER²

After the first contract anniversary, should the annuitant become confined to a qualified nursing home facility for at least 90 consecutive days, we will increase the Penalty-Free Withdrawal amount to 20% of the Accumulation Value each year while the annuitant is confined. For issue ages 75 and younger, this rider is automatically included with your annuity.

SURRENDER CHARGES

Surrender charges allow the Company to invest your money on a long-term basis, allowing the Company to credit higher yields than possible with a similar annuity of shorter term. A surrender charge is assessed on any amount withdrawn, whether as a partial withdrawal or full surrender, that exceed the penalty-free amount applicable. However, surrender charges on any portion of an IRS-Required Minimum Distribution exceeding the 10% penalty-free amount are waived by current Company practice. These tables detail the declining charges by the option chosen. Additional premiums deposited into existing contract will maintain the surrender charge schedule set forth by the initial premium.

ELECT THE OPTION THAT BEST FITS YOUR NEEDS

7-YEAR

Year	Surrender Charge
1	10%
2	9%
3	8%
4	7%
5	6%
6	4%
7	2%

10-YEAR

Year	Surrender Charge
1	15%
2	14%
3	13%
4	12%
5	11%
6	10%
7	8%
8	6%
9	4%
10	2%

14-YEAR

Year	Surrender Charge
1	18%
2	18%
3	17%
4	15%
5	15%
6	15%
7	15%
8	14%
9	12%
10	10%
11	8%
12	6%
13	4%
14	2%

Note: Please keep in mind that a surrender during the surrender charge period could result in a loss of premium. Surrender charge structure may vary by state. Consult your Annuity Disclosure Statement for details specific to your state.

INTEREST ADJUSTMENT³

The **Charter Series**SM also includes an Interest Adjustment, which generally allows the Company to credit higher interest rates than on those products without an Interest Adjustment. This adjustment may increase or decrease your surrender value, depending on the change in interest rates since your your annuity purchase.

Due to the mechanics of an Interest Adjustment feature, the cash surrender value generally increases as interest rates fall. Likewise, when interest rates have increased over a period of time, the surrender value generally declines. However, the Interest Adjustment can never cause the surrender value to be less than total net premiums.

This adjustment is applied only during the surrender charge period to surrenders that exceed the applicable penalty-free amount applicable. Interest Adjustments on any portion of IRS-Required Minimum Distributions in excess of the 10% penalty-free amount are waived by current Company practice.

PRODUCT FEATURES

ACCUMULATION VALUE

The Accumulation Value is 100% of premium, plus any applicable bonus, allocated to the Fixed and Index Accounts, plus any Index Credit or interest earned. It will be reduced by the amount of any withdrawals, but cannot decrease due to negative index performance.

INDEX ACCOUNT

The **Charter Series**SM fixed index annuities are *not* investments in the stock market or in the applicable indices. Some or all of your premiums may be allocated between several different indices and/or crediting methods. This annuity offers enhanced stock market and bond-linked growth potential associated with the annual changes in several distinct indices without the risk of directly participating in stock, bond or equity investments. These indices are recognized worldwide as prominent benchmarks for stock market and bond performance. This is truly a fixed annuity using an interest crediting strategy of indexing to determine the credited rate. The Index Credits will not mirror the exact performance of any stock market or bond index. The Index Credits will never be less than zero.

ANNUAL RESET

The Annual Reset allows an Index Credit, if any, to be added to the Index Account on each contract anniversary. That amount, when added, becomes “locked-in” because it can never be taken away due to negative index performance. Once added, the “locked-in” Index Credit will participate in future growth, giving you the advantage of compounding in subsequent years.

This feature also resets your starting index point each year on your contract anniversary. Annual Reset minimizes your risk when the index experiences a severe downturn during the year. You then can take advantage of gains from that point forward. Without this feature, you would have to wait for the index to climb up to its original level before any gains could be realized.



DAILY AVERAGE

This method for determining any Index Growth uses a Daily Average calculation to determine a percentage gain or loss in the index during your reset period (see Annual Reset). This is done by comparing the difference between the index on the first day of the contract year and the index's daily average during the year (usually 252 trading days), subject to an annual Index Cap Rate.

This calculation helps minimize the extreme peaks and valleys that can occur during any given year. It also helps reduce volatility of the index over the life of the annuity. (Due to the averaging methodology, the calculated gain may be greater or less than the actual return of the indices you select.)

The annual Index Cap Rate, or upper limit, is declared on each contract anniversary based on current economic conditions and is guaranteed for the next contract year. At no time will this rate ever fall below the guaranteed 4% minimum annual Index Cap Rate. The annual Index Cap Rate does not apply to the Fixed Account.

THE CHARTER SERIESSM PROVIDES YOU THE CHOICE OF THREE DISTINCT CREDITING METHODS:

	DAILY AVERAGE	ANNUAL POINT-TO-POINT	MONTHLY POINT-TO-POINT
How is Index Credit Calculated?	Averaged sum of daily closes in index	Annual change in index	Sum of monthly performance subject to a monthly Index Cap Rate
When is Index Credit Calculated/Credited?	Annually	Annually	Annually
When is the Index Cap Rate Applied?	Annually	Annually	Monthly
Index Availability	<ul style="list-style-type: none"> • S&P 500[®] • (DJIA) Dow Jones Industrial AverageSM • S&P 400[®] • Russell 2000 Index[®] 	<ul style="list-style-type: none"> • S&P 500[®] • Dow Jones Euro STOXX 50[®] • (DJIA) Dow Jones Industrial AverageSM • S&P MidCap 400[®] • Russell 2000 Index[®] • NASDAQ-100[®] • Lehman Brothers U.S. Aggregate Index <i>(Not available in all states)</i> 	<ul style="list-style-type: none"> • S&P 500[®]

ANNUAL POINT-TO-POINT

This calculation method for determining any Index Growth uses two “points” in the index during your reset period (see Annual Reset). The Index Growth for each year is determined by the change in the index values on the contract anniversary at the beginning and end of the contract year, subject to an annual Index Cap Rate.

The annual Index Cap Rate, or upper limit, is declared on each contract anniversary based on current economic conditions and is guaranteed for the next contract year. At no time will this rate ever fall below the guaranteed 4% minimum annual Index Cap Rate. The Lehman Brothers U.S. Aggregate Index has a minimum annual Index Cap Rate of 3%. The annual Index Cap Rate does not apply to the Fixed Account.

MONTHLY POINT-TO-POINT

This method is determined using monthly changes in the index, subject to a monthly Index Cap Rate. **The Index Growth, if any, is credited annually** and is based on the sum of all of the monthly percentage changes in the index - which could be positive or negative. On **each contract anniversary** these changes, not to exceed the monthly Index Cap Rate, are added together to determine the Index Credit for that year. Negative monthly returns have no downside limit and will reduce the Index Credit, but the Index Credit calculation will never be less than zero.

A monthly Index Cap Rate, or upper limit, is applied to the Index Account's Monthly Point-to-Point Crediting Method. This rate is declared on each contract anniversary based upon current economic conditions and is guaranteed for the next contract year. At no time will this rate ever fall below the guaranteed 1% minimum monthly Index Cap Rate for the Monthly Point-to-Point Crediting Method.

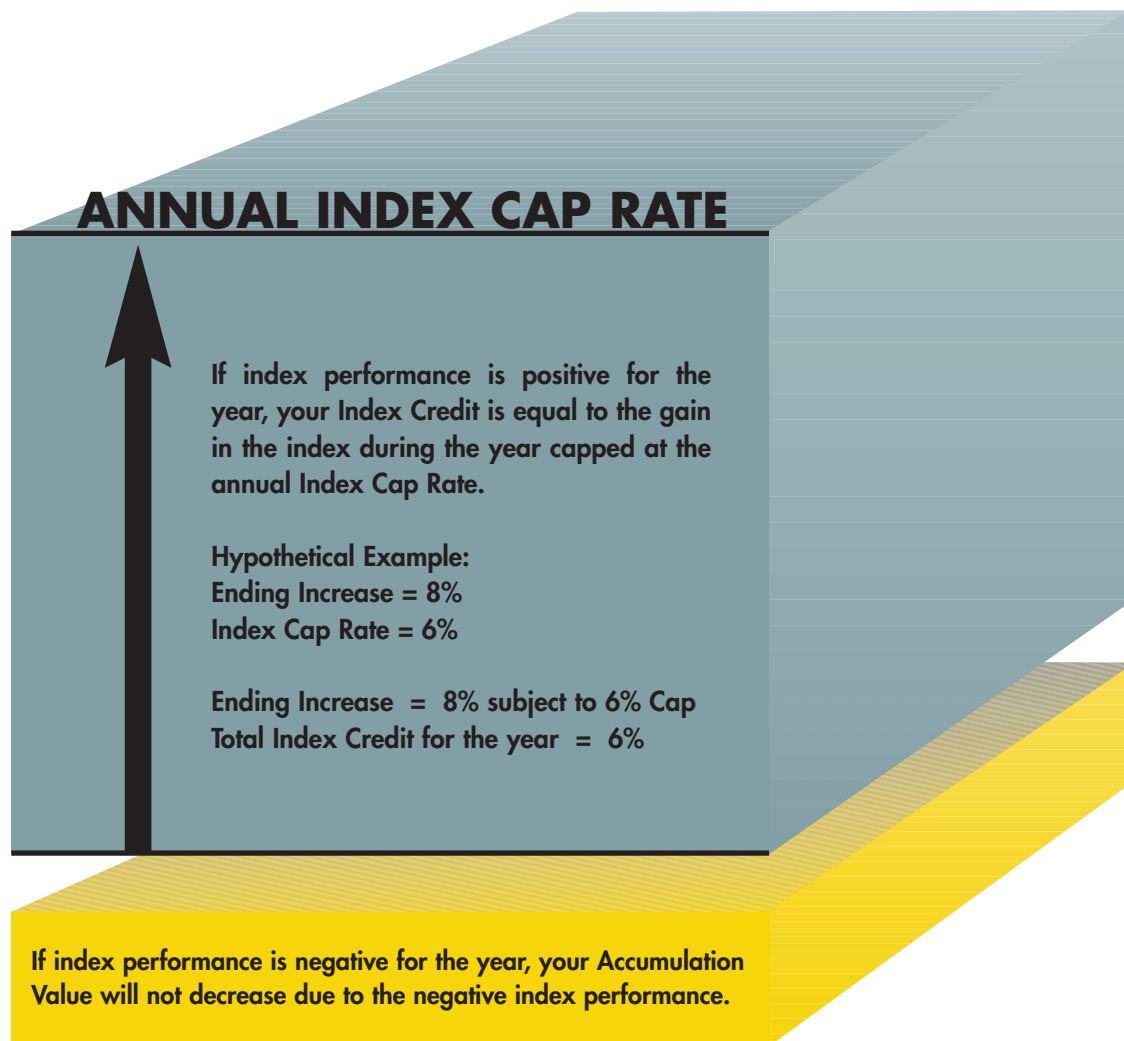


INDEX CAP RATE

An Index Cap Rate is applied to each of the Index Accounts. This rate, which is based upon current economic conditions, is declared each contract anniversary. Upon issue, the minimum Index Cap Rate will be guaranteed for the entire term of your contract. The following chart outlines the guaranteed minimum Index Cap Rate by crediting method. At no time will the rate fall below these minimum values. An Index Cap Rate does not apply to the Fixed Account.

	DAILY AVERAGE	ANNUAL POINT-TO POINT	MONTHLY POINT-TO POINT
MINIMUM INDEX CAP RATES	4% annual Index Cap Rate	4% annual Index Cap Rate*	1% monthly Index Cap Rate

* The Lehman Brothers U.S. Aggregate Index has a minimum annual Index Cap Rate of 3%.



FIXED ACCOUNT

Premium allocated to this account will earn the current Fixed Account interest rate. This rate will be guaranteed for the entire contract year and the rate will renew annually thereafter, but will never fall below the minimum guaranteed fixed interest rate. Ask your sales representative for both the current and minimum interest rates.

SURRENDER VALUE

The surrender value is the amount that is available at the time of surrender. The surrender value is equal to the Accumulation Value, subject to the Interest Adjustment, less applicable surrender charges and state premium taxes. The surrender value will never be less than the minimum requirements set forth by state laws at the time of issue in the state where the contract is delivered.

SUBSEQUENT PREMIUMS

All subsequent premiums are deposited into the Fixed Account and will earn the then-current Fixed Account interest rate until the contract anniversary date. On each contract anniversary, North American will allocate any premiums received since the prior contract anniversary among the Fixed Account and Index Account Crediting Methods according to your most recent instructions.

TRANSFER OPTIONS

Each year, you may elect to transfer your values between the Fixed Account and Index Account options. You may also elect to transfer between crediting methods within the Index Account on an annual basis. By current Company practice, you will have 30 days following each contract anniversary to reallocate. Transfers are not allowed until your first contract anniversary. Based on current tax laws, these transfers between options will not be taxable or subject to surrender penalties. (Please refer to your **Charter Series**SM annuity contract for minimum transfer amounts.)





PLEASE NOTE:

Neither North American, nor any agents acting on its behalf, should be viewed as providing legal, tax or investment advice. Consult a qualified advisor. The tax-deferred feature is not necessary for a tax-qualified plan. In such instances, you should consider whether other features, such as the Death Benefit, lifetime annuity payments and optional riders make the contract appropriate for your needs. Premium taxes: Accumulation Value will be reduced for premium taxes as required by the state of residence. The Charter SeriesSM annuities are issued on form LC156A (group certificate), LS156A (individual contract), LR342A and LR398A (riders) or appropriate state variation by North American Company for Life and Health Insurance, Chicago, Illinois. This products, its features and riders may not be available in all states.

1. Withdrawals taken prior to age 59 1/2 may be subject to IRS penalties. Under current law, annuities grow tax deferred. An annuity is not required for tax deferral in qualified plans.
2. In states where rider is approved. Please contact your sales representative for state availability. If joint annuitants are named on the annuity, rider will apply to the first annuitant who qualifies for the benefit.
3. Interest Adjustment is not available in all states.

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SPECIAL NOTICE REGARDING THE USE OF A LIVING TRUST AS OWNER OR BENEFICIARY OF THIS ANNUITY.

The use of living trusts in connection with an annuity contract can be a valuable planning mechanism. However, a living trust is not always appropriate when mass-produced in connection with the sale of an insurance product. We strongly suggest you seek the advice of your qualified legal advisor concerning the use of a trust with an annuity contract.

Products that have premium bonuses may offer lower credited interest rates and/or lower Index Cap Rates than products that don't offer a premium bonus. Over time and under certain scenarios the amount of the premium bonus may be offset by the lower interest rates and/or lower Index Cap Rates.

GETTING STARTED

SUMMARY OF CHOICES FOR YOU TO MAKE.

CHOOSE ONE TIME:

1 Surrender charge period

- 7 year (no premium bonus)
OR
 - 10 year (5% premium bonus)
OR
 - 14 year (10% premium bonus)
-

CHOOSE EACH YEAR:

2 Interest crediting method

- Daily Averaging (DA)
AND/OR
- Annual Point-to-Point (APP)
AND/OR
- Monthly Point-to-Point (MPP)

3 How to allocate your premium

- _____ % S&P 500® (only index available with MPP)
- _____ % S&P MidCap 400®
- _____ % DJIASM
- _____ % NASDAQ-100® (only available with APP)
- _____ % Russell 2000®
- _____ % Dow Jones Euro STOXX 50® (only available with APP)
- _____ % Lehman Brothers U.S. Aggregate Index
(only available with APP)
- _____ % Fixed Account

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THE CHARTER SERIESSM IS BACKED BY THE STRENGTH OF NORTH AMERICAN COMPANY FOR LIFE AND HEALTH INSURANCE...

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

PORTRAIT OF FINANCIAL STABILITY

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

AA (VERY STRONG) RATING FROM STANDARD & POOR'S

Standard & Poor's awarded its AA rating for insurer financial strength on December 8, 2005 to North American as part of Sammons Financial Group.

The AA rating, third highest out of 22, reflects the financial strength of Sammons Financial Group. Sammons Financial Group is comprised of North American Company for Life and Health Insurance and Midland National Life Insurance Company.

A (EXCELLENT) FROM A.M. BEST

A.M. Best is a large third-party independent reporting and rating company that rates an insurance company on the basis of the company's financial strength, operating performance, and ability to meet its obligations to contract owners. (A is the third highest rating out of 15.)

AA- (VERY STRONG) FROM FITCH RATINGS

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