

Annuity compliance guide for producers



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Introduction

Midland National takes great pride in being an industry-leading provider and trusted authority for annuity products for our distribution partners and the customers who purchase our products. We are committed to following fair and ethical principles in the sale of annuities, and as an independent producer contracted to represent Midland National, we believe you share in this commitment.

It is important that you are fully aware of the applicable laws and regulatory requirements that affect our industry. We believe following high standards of market conduct strengthens our competitive advantage and enables you to focus on developing relationships with customers to offer them appropriate products and services.

We are providing this Compliance Guide to help you remain informed and aware of Midland National's policies and your role as an independent sales producer. These policies may periodically be superseded by regulatory announcements and other communications from the Company. By accepting appointment with Midland National, you are consenting to comply with applicable state and federal regulatory requirements and to adhere to the following Company policies.

All insurance producers must understand and comply with the state and federal laws that apply in the jurisdictions where they do business. In states that have not yet adopted laws and regulations regarding a particular topic, it is prudent for producers doing business in those states to adhere to the standards set forth in model laws. Producers are encouraged to review state insurance regulator websites for specific information.

As a valued distribution partner, demonstrating the highest ethical standards in all dealings with the Company and customers is essential to the relationship we have with you as an independent producer. Violations of regulatory requirements or Company policies may result in action up to and including termination of your contractual relationship with the Company.

You may access this Compliance Guide at any time online through the portal at MidlandNational.com. If you have questions concerning the topics referenced in this Guide, you may contact the Compliance Department at compliance@sfgmembers.com or 866-384-0384, or the Sales Support team at mannuities@sfgmembers.com or 877-586-0241.

Fair competition

Midland National will engage in active and fair competition and believes that such competition is the most effective and efficient means of providing products and services to customers. Such competition, however, must be carried out in a manner consistent with applicable laws, including those that exist to preserve a competitive economy in which free enterprise can flourish. Midland National supports the purposes of such laws and insists that producers act in full compliance with applicable federal and state statutes and regulations governing trade practices, antitrust, and restraint of trade. Midland National and its producers will:

- Comply with applicable state and federal laws fostering fair competition;
- Refrain from utilizing or producing any misrepresentative or false advertising:
 - (1) regarding insurance products or the product benefits, advantages, conditions, or terms of any insurance contract;
 - (2) concerning interest, dividends or surplus to be received on any insurance contract; or
 - (3) involving the use of any name or title misrepresenting the true nature of an insurance product;

- Refrain from making, publishing, disseminating or circulating, directly or indirectly, or aiding, abetting or encouraging the making, publishing, disseminating or circulating of, any oral or written statement which is false or maliciously critical of, or derogatory to the financial condition of an insurer, for the purpose of injuring any person or insurer engaged in the business of insurance;
- Refrain from entering into any agreement to commit or by any concerted action committing any boycott, coercion, or intimidation resulting in an unreasonable restraint or monopoly in the business of insurance;
- Make no agreement or understanding with competitors to fix or control prices, to allocate products, markets or territories, to boycott certain customers or suppliers, or to refrain from or limit the sale of any product; and
- Avoid replacing existing life insurance policies and annuity contracts without meeting the requirements of applicable federal and state law, or without providing information to the customer that he or she needs in order to ascertain whether replacement of existing contracts may be in his or her best interest.

Except as set forth above, in order to meet the requirements of applicable state and federal law, Midland National will compete freely and actively in markets or market segments determined by its management to be appropriate and consistent with its marketing plans and goals, both financially and in the marketplace. A violation of the above guidelines by any producer will result in action including, if appropriate, termination of his or her contractual relationship with the Company.

Professional designations and titles

The nature of our business requires a high degree of transparency and accuracy in how we present our professional credentials to the public. Certain state solicitation regulations require that, prior to a sales presentation, you inform a prospective purchaser that you are an insurance producer and disclose your full name. When soliciting the sale of Midland National products, be certain your customers understand what capacity you are acting in. It is your responsibility to know and comply with each respective state's regulatory requirements for all states in which you conduct business.

Much of what insurance producers do is involved with the planning and advising on financial matters; however, from a regulatory perspective, "financial planning" requires qualifications, knowledge, and coordination of products and services that goes far beyond the training and education required of producers limiting their offerings to fixed and variable insurance products. Accordingly, during the sale of a Midland National product, you may not use the following or similar titles in such a way as to imply that you are generally engaged in an advisory business in which fee-based compensation is unrelated to sales, unless that is actually the case and you are properly registered as an investment advisor representative.

- "financial planner"
- "investment advisor"
- "consultant"
- "financial counselor"

Note that this prohibition is not intended to preclude persons who hold some form of formal recognized financial planning or consultant designation from using the designation even when they are only selling insurance; however, producers are not permitted to charge a fee for services that are customarily associated with the solicitation or servicing of an annuity.

Practice good judgment and encourage your customers to consult with other professionals on matters that you are not qualified and/or licensed to discuss, such as matters pertaining to legal or tax issues. While you may discuss the general tax treatment of the Company's products, you should not offer or be viewed as offering tax, legal or investment advice for specific circumstances, unless you are qualified and authorized as such and clearly disclose to the customer that you are acting in that capacity and not as a producer of Midland National. The Company will not be responsible for any tax consequences that may arise or result from any transaction.

SENIOR-SPECIFIC CERTIFICATIONS AND PROFESSIONAL DESIGNATIONS

Professional designations used to solicit insurance products, particularly designations that imply an insurance producer has achieved special expertise in the area of financial planning and/or are related to senior markets, have come under heightened scrutiny from various state and federal regulators. The focus is primarily on designations that lack substance and/or are awarded to any person who pays a fee or completes a minimal amount of study.

The National Association of Insurance Commissioners ("NAIC") has adopted its Model Rule on the Use of Senior-Specific Certifications and Professional Designations in the Sale of Life Insurance and Annuities, and various states have enacted the rule or their own version of it. These laws seek to protect consumers from producers who misrepresent their level of expertise in marketing and sales activities related to life insurance and annuities.

In order to prevent the use of designations that lack substance, incorrectly imply expertise in the special needs of seniors, and/or are issued by organizations primarily engaged in marketing or sales instruction, Midland National requires that all designations must be approved prior to use on all advertising, including but not limited to mass mailings, business cards, email signatures, letterhead, seminar presentations, and websites, and in relation to solicitation of the Company's products.

The Company has developed a limited list of approved designations associated with the business of insurance, and producers who have properly earned an approved designation(s) may use such designation(s) in relation to the advertising and solicitation of Midland National products.

To review a list of currently approved designations, please refer to our website, midlandnational.com. You will find the Professional Designations list in the Training Center under Compliance Information. Please be certain to keep any sales materials and website(s) that you maintain current and compliant.

Midland National may evaluate designations and certifications that represent a meaningful achievement through sufficient coursework, examinations and experience, and which are issued and accredited by nationally recognized organizations, for use in advertising on a case-by-case basis. Questions and/or requests for review should be submitted to the Midland National Advertising Review department at AProductCompliance@sfgmembers.com.

Annuity marketing considerations

SELLING APPROPRIATELY AND ACCURATELY

A Fixed Index Annuity (FIA) is a fixed annuity with a feature that allows the credited interest rate to be related to an external benchmark (such as the S&P 500®) over which the insurance company has no control. It is critical that you, the producer, use accurate and specific terms to describe product features when selling Midland National fixed index annuities. If you do not, you risk giving the customer the impression they are buying a registered/variable product, which Midland National's FIAs are not.

Products change quickly in today's marketplace. Make sure you understand the benefits and features of the products you are recommending. Make clear and competent presentations to be sure your customer understands how the product you are recommending works and how it will address his or her needs and financial objectives. You are also required to review all the proposed policy features with the customer, including values and benefits, premium structure, expenses, surrender charge period and existing coverage. All our product brochures provide specific, current information.

FOR FINANCIAL PROFESSIONAL USE ONLY. NOT TO BE USED FOR CONSUMER SOLICITATION PURPOSES.

We strongly recommend you refer to the product brochure and disclosure statement to assist you in describing product features. These documents are worded to describe the way the product works in language that your customer will likely understand. While we expect you to customize your sales presentation to fit particular customers, it is essential that you describe product features—including surrender charges, liquidity, limitations, and withdrawal options—accurately and clearly using the terminology we have provided in our materials. A copy of the product brochure and all other sales materials used in the sale of any annuity **must** be left with the customer.

The brochure and disclosure statement present the product fairly and describe how the interest rate crediting works for all of the index options your customer has available. Our disclosure statement details the workings of our product, describing both the features and the contractual obligations. It then requires the customer to initial either the product option chosen or next to the surrender charge depending on the product. The Annuity Suitability form asks questions to demonstrate that you have considered issues related to the appropriateness of the product for your customer.

See “Annuity Suitability” for more information. After both you and the customer sign the Annuity Suitability form and the disclosure form, submit one copy to Midland National with the rest of the completed paperwork, leaving a copy with the customer.

ADVERTISING GUIDELINES & REVIEW

Advertising includes any material, written or electronic, that is designed for distribution to the general public, producers, or prospective producers, including but not limited to:

- Print and all other forms of media advertising (e.g. newspaper, magazine, TV, radio) including “pre-approved” ad slicks that have been personalized
- Internet and Internet websites or home pages and any form of e-commerce, which must be submitted with link to website or in printed format
- Product brochures, circulars, pamphlets and published articles
- Sales presentations, prepared sales talks, seminar/symposium presentations and handouts, telemarketing scripts and materials (includes guest presenter materials at sales or producer meetings and events)
- Newsletters, research reports and performance reports or summaries
- Prospecting, target market and form letters
- All consumer advertising, including emails or email signatures referencing the Midland National name, logo, description, products, services, rates or features
- Lead cards and lead generating material
- Business cards and letterhead
- Producer biographies
- Producer recruiting and training materials
- Sales illustrations
- Third-party software
- Materials used to recruit other producers
- Facebook, Twitter, LinkedIn, Phonebook and Yellow Page listings
- Websites that contain any Midland National material, name, or logo

Without exception, all consumer focused advertising and “producer use only” recruiting material or sales literature mentioning Midland National, or that references any of our products and services, must be approved by the Advertising Review Team prior to use. This includes products referenced by name, description, rates, or features.

Generic ads that do not specifically reference Midland National or our products by name, feature, or description, are not required to be submitted. However, it is your responsibility to understand and apply all advertising requirements for any material considered advertising under this policy. If you choose to submit Generic Ads, we will be happy to assist you by reviewing it for general information, accuracy and compliance with Company marketing standards and rules as set out in this Guide. We may also make suggestions to help you comply with state laws and regulations. While we may suggest revisions based on this review, we will not provide approval on generic ads.

The Advertising Review Team offers streamlined procedures for submitting your advertising for review and approval. Take advantage of this by e-mailing your marketing materials to the annuity review team at:

AProductCompliance@sfgmembers.com. Following the submission guidelines will help expedite the review and approval process.

Periodically new issues arise pertaining to advertising. At those times special bulletins are released to the field to advise them of changes and possible necessary revisions to advertising pieces.

The Company's complete Agent Advertising Guidelines may be accessed through the producer portal at midlandnational.com. You are required to review and follow these guidelines.

If you are uncertain whether or not something falls within the definition of "advertising," you may contact the Advertising Review Team for guidance. If you would like assistance with branding or designing an advertisement, please contact the Sales Support team at 877-586-0241.

USE OF ILLUSTRATIONS

It is our general policy that no outside sales illustrations, proposals, projections, and/or software, be used during the application, sale, purchase, or any other aspect of marketing our fixed index annuity products, other than Company illustration software and calculators. This includes, but is not limited to, sales illustrations, proposals, projections, and/or software that provide hypothetical or past index performance to demonstrate or predict product returns.

MARKETING BY TELEPHONE

In response to the Telephone Consumer Protection Act, the Federal Communications Commission (FCC) and several states have adopted "Do Not Call" rules that govern telephone communications with the public. As a result, you may not use the Midland National name as part of your telephone solicitation calls unless you comply with FCC requirements and applicable state laws.

You are required to do the following if you make telephone solicitation calls (including cold calls) using the Midland National name:

- Search the National Do Not Call Registry and applicable state registries before making any calls to residential telephone numbers. You may not make solicitation calls to any individual whose number is on either of these registries.
- Contact Midland National Policy Administration or Customer Communications Department to confirm that the individual has not been placed on a Midland National Do Not Call list.
- Establish a personal Do Not Call list. You are responsible for maintaining a Do Not Call list of individuals who have asked not to receive calls placed by you, or on your behalf. Individuals must be kept on this list for five years.

In addition, some states have adopted restrictions around text messaging solicitations. You must check the laws and regulations of each state in which you do business to ensure you are in compliance with any state-specific requirements.

Annuity compliance guide for producers

Information regarding the FCC rules and any applicable state laws is available on the FCC's website at www.fcc.gov.

MARKETING BY E-MAIL

If you engage in any marketing activity via e-mail, the Federal CAN-SPAM Act provides guidelines you must follow. Violations of the CAN-SPAM act can result in significant fines for each individual e-mail.

Basic requirements of the law include the following:

- The email message must not have misleading or falsified header information ("From," "Reply-To," etc).
- Don't use misleading subject lines.
- Clearly identify that the email is an advertising message, and the message must come from a functioning return email address.
- Commercial email must display the physical postal address of the sender.
- Display a prominent notice that provides the recipient the opportunity to decline further emails from you (unsubscribe/opt-out).
- Honor all opt-out requests within 10 business days.
- Monitor what others are doing on your behalf.

Additional information and guidance is available at <https://www.ftc.gov/tips-advice/business-center/guidance/can-spam-act-compliance-guide-business>. You are also responsible for following any applicable state laws regarding e-mail marketing. Midland National encourages you to seek legal advice if you engage in any e-mail marketing.

SOCIAL MEDIA

Social Media is the social interaction among people in which ideas and information are created, shared or exchanged in virtual communications and networks. Examples of Social Media sites include Facebook, Twitter, and LinkedIn. It is very important to remember that the use of a Social Media site to solicit or induce a person to purchase or inquire about an annuity product would be considered solicitation and must follow our standard advertising pre-approval process.

The Company's social media policy is included in the Agent Advertising Guidelines which may be accessed through the producer portal at midlandnational.com.

SEMINAR SELLING/LEAD-GENERATING MATERIAL

Seminar selling, complimentary lunch or dinner offers, and the use of lead generating material continues to be under increased scrutiny by regulators and the media. These activities are not prohibited, but all such promotions must disclose that a licensed insurance producer is involved and that life insurance and annuity products may be discussed or offered for sale, then or at a later time. You may not use materials that contain exaggerated or misleading claims, or that are intended to pressure the consumer into making an immediate decision, by reference to the continued availability of certain product features or through other methods. Any reference in any material that suggests the involvement of any regulatory or governmental agency, or any organization that focuses on seniors, such as AARP, is also prohibited.

If you plan on hosting a seminar with the ultimate goal of promoting Midland National or securing appointments in order to solicit sales of Midland National products, **you are required to submit all materials associated with the seminar for review before offering the seminar to the public.** Specific requirements about seminar selling and required disclosures are outlined in the Midland National Agent Advertising Guidelines, which may be accessed through the Producer portal at midlandnational.com.

Annuity suitability

YOUR ROLE IN SUITABILITY

You have an important job in assisting your customers in determining the products that are appropriate for them. State regulations and your obligations to your customer require you to gather enough information to make a recommendation of a suitable product. Uncovering information about your customer's financial situation means more than asking how much they earn each year and how much money is "in the bank." Make sure you also understand your customer's lifestyle, recent or upcoming life events (divorce, marriage, college tuition, retirement and planned medical expenses, etc.), financial experience, taxes owed, income needs (income compared to expenses), time horizon, and liquid assets outside of this annuity or other annuities already owned. This information will assist you in completing this critical task.

SUITABILITY FORMS

Our Suitability Forms are designed to capture the end result of your suitability analysis. You may require additional information when making your recommendation. No matter how good your memory is, if an issue ever arises, it will be helpful to have a detailed summary (such as a "Fact Finder") in your file as to why your recommendation was suitable at the time it was made. Keep notes on each conversation, information discussed and presented, and every item you considered during your analysis. All materials used during your review are required to be maintained as part of your customer file. You may be asked to provide this documentation to the company. State regulations also require producers to retain written documentation for each customer for each recommended transaction.

We require a separate Suitability Form for each annuity application. If the review and analysis of your customer's needs resulted in your decision to recommend more than one annuity contract, it is likely that their goals and objectives were not the same for each application.

When the annuity is funded by another annuity or life insurance contract, list the surrender charge percentage and dollar amount for each contract being replaced and do not combine or net the existing surrender charges from multiple contracts. Do not "estimate" these numbers; the best source for accurate information is a recent statement or phone call to the existing carrier. It is important that your customer understand the impact of surrender charges compared to the potential benefits for each replacement. Please document your customer file with the current contract value and surrender charge (including any applicable Market Value Adjustment (sometimes referred to as an Interest Adjustment) or premium bonus recapture) for each replacement in case further review is necessary. Replacements must be in your customer's best interest; any recommendations that you make are to be made without consideration of compensation or any other incentive. You also need to be able to demonstrate the clear benefit to the customer from the replacement transaction in light of his or her individual needs and objectives. Please review the Replacement section located below for additional requirements.

NET WORTH AND LIQUID ASSETS

Net Worth equals the total investable assets minus liabilities. **Liquid Assets are those investable assets that are easily accessible and free of surrender charges or fees. Do NOT include as liquid assets any funds that the customer is placing in other annuities.**

Examples of Liquid Assets	Not Included as Liquid Assets
<ul style="list-style-type: none"> • Pension and 401(k) (if over 59 ½) • Mutual Funds and Money Market Accounts • Checking/Savings, Bank CDs • Annuities out of surrender period • Rental or Investment Properties • Business Ownership • Stocks and Bonds • Limited Partnerships/REITS 	<ul style="list-style-type: none"> • Primary Residence • Vehicles, RVs, Boats, and Trailers • Jewelry, Clothes, and Personal belongings • Crops, Livestock, and Equipment • Collectibles

In situations where a customer is not willing to fully discuss his/her financial information, Midland National will decline the application. Midland National requires that all Application and Suitability forms are completed in their entirety and reserves the right to accept or decline any application. For additional information about the Suitability process and requirements, refer to Midland National's Suitability Producer Guide, available on the producer website, or call the Suitability Team for further assistance.

Application and producer solicitation guidelines

The application provides valuable information about the customer and is a part of the insurance contract; it should be filled out completely and accurately. If the answers on the application are incorrect, incomplete, or untrue, Midland National has the right to deny an application or rescind a contract.

Premium payments, other than the first, are to be remitted directly to the Company by the customer. The first premium payment may be collected by the producer and submitted with the application when appropriate. However, all premium payments, including the first, must be made payable directly to the Company by the customer, transferring company or the customer's third party representative.

Premium payments may not be made by producers on the customer's behalf. Our corporate guidelines do not support submission of agency checks or personal checks from producers for a premium payment on a contract that insures someone other than a direct family member of the producer. These guidelines are enforced to guard against commingling of funds and potential complaint/legal situations.

If a mistake is made on the application, do not use correction material to change it. Place a line through the mistake and have the applicant initial above the strike out. Applications or other documents submitted with correction material will be rejected when identified.

You should ensure that your customers understand that, by signing the application, they are attesting that the information provided therein is accurate and complete. You must never ask your customers to sign a blank or incomplete application or other document. Doing so may result in action up to and including termination of your producer contract. Midland National may also be required to report such conduct to insurance regulators.

The application is to be submitted to Midland National exactly as completed at the point of sale.

The applicant must initial modifications to the application or other sales materials prior to signing them. Any modification made to the application or any other document /material at or after the point of sale without the knowledge and approval of the applicant is an unethical sales practice, may be illegal, and could result in termination and/or civil or criminal liability. Further, you must not sign or initial any document on a customer's behalf, even if the customer has authorized you to provide his or her signature or initials.

Please be aware of individual state guidelines for selling outside of a customer's resident state, discussed further in the non-resident sales section.

For transactions that involve the transfer of funds, producers are not permitted to sign a Letter of Acceptance on behalf of Midland National.

Signature stamps are not permitted. Usage of a signature stamp prevents affirmatively proving that the person was fully aware of and involved in the financial transaction. Additionally, only company-approved electronic signature methods are allowed.

Finally, remember that it is your responsibility to protect the privacy and confidentiality of the information obtained during the application process. Personal information intended to be transmitted to Midland National should be maintained in the utmost confidence.

PRODUCER SIGNATURES

Only the licensed producer who solicited the business at the time of sale may sign the application and must explain the product to the customer. The signing of an application by a non-soliciting producer is prohibited. You should only sign the application if you personally solicited the sale. By signing the application and other sales documentation, you are taking responsibility for the sale and the information provided.

Your signature on the application is your personal assurance that the information supplied therein is, to the best of your knowledge, given voluntarily by an eligible applicant in a complete and accurate manner. Midland National, as well as the regulations of many states, requires that the producer signing an application be the same producer that meets with the customer, explains the product to the customer and delivers the contract to the customer. If another producer assisted in the sale, he or she should also sign the application—even if they are not taking any commission. This makes it clear to everyone involved in the sale the role of the parties and who the producer is.

Failure to comply with these requirements may result in rejection of new business, the termination of your appointment with Midland National and any affiliated companies, commission chargeback, and/or a referral to an applicable regulatory agency.

Replacements

The definition of “replacement” goes beyond the surrender of one policy/contract and subsequent purchase of another policy/contract. You should be aware of—and help your customer to understand—all of the transactions that are considered to be replacements. What constitutes a replacement transaction is defined quite broadly. Using funds from a full or partial surrender of an existing annuity or life policy to purchase another annuity or life policy may be considered a replacement transaction under state law and should follow our replacement procedures. The mere fact that the funds came from a cash source, such as a checking account, does not alone define the transaction as a non-replacement. If in fact the original source for the funds was another policy/contract, then the transaction may need to be classified as a replacement and our replacement procedures need to be followed. This is true even if the customer placed the funds in a money market or checking account prior to purchasing another policy/contract.

For example, a replacement may occur when a new policy or contract is to be purchased and that by reason of the transaction, an existing policy or contract has been or will be:

- Lapsed, forfeited, surrendered, or otherwise terminated
- Reduced in value through a loan, withdrawal or partial surrender
- Converted to reduced paid-up insurance, continued as extended term insurance, or otherwise reduced in value by the use of other benefits or other policy values
- Changed or amended to result in a reduction of benefits or in the term for which coverage would otherwise remain in force or for which benefits would be paid

- Reissued with a reduction in cash value
- Used in a financed purchase

If writing business in a state that follows the NAIC Model requirements, a replacement notice will be required if the applicant has an existing life insurance policy or annuity contract whether or not the sale is a replacement.

Intentionally circumventing Midland National's replacement procedures may result in termination of your producer contract and a referral to the applicable regulator.

A REPLACEMENT CAN BE INTERNAL OR EXTERNAL

An internal replacement occurs when an existing policy or contract is exchanged for a new policy/contract with the same insurer or affiliated insurers. An external replacement occurs when a policy/contract is replaced by one of another insurer. Penalty-free or partial withdrawals from an annuity or life insurance contract are still considered replacement. It is the producer's responsibility to always ensure that the appropriate replacement forms are completed and submitted for both internal and external replacements. Some internal replacement transactions may not be commissionable or permissible and may also be subject to additional paperwork.

YOUR REPLACEMENT OBLIGATIONS

As with any transaction, you have a responsibility to ensure that your customer has all of the necessary facts in order to determine whether the replacement will be in his or her best interest. Although this list is not exhaustive, some factors to consider in order to help determine whether a replacement demonstrates a clear benefit to the customer:

- Whether the premium payment period is shorter for the same or similar premium
- Surrender charge length and/or percent
Liquidity provisions with consideration of the customer's current and expected liquidity needs
- Whether the customer can purchase or obtain a greater benefit for the same or similar premium
- Consideration of the customer's current financial circumstances and objectives

Comparisons between a customer's existing product and a proposed product must accurately and fairly describe each product's provisions and values. You should discuss the advantages and disadvantages of any potential replacement with your customer, and document those in any required disclosure or comparison forms. Along with any other relevant issues, you must remember to address:

- Any required evidence of insurability
- Minimum guarantees
- Any contestability and/or suicide provisions of the existing and proposed policies
- Applicable loan provisions and loan interest rates of both products
- Surrender charges, expenses and/or fees associated with both products
- Premium requirements of the proposed product
- Present and future (if permissible) values of both products
- Current interest rates and any mortality charges of both products
- Potential tax treatment of the replacement, such as whether the replacement may qualify as a Section 1035 Exchange
- Rider value on existing product may not be available on proposed product
- Length of time the customer has been in the existing product

- Whether the new contract provides a significant benefit unavailable on the existing product
- Ability to demonstrate and document the clear benefit to the customer from the replacement transaction in light of his or her individual needs and objectives

Various states have specific requirements when a replacement is involved. Check the laws and regulations of each state you are licensed to do business in to ensure you are adhering to state-specific requirements when making recommendations to your customers.

Just as insurance products may only be sold by licensed insurance producers, securities products (Variable Annuities, Variable Universal Life policies, Stocks, etc.) may only be sold by properly securities licensed Registered Representatives (Series 6 or 7). Without appropriate securities licensing, neither Midland National nor its producers, representatives, or employees should recommend the liquidation of securities, otherwise provide any investment advice, or make any representations regarding losses or gains in respect to an owner's portfolio. The owner should make an independent judgment to purchase the product offered by the producer and should discuss the liquidation of securities with a properly licensed securities representative.

MONITORING OF REPLACEMENT ACTIVITY

Midland National recognizes that replacement activity varies by product type. Regardless, Midland National monitors replacement activity on an ongoing basis. Should the replacement activity of a producer or agency present a concern, the Company will investigate the matter further and discuss the issue with the producer and/or agency.

Replacing Midland National business is prohibited by your producer contract. Violating this provision is grounds for termination of your contract as well as forfeiting the right to service Midland National contract owners.

Non-resident sales

A non-resident sale occurs when a resident of one state purchases an insurance product in another state. Whenever a sale occurs in a state other than the policy owner's state of residence, certain rules must be followed to ensure compliance with the laws and regulations of the applicable state insurance departments.

Residents of Alabama, Massachusetts, Minnesota, Oregon, Utah, and Washington are not allowed to purchase products that have not been approved for sale in their state of residence. Additionally, we are not licensed to sell products in the state of New York, and we will not accept sales for New York residents.

Other than for residents of the states listed above, if an identical product is approved for sale in both the policy owner's resident state and the non-resident state; no additional action is required; however, you must maintain the appropriate non-resident license to conduct business in that state.

When a product is not approved for sale in the policy owner's resident state, the customer is allowed to purchase the product in a non-resident state only if they can provide a valid reason to be in the non-resident state (other than solely to purchase life insurance or annuities). Under these circumstances, Midland National requires the producer and customer to complete the Non-Resident Verification Form to document the reason for the non-resident sale. Acceptable reasons for a customer to purchase a policy/contract outside of his or her resident state may include the fact that the customer maintains a second residence in the state or has regular business dealings or is employed in the state. Vacationing in the non-resident state is not a sufficient reason for a non-

resident sale; additionally, the fact that the product is not approved in the customer's resident state is insufficient.

It is important to note the entire sales process must occur in the application state, including but not limited to the sale discussions, application signing and policy delivery. An annuity contract or life insurance policy cannot be mailed to the customer's resident state.

If you are involved in a non-resident sale, Midland National requires that you:

- Confirm product availability and state approvals
- Ensure the owner is not a resident of a state that prohibits non-resident sales
- Make certain the owner has a connection to the non-resident state, as it is not acceptable to sell a product to a customer outside of their resident state if there is no material interest/connection to that state
- Be currently licensed to sell the product in all states in which any aspect of the sale occurs
- Sell, sign and deliver the contract in the application state, as a contract cannot be mailed to the applicant's resident state.

If you have questions about your responsibility with respect to non-resident sales, please contact the New Business or Compliance Department to discuss the specific case.

Practical matters to consider with senior customers and vulnerable adults

There are many important matters to consider when dealing with senior customers and vulnerable adults. Although the following guidelines are not comprehensive, they do illustrate some points to consider. Selling life insurance or annuities to seniors requires special care and diligence. Senior Protection legislation has been adopted in most states. Along with Suitability, Replacement and consumer protection laws, this legislation generally provides broad protection to seniors. Midland National producers are expected to be familiar and comply with the applicable laws of the states in which you conduct business.

Although producers cannot be expected to "diagnose" mental or cognitive impairment, those who work with senior customers and vulnerable adults should always be alert to issues regarding the competency of the customer. It is unethical to sell insurance products to a person who appears to suffer from mental impairments and cannot understand the basic features of the products. It is also against the law in many, if not all, states. Various indicators can be used in determining whether the prospective insured may have diminished capacity and their ability to make decisions is impaired. This can include, but is not limited to, the following indicators:

- Another family member seems to be making all the decisions for the customer
- The person has a legal guardian, lives in a long-term care facility, and/or has a developmental disability
- The person exhibits memory loss, inability to process information or gives confusing or conflicting information
- The person forgets appointments or to return phone calls
- The person shows signs of fearfulness, extreme anxiety, erratic behavior or dementia

While a producer is not expected to be able to assess the cognitive function of a senior, many states expect producers to understand that any person of unsound mind is legally restricted from entering into an insurance contract. If it is determined that a policy is purchased by a person who is not competent to

make such a decision, Midland National reserves the right to rescind the contract and chargeback any commissions paid.

Many seniors are conservative by nature in financial strategies. Whenever you have doubt, it is always best to rely on more conservative strategies and recommendations.

Many people go through “buyer’s remorse” after making a major financial decision. Again, proper documentation, a conservative strategy and making sure that the customer fully understands what they have purchased will help address this issue.

Some seniors may give the impression of being “market-savvy” because they might have owned stocks/bonds or mutual funds in the past but realistically have little or no market knowledge. Producers must not assume that seniors understand insurance concepts without proper instruction. Most seniors have other advisors, such as a CPA, a tax advisor, an attorney, producer-in-fact or even family members. These advisors may have different recommendations for the senior customer. It may be beneficial to include these advisors. Additionally, we recommend that you offer to involve a senior customer’s family members in your discussions.

Document retention

It is important to maintain a record of customer information collected, whether or not the customer elected to purchase an annuity contract. You may be asked to make available upon request to Midland National or the insurance department/division of your state. Certain documents should always be maintained. At a minimum, these include:

- Original sales proposals
- A copy of any needs analysis completed during the solicitation
- A copy of any sales material and advertisements used during the sales process
- Any written correspondence to or from the owner regarding the solicitation, issuance of the contract, or subsequent service of the product sold
- Documentation of phone calls to or from the owner addressing the above issues
- Notes from meetings with the owner
- A copy of the owner’s signed delivery receipt

State regulations vary regarding the length of time that customer files are to be maintained. However, a general rule of thumb is to maintain all active customer files indefinitely and all inactive files for seven years.

Privacy and information security

Protection of customer information is a growing challenge that Midland National takes seriously. The federal Gramm-Leach-Bliley Act and numerous state privacy laws impose certain legal obligations on financial institutions, including insurance companies, with respect to the collection, use, and protection of customers’ non-public personal information. This information may include, but is not limited to:

- Customer name
- Gender
- Age
- Address
- Bank account number
- Contract number
- Social Security Number
- Health and financial information
- Contract values

- Beneficiary information
- Passwords, PINs, and other personal identifiers

Midland National's Privacy Notice is provided directly to our contract owners and is posted on our website at midlandnational.com. As an insurance producer appointed with the Company, you are expected to protect your customers' non-public personal information.

Insurance producers are also expected to comply with certain privacy laws and regulations individually. As an independent producer, you may have an obligation to provide your own privacy notice to customers and to meet the other legal requirements, depending on how your independent business is conducted. **You should consult with your legal advisor to determine if you have additional obligations with respect to your business separate from your relationship with Midland National.**

Additionally, your obligation to protect the privacy of customer information also includes the implementation of security measures to guard against the theft, loss, or dissemination of such information. Midland National has defined and adheres to Corporate Information Security Policies and expects its independent producers to implement their own safeguards, including but not limited to:

- Use appropriate levels of encryption on laptop computers or other mobile devices, including external storage devices such as flash drives and external hard drives
- Install and regularly update anti-virus/anti-spyware software
- Create strong passwords and never share passwords with others
- Do not create or access a customer's online account with Midland National
- Protect appropriate IT systems by firewalls
- Secure servers in an isolated, locked room
- Don't send private information via e-mail (even with a customer) without the proper security
- Ensure all confidential information has been permanently removed prior to the disposal of equipment or documents
- Ensure that office visitors and customers are not able to view or access restricted or confidential information
Ensure that all desks or cabinets containing files and confidential information are securely locked and accessible only to authorized personnel
- If you use the Company's secure upload procedures to transmit documents to Midland National, ensure you have a process in place with respect to any copies of documents you have transmitted
- Ensure your business mailing and email addresses are kept updated with the Company

Improper disclosure or loss of Midland National customer information, whether accidental or malicious, must be reported to the Company immediately upon discovery of the disclosure or loss. This may occur, for example, if you experience unauthorized access, loss or theft of your computer, paper files, CDs, or other media containing customers' non-public private information, or if such information is sent to an unintended address, fax number or email address. To report a security breach, contact the Midland National Information and Security Department at 800-843-3316.

Producer's personal information

Midland National gathers personal information during the application process in order to evaluate your application for appointment and to maintain appointment records.

Personal information we obtain during the application process is private and confidential. We will not disclose such information to other persons or organizations without your written authorization, except to the extent necessary to conduct our business, or as permitted or required by law. We do not sell your personal information and it is only used to evaluate your producer application and maintain appointment records.

Categories of personal information	Purpose for which categories of personal information shall be used
Identifiers – such as real name, alias, postal address unique personal identifier, online identifier, internet protocol address, geolocation, email address, account name, social security number, driver's license number, passport number	Evaluating application for appointment and to maintain appointment records.
Information protected against security breaches – name and financial account number, driver's license, social security number, user name and password.	Evaluating application for appointment and to maintain appointment records.
Commercial information – records of personal property, products or services purchased, obtained, or considered, or other purchasing or consuming histories or tendencies	Evaluating application through background checks and other means, for employment/appointment and to maintain employment/appointment records.
Biometric information (fingerprinting)	Evaluating application for appointment and to maintain appointment records.
Professional or employment related information	Evaluating application for appointment and to maintain appointment records.
Education information	Evaluating application for appointment and to maintain appointment records.
Inferences drawn from the foregoing to create a profile about the producer reflecting the producer's preferences or behavior.	Evaluating application for appointment and to maintain appointment records.

Consumer complaints

Midland National has an obligation to monitor producer conduct and to ensure ethical and appropriate customer service. Customers may contact you, the Company, or others for a variety of reasons such as service requests, inquiries, questions and concerns, lack of understanding, or a serious grievance. If the Company receives a complaint related to a sales practice or annuity sold or serviced by you, you may be contacted and required to provide a written statement and also may be asked to provide copies of sales materials (if applicable) and other documentation related to the matter. The Company is committed to handling all customer complaints fairly and expeditiously and expects your full cooperation. In an effort to keep the investigative process objective, the Compliance staff is not able to assist you in formulating your substantive response.

Please note that all complaints received directly by you should immediately be forwarded to the Compliance Department for handling:

Midland National Life Insurance Company, Attn: Compliance Department
4350 Westown Parkway, West Des Moines, IA 50266, Email: compliance@sfgmembers.com

Once reported to the Company, producers may not respond directly to the customer, any customer representatives, or to regulators with respect to the complaint.

Complaints must be identified, evaluated and handled according to applicable laws and regulations. It is inappropriate and unacceptable for any Midland National producer to initiate discussion of a settlement of any complaint or related matter with a customer. While your input may be solicited and your cooperation is required, the Company retains the absolute and unilateral right to settle and resolve all complaints and related matters in its sole discretion. The Company also retains absolute and sole discretion to charge back commissions pursuant to the terms of the producer contract.

The company takes seriously and thoroughly investigates all complaints, and where called for, seeks to fairly and amicably resolve them. We track and monitor complaints to identify trends and also use the information to improve service and operational standards.

Questions relating to customer complaints or related matters should be directed to the Compliance Department at compliance@sfgmembers.com.

Anti-money laundering compliance

As you conduct business, you must always watch for signs of illegal activities such as money-laundering. Money-laundering refers to a series of financial transactions that aim to conceal the identity, source and destination of illegally obtained money; in other words, the conversion of criminal proceeds into seemingly legitimate funds. Money-laundering facilitates a broad range of serious underlying criminal activities and ultimately threatens the integrity of the financial services industry.

Following the terrorist acts of September 11, 2001, Congress enacted the USA PATRIOT Act, which strengthened anti-money laundering ("AML") laws to prevent the financial services industry from being used for money-laundering and terrorist financing by criminals and terrorists. As part of the USA PATRIOT Act, financial institutions, including insurance companies, are required to establish and maintain AML procedures to comply with minimum standards for customer identification as developed by the U.S. Department of the Treasury. Midland National has taken appropriate steps to adhere to the compliance requirements under the Act and has established a formal anti-money laundering program. As a person who deals directly with customers and is often in a critical position to obtain information regarding the customer's source of funds and reasons for purchasing an insurance product, you play an important role in the program.

To sell Midland National's insurance products, the Company's anti-money laundering program requires you to ensure that all information disclosed on the application is correct and that associated documents are accurate and complete. Record of this information must be retained as long as the contract is in force and for five years thereafter. If a customer resists providing information, please contact the Compliance department at 866-384-0384 for guidance.

You must notify the Company if you detect any money laundering "red flags" so that the Company can determine if a suspicious activity report ("SAR") must be filed with the Financial Crimes Enforcement Network ("FinCen"), a bureau of the U.S. Department of Treasury. "Red flags" that may be indicative of a money-laundering situation include, but are not limited to:

- A customer's purchase of a product that is not consistent with their insurance needs
- The purchase or funding of an insurance product that appears to exceed the customer's known income or net worth
- Any attempted unusual method or form of payment, particularly cash or money orders
- Payment of a large amount broken into multiple smaller amounts
- Payments received from apparently unrelated third parties to your customer (other than transfers and exchanges from other insurers and broker/dealers)
- "Not taken" contracts, particularly if there are patterns or trends with a particular customer

- Little or no concern by a customer for the performance of an insurance product, but much concern with respect to the early termination features of the product
- Reluctance of a customer to provide routine identifying information, or the provision of information that seems suspicious or turns out to be false
- The customer is unusually concerned about privacy or their appearance and/or demeanor is suspiciously unusual
- Any other activity which you believe is suspicious

“Willful Blindness” is a violation of the USA Patriot Act, meaning it is illegal for you to “look the other way” if you know of, or reasonably should have known of red flags indicating suspicious activity. As a producer for Midland National, you have a legal duty to “know your customer”, detect suspicious activity and report it to the Company.

Verification of identification is a section under the USA PATRIOT Act that requires producers and insurance companies to “Know Your Customer.” In addition to identifying our customers, we must take care to identify the ownership and source of payments received (e.g. premium payments and loan payments). As part of the Company’s AML program, the following guidelines have been established as to acceptable and unacceptable forms of payments:

Acceptable	Not Acceptable
Personal, Business, Cashier’s or Certified Check drawn on a U.S. Bank Electronic Funds Transfer from a U.S. Bank	<ul style="list-style-type: none">• Cash• Money Orders• Producer or Agency Checks• Generic or Starter Checks• Third Party Checks• Traveler’s Checks• Western Union Transfers• Checks drawn on Foreign Banks

If a customer provides a form of payment that is not acceptable, it must be returned to the customer immediately with instructions on acceptable payment types.

The Company requires all producers to complete periodic Anti-Money Laundering training and utilizes the course offered by LIMRA International, Inc. You may access the course at <http://aml.limra.com>. Your User ID will be your National Producer Number (NPN). The password, if you are a first-time user, will be your last name which must be entered in lower case characters. If you need assistance, please contact LIMRA’s technical support team at 866-364-2380. Please note that you will not receive a physical certificate upon completion of the course; however, LIMRA will provide the Company with documentation following your completion.

Acceptable forms of AML training may include, but are not limited to the following:

- AML training course provided by LIMRA International, Inc.
- Completion of a Broker/Dealer’s AML training will be accepted by the Company for producers who are also Registered Representatives of a B/D with which the Company, or one of its affiliates, has an active selling agreement.
- The Company may accept a signed certification from another insurance company’s AML Compliance Officer for producers appointed with other insurance companies who have completed another company’s AML training program as mandated by the USA PATRIOT Act.

The Company and its producers share an important responsibility to comply with all applicable anti-money laundering laws. A producer’s failure to do so constitutes cause for action up to and including

termination of your appointment. Additionally, violation of anti-money laundering laws may result in criminal or civil penalties under federal law. If you have questions regarding acceptable methods of payment, customer identification requirements or any other new business issues, please contact the Sales Support team 877-586-0241. Questions regarding AML training requirements may be directed to the Licensing, Contracting, and Commissions at 877-586-0242.

To report suspicious activity, or if you have questions regarding the Company's AML policy, please email the Midland National AML Department at AML@sfgmembers.com or contact the AML Reporting Line at 866-384-0384.

Wills, Trusts, and Medicaid Planning

Use caution when using or offering living trusts as a financial planning tool. While we believe that in the appropriate circumstances a living trust can be a valuable planning mechanism, mass distribution of this concept is not appropriate. Trust related annuity sales have been the focus of private and government litigation against marketers of living trusts, insurance companies and producers. These activities have also generated national media attention. This litigation focuses on so-called "Trust Mills" that allegedly market living trusts on a mass basis as a "door opener" for the sale of insurance products. It is therefore important that your customers understand that the purchase of the annuity contract is in no way required in conjunction with the establishment of a trust and that the fees, costs and/or expenses associated with the establishment of a trust are independent of any premium paid for the purchase of the annuity contract.

Midland National will accept business involving the use of a trust as an owner or beneficiary, regardless of the effective date of the trust. If your business involves the use of trusts, you may be asked to provide information regarding your business practices to Midland National.

Midland National will require a current executed copy of its Certification of Trust Agreement Form, signed by the authorized trustee(s), to be on file whenever a contract will involve a trust as either an owner or beneficiary.

As a result of the Certification of Trust Agreement form, Midland National does not automatically require a copy of trust documents. However, Midland National reserves the right to require additional documentation for an annuity application/contract involving trusts and may, if circumstances warrant, deny an application or allow rescission of a contract if it determines that a trust used in conjunction with an application for a contract is inconsistent with its procedures.

Neither Midland National nor its producers provide tax or legal advice. We strongly encourage customers to consult with and rely on their own tax and/or legal advisor prior to establishing a living trust or purchasing any Midland National product in connection with a living trust. The provisions of the contract being purchased should be discussed with the trustee in detail so that the trustee can ensure that those provisions are consistent with the terms and objective(s) of the living trust.

When a trust is named as owner of an annuity contract, it is imperative that the trustee(s) has obtained an independent determination that the contract(s) are suitable for the trust's purpose, that the contract(s) conform to the income distribution requirements of the trust and that the trustee(s) has considered any tax consequences of the purchase and administration of the contract(s).

Finally, annuities offered by Midland National are not designed for use in "Medicaid-friendly" or other state or federal programs and should not be represented as such. Our producers should not represent our annuity contracts as being a tool for protecting or "sheltering" a customer's assets with regard to any aspect of Medicaid or any other state or federal program (including Veteran's benefits). Our producers also must not induce, or attempt to induce, a sale by representing our annuity contracts as financial vehicles that allow an individual to protect accumulated assets while at the same time qualifying for Medicaid benefits to cover the cost of long-term care in a nursing home or similar facility.

DELIVERY OF A LIVING TRUST

Some states have laws that provide limitations on when a living trust is used and restricts insurance producers who are not licensed as an attorney to deliver a living trust legal document other than an insurance contract to a person aged 65 and older. Check the laws and regulations of each state you are licensed to do business in to ensure you are adhering to state requirements.

Prohibited or restricted practices

REBATING IS PROHIBITED

Rebating involves an applicant being given something of value that is not mentioned in the contract as an inducement to purchase or retain a life insurance or annuity contract. Rebating also includes refunding any part of a commission to induce the purchase or retention of a contract.

Most states have specific regulations that prohibit rebates in connection with the sale of life insurance or annuity policies. Typically, the statutes provide that no insurer or producer shall pay, allow, give or offer to pay as an inducement with the purchase of any policy of life insurance or annuity contract, any valuable consideration or inducement whatsoever that is not specified in such policy or contract. Most states also have insurance laws which specifically prohibit any person from receiving rebates on life insurance policies, including deductions from any premiums, or any valuable consideration, special favor or advantage whatsoever not specified in the policy as an inducement to take such policy or annuity contract.

Midland National prohibits producers from giving anything of value in conjunction with the sale of life insurance or annuities that is not specified in the policy or contract, from rebating commissions received, and from making any premium payments from funds or accounts under the control of the producer, regardless of applicable state law.

CHURNING/TWISTING IS PROHIBITED

Churning is the practice where values in an existing policy or contract are used to purchase another product solely for the purpose of earning additional commissions or other compensation. Twisting is the use of misrepresentation of information to entice the transfer of one policy or contract for another. Many states have adopted Insurance Regulations which define Twisting and Churning as unfair methods of competition and unfair and deceptive acts. You should familiarize yourself with the laws and regulations within the states(s) you do business.

CONFLICTS OF INTEREST

Our producers should not serve in any capacity that may be construed as creating a conflict of interest. Additionally, producers may not use their family members, business associates or any other party to accomplish what they themselves are otherwise prohibited from doing in this regard. In addition, producers should not engage in or be involved in the writing of a trust for customers.

Although the following list is not exhaustive, current Company practice does not allow a producer/registered representative to be named as, or to act as, the following:

- beneficiary or contingent beneficiary
- beneficiary of an owner's beneficiary trust
- trustee, co-trustee or successor trustee for an owner's trust
- attorney-in-fact or successor attorney-in-fact for an owner
- estate executor/executrix
- an owner of the customer's contract

The exception to this exists when the producer is “immediate family” of a customer, defined as spouse, child, step-child, mother, father, grandparent, brother or sister, or as otherwise determined by Company procedure or state law.

It is equally unacceptable to use an agency or producer’s home and/or business address or telephone number as the owner’s address or phone number of record if the owner does not reside at the address. The customer should list his or her primary residence (where property taxes are paid) as the address. A producer must scrupulously avoid real or apparent conflicts of interest involving customers to whom Midland National products are sold.

CUSTOMER LOANS ARE PROHIBITED

The acceptance of a loan from a customer is an unacceptable conflict of interest that the producer must avoid. Midland National, and the laws of many states, prohibit a producer from receiving loans from their customers unless the customer is the producer’s “immediate family” member, defined as a spouse, child, step-child, mother, father, grandparent, brother or sister. Midland National further prohibits a producer from soliciting or accepting an investment from a Midland National policy/contract owner in a producer’s business.

EXPERT WITNESS

Unless prior written consent is received from the Compliance Department, producers are not allowed to act as expert witnesses in legal, regulatory, or legislative proceedings.

MORTGAGE AND REFINANCING

Encouraging or directing a customer with substantial home equity to take out a reverse mortgage, refinance and/or obtain home equity funds to purchase a life insurance policy or annuity contract is not acceptable to Midland National. Engaging in such sales tactics may result in action up to and including the termination of your Midland National contract.

USE OF CUSTOMER STATEMENTS IN THE SALES PROCESS

Midland National prohibits using copies of customers’ annual statements during the application, sale, purchase, or any other aspect of marketing products regardless of whether or not policy owner information is visible. The Company values the integrity of our customer relationships and works to ensure that the personal and financial information of our customers is protected. Additionally, the past performance of a particular customer’s fixed index annuity policy is not intended to predict future performance of similar products.

IMPERSONATIONS

You (including your staff or associates) may never contact the Company acting as the customer, even if the customer has given you permission to do so. Producers identified as impersonating a customer will be referred to the Compliance Department for appointment review and are subject to possible termination. We may also refer the producer to the appropriate regulatory agencies. Customers may also be contacted in these situations.

USE OF FAITH/RELIGION IN ADVERTISING

Given the diversity of our producers and our policy owners, we need to be sensitive in the messages we use in advertising. Please refrain from using faith, religion or religious conviction in advertising, sales literature, seminars, policy owner correspondence or any other materials used to promote our company and/or the sale of our products. Submitted materials with such themes will not be approved through our standard advertising approval process.

Additional important information and instruction

FACT FINDING, NEEDS ANALYSIS, AND DOCUMENTATION

Competent and customer-focused appropriate sales are based on an analysis of the customer's insurable needs and financial objectives. You are required to conduct a thorough assessment of each customer's needs and objectives, as well as their circumstances and future expectations, when making product recommendations. Insurance product recommendations should be made only upon having reasonable information to determine that such recommendations are appropriate to meet the customer's needs.

Midland National encourages the use of fact finders or other needs analysis tools to assist you in determining your customer's needs and objectives. In addition, documentation of that assessment and presentation is key to proper compliance in any market but is especially important with senior customer sales.

INDEX ACCOUNT ALLOCATIONS

Midland National fixed index products offer many choices for your customers. In most cases, your customers can choose how their premium is allocated among crediting methods, as well as selecting from a variety of index account options.

The index account options are used as a measuring tool for a potential interest credit to their fixed index products. Fixed index products are not securities investments and; therefore, do not participate directly in any index or indices. If an index option is chosen by your customer it is important that you are not providing investment/allocation advice unless you are qualified and registered to do so.

POWERS OF ATTORNEY – VERIFICATION OF IDENTITY

The Verification of Identity section provided on the Annuity Application must be completed with the Owner's information, not that of the Attorney-in-Fact.

OWNERSHIP REQUIREMENTS

Corporate entities, nonprofits, and trusts all have different considerations when evaluating whether an annuity is appropriate and will meet their needs. Please contact a qualified tax or legal advisor to discuss these matters before recommending such a purchase.

Certain types of corporate entities and trusts are not eligible to receive the tax-deferred benefits of annuity ownership. Midland National does not provide tax reporting or administration for such contracts, and therefore prohibits certain types of entities and trusts to be annuity owners. For example, Midland National prohibits ownership by partnerships and limited liability corporations, among others. For a current, complete list of acceptable and prohibited owners and beneficiaries, please contact the New Business Department. Find a full list of department contacts on our website at MidlandNational.com.

Trust ownership requires, at a minimum, that all beneficiaries of the trust (not the annuity) are natural persons. Certain additional documentation may be required at the time of application and should be reviewed carefully for accuracy by not only you but the applicable trustee(s) and authorized corporate signor(s).

PRE-ISSUE WITHDRAWALS

Midland National does not typically allow pre-issue withdrawals except for pension/401(k) funds. Requests for funds prior to issue should be handled with the transferring company.

FREE LOOKS

If your customer is not satisfied with their annuity for any reason, he or she may return it to the Company during its contractual Free Look Period (Right to Examine). If your customer informs you that they wish to cancel the contract, please notify us and require the customer to notify the Company in writing.

DELIVERY & DELIVERY RECEIPTS

An issued contract should be delivered to the owner within 15 days from the date Midland National mails it to you. Contracts should never be maintained in your files without delivery to the owner. As required by the Company and/or applicable law, you are responsible for obtaining a completed delivery receipt from the customer and returning it to the Company. Our recommendation is that you personally deliver the Contract to your customer, along with all the loose documents provided in the delivery package. Please provide adequate time during the delivery meeting to review the Contract provisions again. Additionally, you should be aware of all outstanding delivery requirements and assist your customers in completing the necessary documents.

We enclose a delivery receipt with every new contract and require our producers to have it signed when presenting the contract to their customers. A signed receipt is very beneficial in defining the start of the free look period and may help protect the customer, the Company, and you. If you are unable to meet with the customer for contract delivery, delivery by mail must meet all non-resident sales requirements; the Company recommends that you utilize a service that provides for tracking of delivery and that you maintain proof of mailing in your files. Whether or not the delivery receipt is required by an individual state, we expect that the delivery receipt be signed and that a signed copy be forwarded to the Company for filing.

PRODUCER LICENSING & CONTRACTING

Midland National follows all state licensing regulations regarding producer licensing and appointments. Your appointment to sell insurance with Midland National requires that you abide by all of the laws, rules, and regulations of any state in which you are licensed to conduct business. Furthermore, it is your obligation to ensure that you keep up to date regarding all changes to any laws, rules, and regulations governing your activities as a producer. You must also comply with all Company policies and procedures. Current Company practice also requires you to notify the Licensing and Contracting team of any felony charges or regulatory action against you within 30 days.

Please note that some states prohibit taking applications prior to product training or appointment with the state.

If you have questions, you may contact Agency Services at 877-586-0240.

STATE-SPECIFIC RULES & REGULATIONS

Each state has various rules and regulations concerning the sale of insurance products. It is your responsibility to know and follow your state's (and the solicitation state's) rules and regulations. If you have any questions about the rules and regulations in your state, you are strongly encouraged to discuss them with your legal advisor.

ERRORS & OMISSIONS COVERAGE REQUIREMENTS

Midland National requires all of its producers to maintain Errors and Omissions insurance coverage of at least \$1M aggregate and \$1M per claim per year of coverage. You must provide proof of Errors and Omissions coverage on an annual basis. In the event that a claim is presented against you, your Errors and Omissions carrier should be notified within 24 hours of your receipt of the information. You are responsible for making this notification.

PRODUCER EDUCATION REQUIREMENTS

Midland National believes that continuing education about products, industry, and regulatory issues is critical to being able to provide competent, customer-focused sales and service. A variety of resources are available for obtaining this education, including the Company, professional trade groups, and independent third party vendors.

In addition, the NAIC Suitability in Annuity Transactions Model requires two types of training: product specific training provided by the carrier(s) with whom you are appointed; and a one-time, four credit hour general fixed annuity training course. This regulation has been adopted in some form by nearly every state.

You are responsible for ensuring that you meet all continuing education requirements associated with your insurance and other licenses. For the one-time four credit hour training, please refer to your state's licensing body. We also offer continual training opportunities that will be required when we introduce new products and features. This training may include additional materials. New product training will be required prior to your solicitation of a sale.

For specific information regarding the resources available to you from the Company, including product-specific training that may be required prior to your solicitation of a sale, please call Sales Support at 877-586-0240.

ADVERSE ACTION

If you have been the subject of an adverse action (for example, a complaint, investigation or regulatory action) have filed bankruptcy, have unsatisfied judgments or tax liens, been charged with/found guilty of a felony or misdemeanor, have lawsuits against you or been refused E & O coverage, you are to notify Midland National of the action and circumstances within 10 days. Further, if you have been terminated by another carrier for any reason other than lack of production, you are also to notify the Company.

We hope that you find this Compliance Guide to be helpful; however, please keep in mind that it is not intended to discuss all topics, laws, or regulations that may affect your activity as a producer. Because the guidelines are general in nature they will not address all details of any specific circumstance; therefore, if you need additional assistance in applying these guidelines, please contact the Compliance Department.

Midland National Life Insurance Company
Compliance Department
4350 Westown Parkway
West Des Moines, IA 50266
Compliance@sfgmembers.com
866-384-0384

For Sales Support, please email mannuities@sfgmembers.com