

Introducing a new high participation index option designed to handle diverse market conditions

Effective: August 1, 2023

We are excited to announce a new, high participation (par) rate option on the licensed Fidelity Multifactor Yield IndexSM 5% ER, for exclusive use on currently marketed North American indexed universal life insurance (IUL) products. This high-par option is not a replacement to the current product offering, but provides policyholders with another option in regards to index selection to handle diverse market conditions. This high-par version offers more crediting potential through a higher participation rate, while still providing downside protection with a zero percent floor.

As with our existing allocation option, this high-par version uses the Fidelity Multifactor Yield IndexSM 5% ER, a rules-based index that blends six equity factor indices with U.S. Treasuries and cash, and uses a dynamic allocation approach that seeks to reduce volatility to deliver more consistent returns over time. These six factor indices were chosen by Fidelity with the goal of enhancing returns, managing risk, and targeting specific outcomes. A fixed income overlay is applied with a combination of 10-year treasury futures and cash to account for potential changes in interest rates. The allocation between equity allocations and fixed allocations are adjusted daily with a goal to meet a 5% volatility target.

The high-par option will be available on all currently marketed IUL products beginning **July 31, 2023**.

Highlights:

- A trusted, privately held company founded in 1946, Fidelity Investments has diverse investment capabilities across a multi asset class platform.
- North American's high-par version utilizes an annual point-to-point crediting methodology and will have a higher participation rate, relative to our existing option.
- Allocations to this index can provide a chance for more upside potential, strong downside protection, and account value accumulation to the policyholder.

Field Bulletin

How the new high-par version pairs with our current offerings

The high-par option, paired with our company's robust lineup of indexed selections, provides policyholders with more choices to handle diverse market conditions. As an alternative to the existing option, the high-par option allows for greater upside potential for index credit growth via a higher participation rate. The combination of our options on the Fidelity index allows policyholders the choice of higher upside potential vs. fixed bonus option (or policy charge savings), or both. See the following table for a side-by-side comparison of these two complementary indices.

Builder Plus IUL® 3			
	Current Index Par Rate ¹	Current Percent of Account Value Charge ¹	Current Interest Bonus ¹
Existing Option	120.00%	1.25% in all years	1.65% in Y1-10, 2.65% in Y11+
High-Par Option	185.00%	1.25% in all years	1.00% in Y11+

Protection Builder IUL®			
	Current Index Par Rate ¹	Current Percent of Account Value Charge ¹	Current Interest Bonus ¹
Existing Option	125.00%	0.00% in all years	0.75% in Y11+
High-Par Option	140.00%	0.40% in Y1-10, 0.20% in Y11+	0.75% in Y11+

Smart Builder® IUL 2			
	Current Index Par Rate ¹	Current Percent of Account Value Charge ¹	Current Interest Bonus ¹
Existing Option	125.00%	0.00% in all years	0.00% in all years
High-Par Option	140.00%	0.40% in Y1-10, 0.20% in Y11+	0.00% in all years

1. Subject to change

NOTE: These indices utilize Annual Point-to-Point crediting methodology, are uncapped, and have no spread.

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Updated forms

With the implementation of the new high-par option, the following forms have been updated and are currently available on Forms Factory.

Form Name	Existing Form	New Form
Indexed Life Request Form	O-2800 (8-22)	O-2800 (5-23)
Systematic Premium Allocation (SPA) Request Form Indexed Life Products	O-2882 (11-22)	O-2882 (5-23)
Supplement to Individual Life Insurance Application	ICC16L3189B / L-3189B (12-20)	ICC16L3189B / L-3189B (7-23)

The prior versions of the forms will no longer be accepted as of September 1, 2023; the new version will also be required if the high-par option is elected.

Availability and effective dates

The high-par option is available in all states and territories.

Funds can be allocated to the new high-par option on all new and inforce eligible business **July 31, 2023**.

Inforce mailing

An inforce mailing project will take place in the near future and an updated Schedule of Policy Benefits page will be sent to policyowners of currently marketed IUL products that are already in force. This mailing will alert the client of the availability of the high-par option and include the updated policy pages that should be placed with their original policy.

Electing new high-par for the Fidelity index

Please note the following guidelines regarding electing the new high-par option:

For inforce business

To elect the high-par option on inforce cases, the normal process for making changes to indices will need to be followed. The Indexed Life Request form (O-2800 Rev. 5-23) has been revised to include the new option.

For business not yet placed in force

To elect the high-par option on cases in New Business or Policy Change that have not yet been placed in force, a new allocation form (ICC16L3189B Rev. 7-23, or appropriate state version) will need to be fully completed and submitted. The instructions on what changes are wanted to the indices selected would be completed on the new allocation form. If the high-par option is added to a case that was already issued prior to July 31, 2023, the case will need to be reissued.

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Policy date guidelines

There are no restrictions with the policy date when the new high-par option is selected.

Illustrations and SimpleSubmit[®] e-app

Beginning July 29, 2023, SimpleSubmit and Web Illustrations will be updated with the new forms and the ability to elect and illustrate the high-par option.

New Business illustrated rates under AG49-B

Builder Plus 3	Protection Builder	Smart Builder
5.60%	4.20%	4.19%

New default illustration (50/50)

We are expecting the new high-par and S&P 500 PtP indices to be our most popular allocations. The illustration software and e-app defaults will change to a blend of those two indices as of July 29, 2023.

More information

For resources on the index, please visit go.fidelity.com/FIDMFY.

For more information on these changes, please contact your Managing General Agency (MGA).

Indexed Universal Life Insurance products are not an investment in the “market” or in the applicable index and are subject to all policy fees and charges normally associated with most universal life insurance.

The Fidelity Multifactor Yield Index 5% ER (the “Index”) is a multi-asset index, offering exposure to companies with attractive valuations, high quality profiles, positive momentum signals, lower volatility and higher dividend yield than the broader market, as well as U.S. treasuries, which may reduce volatility over time. Fidelity is a registered trademark of FMR LLC. Fidelity Product Services LLC (“FPS”) has licensed this Index for use for certain purposes to North American Company for Life and Health Insurance[®] (the “Company”) on behalf of the Product. The Index is the exclusive property of FPS and is made and compiled without regard to the needs, including, but not limited to, the suitability needs, of the Company, the Product, or owners of the Product. The Product is not sold, sponsored, endorsed or promoted by FPS or any other party involved in, or related to, making or compiling the Index. The Company exercises sole discretion in determining whether and how the Product will be linked to the value of the Index. FPS does not provide investment advice to owners of the Product, nor to any other person or entity with respect to the Index and in no event shall any Product contract owner be deemed to be a client of FPS.

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THE S&P 500[®] Index
THE S&P MidCap 400[®] Index

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