



Manulife UL sample contract

Gold Investment Account

Cost type: Yearly Renewable Term (YRT) to age 85

Death benefit type: level

Coverage type: joint last-to-die

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It is not a valid contract or an offer of insurance.



Manulife UL

YRT Gold Investment Account

Policy provisions

Sample

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1 Cost of insurance

Your cost of insurance is the amount we charge you to keep your insurance coverage in effect. Cost of insurance is charged on the portion of the death benefit that represents the net amount at risk. See the section called *Definitions* for more information about your net amount at risk.

Starting on the policy date and on each monthly processing day after that, we deduct your cost of insurance and any rider coverage costs from your investment account. To keep your policy in effect, you must have enough account value to cover your monthly deductions on the monthly processing day. See the section called *Policy lapse* for information on what happens if you do not have enough account value in your policy to cover your monthly deductions on the monthly processing day.

Cost type

The cost type for your insurance coverage is:

Yearly increasing to age 85 – Your cost of insurance rate increases each year as shown in the section called *Yearly renewal table* in your *Policy summary* until the coverage anniversary nearest the youngest insured person's 85th birthday whether or not that person is alive on that date. After that, your cost of insurance equals \$0. On that day, if your policy is in effect, the insurance coverage continues and the cost of insurance is no longer charged for that coverage. If you make any changes to your coverage, we issue a new *Policy summary* with your new cost of insurance rates.

Cost of insurance guarantees

We guarantee that your cost of insurance rates won't increase above the rates shown in the section called *Yearly renewal table* in your *Policy summary*, unless you make a change to the policy.

2 Making deposits

Deposits include:

- any payment placed into your policy
- amounts transferred from the side account and placed into your policy

Deposits must be made in Canadian dollars. Your deposits must be drawn from an account at a Canadian financial institution. Cheques must be personalized and made payable to Manulife Financial.

If you choose to make monthly deposits, you must arrange for us to make automatic withdrawals through your financial institution. If you choose to make annual deposits or unscheduled deposits, you can mail or deliver your cheque to our Canadian head office or arrange electronic transfers through internet banking.

Changes to your planned deposits can affect your death benefit.

Deposit load

The deposit load is a fee we deduct from each deposit. This fee is equal to a percentage of each deposit placed into your policy, and is shown in your *Policy summary*.

The deposit load won't increase unless premium taxes that Manulife Financial is subject to increase. Any increase in the deposit load will apply only to those deposits received on or after the effective date of the increase.

We do not charge a deposit load for any money placed into the side account. This is because an amount placed into the side account is not a deposit until it is withdrawn from the side account and placed into the policy.

How we process deposits

When we receive your deposit:

- 1 we determine your deposit limit, which is the maximum amount that we allow you to place into your policy. The deposit limit we estimate is at or below the level that will keep your policy's exempt status
- 2 we place any amount that is more than your deposit limit into your side account, which is an account we have set up outside your policy
- 3 we deduct the deposit load
- 4 we place the remaining amount into the policy's investment account

Sample

3 Making withdrawals

You can withdraw money from your policy's cash surrender value at any time, subject to our administrative rules.

When you make a cash withdrawal, we reduce your account value by an amount equal to the cash withdrawal and any market value adjustments (MVA) that may apply.

We also reduce your amount of insurance by an amount equal to the cash withdrawal and any MVAs that may apply.

The effective date of the withdrawal is the business day we receive your request at our Canadian head office if we receive your request before the time we specify in our administrative rules. If we receive your request after that time, the effective date of the withdrawal is the next business day.

When you request a withdrawal, we calculate the maximum amount you can withdraw as described in our administrative rules. If you don't leave enough account value in your policy to cover your monthly deductions until we receive your next deposit, your policy lapses as described in the section called *Policy lapse*.

Automatic transfers from the side account

If there is money in the side account:

- on your policy anniversary, or
- on the day the policy would otherwise enter the grace period, as described in the section called *Policy lapse*

we determine what portion of the money, if any, can be placed into your policy without exceeding the deposit limit. We withdraw money from the side account and place that money into your policy. We apply a deposit load to the money placed into your policy from the side account.

Withdrawing money from the side account

You can withdraw money from the side account in two ways, subject to our administrative rules:

- You can ask us to withdraw money from the side account and place it into your policy. If the amount you ask us to place into your policy is greater than your deposit limit, we adjust the amount of the withdrawal so that the money placed into your policy does not exceed the deposit limit.
- You can request a cash withdrawal of all or part of the money in the side account.

If you ask us to withdraw money from the side account, and

- you don't tell us which account to withdraw the money from, or
- the balance of the account you instructed us to take the money from is less than the total amount you have requested,

we use the side account order of withdrawal described below.

Market value adjustments

We may apply an MVA to:

- any withdrawal you make from your policy, unless the money is:
 - used to pay the monthly deductions, or
 - used to pay a death benefit
- any money paid out when your policy is cancelled
- any transfer you request from your policy to your side account

We calculate the MVA by multiplying the amount of the withdrawal by the MVA rate.

The MVA rate is the greater of:

- zero, and
- $0.6 \times [(Avg\ MCBI - MCBI) / Avg\ MCBI] + 0.2 \times [(Avg\ MCEI - MCEI) / Avg\ MCEI]$

where:

- MCBI = value of the Manulife Asset Management Canadian Bond Index Pooled Fund as of the close of the previous business day
- Avg MCBI = average of the closing Manulife Asset Management Canadian Bond Index Pooled Fund values over the past five years, up to and including the value as of the close of the previous business day
- MCEI = value of Manulife Asset Management Canadian Equity Index Pooled Fund as of the close of the previous business day
- Avg MCEI = average of the closing Manulife Asset Management Canadian Equity Index Pooled Fund values over the past five years, up to and including the value as of the close of the previous business day

4 Account

Your policy allows you to place money into an account linked to the performance of the Performax Gold Investment Fund.

Investment returns and changes in daily interest rates can affect your death benefit, your account value and your cash surrender value.

Account value

The account value is the balance of the investment account in your policy.

Cash surrender value

The cash surrender value is your account value minus any MVAs and surrender charges.

Investment account description

Performax Gold Investment Fund account

Description	<ul style="list-style-type: none"> effective annual interest rate is based on the yield of the Performax Gold Investment Fund less our management fee
Interest rate details	<ul style="list-style-type: none"> effective annual interest rate is set at least once per year interest is earned and compounded daily if the interest rate is negative, the balance of the account decreases, with a corresponding decrease in the policy's account value and cash surrender value
Market value adjustments	<ul style="list-style-type: none"> may apply to cash withdrawals see the section called <i>Market value adjustments</i> for details
Additional details	<ul style="list-style-type: none"> yield of the Performax Gold Investment Fund is smoothed to reduce volatility the management fee is 1 per cent and may change, but only if there is an increase in the taxes that apply to funds Manulife Financial holds to fulfill policy obligations

Any money you place into your policy's investment account is invested in our general funds and all benefits of your policy are backed by our general funds. You don't acquire any units in a security, or interest in any specific fund, segregated fund or security. For detailed information on the performance, composition and effective annual interest rate of the Performax Gold Investment Fund, ask your advisor or visit our website as shown on your latest statement.

5 Side account

We have set up a side account that is outside your policy. The side account does not increase the account value of your policy. Because the side account is outside your policy, it has no protection from creditors and will not be included in any death benefit payable.

We report any interest earned in the side account to you each year for inclusion in your income for income tax purposes.

If your policy ends, we pay the side account balance to you or your estate, unless prohibited by law.

If an owner dies, and

- the policy ends, or
 - the policy continues and a successor owner takes over the deceased owner's interest in the policy
- we pay the balance in the side account to the people who are entitled to this account according to applicable laws.

Your side account contains the savings side account, which earns interest at the same rate as the Manulife Bank Advantage account, or another investment option as determined by us.

You can place money into the side account to pre-pay deposits at any time, subject to our administrative rules. Any money placed into your side account is not a deposit until it is withdrawn from the side account and placed into the policy.

We place money into the side account:

- if a deposit that you make is greater than your deposit limit.
- if an adjustment is required to keep your policy's exempt status.

What happens to the side account when you assign your policy

Unless you provide other instructions, if you use your policy as security for a loan or if you or your estate transfers ownership of your policy, your side account is transferred, assigned or hypothecated with the policy. If you choose not to transfer ownership of the side account at the same time or in the same manner as you transfer ownership of your policy, we pay the balance of the side account to you. We will not record a separate assignment of the side account.

6 Death benefit

We pay a death benefit when the last insured person on a joint last-to-die insurance coverage dies. The death benefit is equal to the amount of insurance provided by all the joint last-to-die insurance coverage under your policy, or the account value on the day the last insured person dies, whichever is greater.

Your amount of insurance appears in your *Policy summary*.

If the account value is negative on the day an insured person dies, we reduce the death benefit by the amount required to increase the account value to zero as of the date of death.

Withdrawals, changes to your planned deposits and investment returns can affect your death benefit.

Surrender charges do not apply if your policy ends due to the death of an insured person.

When we pay a reduced death benefit

If an insured person, whether sane or insane, commits suicide within two years of the later of the day the insurance coverage was issued or last reinstated and that person is also the last insured person to die under a joint last-to-die insurance coverage, we do not pay the death benefit as described above. Instead, we pay the reduced death benefit calculated as described below to the beneficiary or beneficiaries, and the policy ends.

When we pay a restricted amount

If an insured person, whether sane or insane, commits suicide within two years of the later of the day the insurance coverage was issued or last reinstated and that person is also the first insured person to die under a joint last-to-die insurance coverage, we do not pay the death benefit as described above. Instead, we pay the restricted amount calculated as described below to you or your estate, and the policy ends.

How we calculate the reduced death benefit and restricted amount

The reduced death benefit and the restricted amount are calculated in the same way, by adding:

- the cost of insurance we charged for the insurance coverage since we issued or last reinstated it, whichever is later
- plus
- the account value of the policy

If the account value is negative on the day the insured person dies, we reduce the amount of the payment by the amount required to increase the account value to zero as of the date of death.

Claiming a death benefit

To claim a death benefit, a person who is entitled to make the claim should call your advisor or contact us directly at the phone number shown in your most recent policy statement. We will tell that person which documents we require to allow us to review the claim.

Beneficiaries

Your rights as a policy owner include the right to name and change your beneficiary or beneficiaries. When a death benefit is payable, we pay that death benefit to each beneficiary according to your instructions. If you haven't named a beneficiary, we pay the death benefit described above to you or to your estate.

You can change a beneficiary at any time before an insured person's death, as long as the change is allowed by law. However, if you have named an irrevocable beneficiary, you can't make a change without that beneficiary's consent.

Simultaneous death

Unless you provide other instructions, if the two people insured on a joint last-to-die coverage die at the same time, or if it is impossible to determine who died first, and if different beneficiaries are designated for each insured person, we divide the death benefit we pay into equal portions, one for each insured person. We distribute each portion to the beneficiaries according to the instructions you gave us.

Bereavement counselling assistance

When an insured person dies and we pay a death benefit, we provide bereavement counselling assistance. We reimburse up to a total of \$1,000 of counselling expenses, as described in our administrative rules.

To qualify for this assistance:

- the people receiving the counselling must be the beneficiaries of the death benefit
- we must receive all receipts within 12 months of the date of death
- the counsellor must be professionally accredited or certified

7 Disability benefit

The disability benefit allows you to withdraw a portion of your policy's cash surrender value, if an insured person becomes disabled, as defined in the section called *How we define disability*.

When you claim a disability benefit, we calculate the maximum amount you can claim, as described in our administrative rules.

When we pay a disability benefit to you, we reduce the account value of your policy by the amount of the disability benefit payment and by any MVAs that may apply. We administer the disability benefit payment as described in the section called *Making withdrawals*, and subject to our administrative rules.

In this section, we use certain terms in specific ways. See the section called *Definitions* for a complete list of terms.

insured person is any person we have agreed to insure under an insurance coverage or a term insurance rider (TIR) coverage on your policy

disability and *disabled* are defined in the section *How we define disability*

physician is a qualified medical doctor who gives medical care within the scope of his or her licensed authority. The physician cannot be the policy owner or an insured person. We may require that an insured person be treated by a psychiatrist for claims related to a mental disorder, nervous disorder, or claims that are contributed to by the use of alcohol or drugs or any type of addiction.

regular care of a physician means consultations and treatment by a physician that are appropriate in nature and frequency for the condition causing the disability of an insured person

gainful occupation means employment that would generate pay or profit whether or not an insured person received any payment

regular occupation means the gainful occupation(s) an insured person was engaged in at the onset of their disability

you and *your* refer to the policy owner, except for the section called *How we define disability* where the terms *you* and *your* refer to the insured person under an insurance coverage or a term insurance rider (TIR) coverage.

How we define disability

In this section only, *you* and *your* mean the insured person under an insurance coverage or a TIR coverage.

You are considered to be disabled or to have a disability if you are either totally or catastrophically disabled as described below in the sections called *Total disability* and *Catastrophic disability*.

Total disability

You are totally disabled if, due to injury or sickness:

- you are not able to perform:
 - the substantial duties of your regular occupation,
 - or
 - the regular substantial activities you were engaged in prior to the onset of injury or sickness if you are not engaged in a gainful occupation when your disability begins,
- and
- you are under the regular care of a physician and following the recommended appropriate treatment

You are not totally disabled if you engage in any gainful occupation despite any injury or sickness.

Any total disability must occur:

- on or after the policy anniversary nearest the insured person's 18th birthday,
- and
- on or before the policy anniversary nearest the insured person's 65th birthday

Catastrophic disability

You are catastrophically disabled if:

- a you satisfy the minimum criteria in one of the four categories listed below, and
- b you are under the regular care of a physician and following the recommended appropriate treatment

You are not catastrophically disabled if you engage in any gainful occupation despite any injury or sickness.

If we determine your catastrophic disability is permanent based on the evidence you provide us, we use only 'a' above to evaluate your claim, whether or not you are engaged in any gainful occupation.

The four categories of catastrophic disability are:

Assumed disability – you have total and permanent loss of one of the following:

- sight of both eyes, or
- hearing in both ears, or
- speech, or
- the use of both hands, or both feet, or a hand and a foot

Loss of independence – you are unable to do one of the following activities:

- feeding – eat prepared food without assistance
- bathing – take a bath or shower or otherwise maintain adequate personal cleanliness
- dressing – put on and take off all garments and/or braces or artificial limbs, and secure and unfasten the garments or devices
- transferring – move in and out of a chair (including a wheelchair) or bed
- toileting – get to and from the toilet, get on and off the toilet, and maintain a reasonable level of personal hygiene
- continence – control bowel and bladder function and perform personal hygiene (including care of catheter or colostomy bag)

Cognitive loss - you require substantial supervision because of a severe loss in cognitive function. The person supervising the insured person cannot be their spouse. The loss in cognitive function must be confirmed by clinical evidence and standardized tests that show a severe impairment in:

- short or long-term memory
- orientation to person, place and time, and
- deductive or abstract reasoning

Terminal illness - you are diagnosed as being terminally ill with a life expectancy of less than one year, as determined by us from the medical information we receive.

Any catastrophic disability must occur on or after the policy anniversary nearest the insured person's 18th birthday.

Exclusions that apply to a disability benefit claim

General exclusions

We will not pay a disability benefit if an insured person's disability is caused:

- by intentionally self-inflicted injury
- while committing or trying to commit an assault or a criminal offence, or
- by normal pregnancy or childbirth

Exclusions for pre-existing conditions

We will not pay a disability benefit if an insured person becomes disabled within 12 months of the earliest coverage issue date for that insured person due to a pre-existing condition.

A pre-existing condition is an injury or sickness that:

- the insured person or the insured person's physician notices or is aware of on or before the date the application is signed for the insurance coverage or TIR coverage with the earliest coverage issue date for that insured person
- may or may not be diagnosed by a physician, and
- may or may not be treated by a physician

Claiming a disability benefit

You can claim a disability benefit if:

- an insured person becomes disabled and remains disabled for at least 30 consecutive days while an insurance coverage or TIR coverage on that insured person is in effect, and
- you submit evidence satisfactory to us regarding that insured person's disability at our principal place of business in your province or at our Canadian head office

If we determine an insured person's catastrophic disability is permanent based on the evidence you provide to us, we waive the 30-day waiting period described above.

We must receive evidence satisfactory to us:

- while the insured person is living and disabled as defined in the section *How we define disability*, and
- before the first anniversary of the day the disability occurred

You can claim only one disability benefit payment during any 12-month period.

8 Managing your policy

You can make changes to your policy, as described below. All changes are subject to our administrative rules in effect on that date.

Effective date of policy changes

Unless otherwise stated, the effective date of any policy change is the monthly processing day on or immediately after the day on which we approve the change. We show your monthly processing day for your policy in your *Policy summary*.

Decreasing your amount of insurance

You can decrease your amount of insurance subject to our administrative rules in effect on the day you want to make the change. We have the right to approve or deny a request to decrease the amount of insurance during the first five years of the policy. A decrease in your amount of insurance could result in an increase in your cost of insurance rate.

We base the surrender charge on the amount of insurance on the policy date. We don't reduce your surrender charges when you decrease your amount of insurance.

Changing Healthstyle, insurance rating or exclusions

Once in every 12-month period, you can ask us to review an insured person's Healthstyle, the insurance rating on the coverage or any exclusions that are in effect on your policy at that time. Each insured person needs to provide evidence of insurability satisfactory to us before we will approve a change. See the section called *Definitions* for more information on Healthstyles.

Changing your death benefit type

You can change the death benefit type for your policy to another death benefit type available on this product. Any changes are subject to our administrative rules and may require evidence of insurability satisfactory to us.

Cancelling your policy

You can cancel your policy at any time. The effective date of cancellation is the day we receive your written request at our Canadian head office.

If you cancel the policy:

- we pay any cash surrender value to you
- we close the side account and pay the balance of the side account, minus any MVAs, to you.

Surrender charges

If you cancel your policy during the surrender charge period, we apply a surrender charge.

See the section called *Surrender charges* in your *Policy summary* for details on the surrender charge amounts.

Splitting your policy

You can split your policy into two single-life policies. We require each insured person to provide evidence of insurability satisfactory to us.

Splitting your policy is subject to our administrative rules in effect on that day.

Splitting your policy may have tax consequences for you.

Any insurance coverage under your policy that is split ends on the day before the effective date of the new coverages.

Sample

9 General policy details

Your rights as a policy owner

Your rights as a policy owner include the right to:

- name and change your beneficiaries
- name a successor owner, called a subrogated policyholder in Quebec
- use your policy as security for a loan
- transfer ownership of your policy
- vary the frequency or amount of your deposits, subject to our administrative rules, and
- cancel your policy

Your rights as a policy owner also include any other rights that current or future laws give you. Your rights may also be limited by any laws that apply to your policy.

If you want to exercise any of these rights, you must submit your instructions in writing to our Canadian head office. Contact your advisor or us for the forms you need to make these changes.

Assigning your policy

You can make a collateral or an absolute assignment of this policy. Any assignment should be filed with us.

An assignment does not bind us until we receive written notice of it at our Canadian head office. We are not responsible for the validity of an assignment.

Only the entire policy can be assigned and not individual coverages.

For more information on what happens to the side account when you assign your policy, see the section called *What happens to the side account when you assign your policy*.

Tax law and your policy

When we refer to income tax legislation, we mean the *Income Tax Act* and any Canadian federal or provincial tax legislation, rules, and regulations that apply to your policy.

Your policy has exempt status. We review your policy annually on the policy anniversary and adjust it to maintain its exempt status, as long as income tax legislation allows this insurance policy to remain an exempt policy. If your policy needs an adjustment to maintain its exempt status, we automatically withdraw money from your policy and place it in the side account.

Some changes, transactions, events and circumstances (including exercising certain provisions within this policy) may have tax consequences, such as increasing your taxable income. Examples include but are not limited to:

- adjusting your policy to maintain its exempt status
- cancelling your policy
- changing in your country of residence
- earning interest on your policy's side account
- moving money from your policy to the side account
- receiving a disability benefit
- reducing the amount of insurance
- splitting a policy
- transferring ownership of your policy
- withdrawing money from your policy

If you have any questions, speak to your advisor or contact us.

Non-exempt status

If your policy loses its exempt status, we provide you with an addendum called *Your policy's non-exempt status*. When this addendum comes into effect:

- the addendum overrides the terms of any other policy provisions that are not consistent with it, including the section *Tax law and your policy*,
- we limit additional payments to your policy as we describe in our administrative rules,
- the terms and conditions of the section *Your policy's side account* won't apply to your policy,
- we cancel the side account, and
- we either refund to you the side account balance or place the side account balance into your policy.

If your status as a Canadian resident changes

If you do not reside in Canada or if you become a resident of a country other than Canada, non-resident tax rules apply while your policy is in effect. You must notify us if you change your country of residence while your policy is in effect.

Protecting your policy benefits

All of the benefits of your policy and the balance in the side account are backed by the general assets of The Manufacturers Life Insurance Company.

Protection against creditors

This policy and the benefits payable under it are exempt from seizure and from the claims of creditors, so far as the law allows.

The creditor protection that applies to your policy does not apply to the side account.

Your policy's currency

The value of your policy is calculated in Canadian dollars. All deposits to us must be in Canadian dollars drawn from an account at a Canadian financial institution. All payments made by us will be in Canadian dollars.

Limitations of actions

Every action or proceeding against an insurer for the recovery of insurance money payable under the policy is absolutely barred unless commenced within the time set out in the *Insurance Act* or other applicable legislation.

How we report to you about your policy

We send you a policy statement at least once a year to provide important information to you about your policy. You can ask us to change how often we send you a statement.

Please review your statement carefully. If you find any errors or discrepancies, report them to us at the phone number on the statement within 30 days after the date of the statement. After this date, we will consider your statement to be correct, with the exception of any credit amounts entered in error.

Administrative rules

We have indicated when terms and conditions of your policy are subject to our administrative rules. Administrative rules are the guidelines we set that establish how and in what circumstances you may exercise certain rights under your policy. Any changes we make to our administrative rules will not affect the guarantees provided by your policy.

Administrative rules reflect corporate policy and economic and legislative changes, including revisions to income tax legislation. When you exercise a contractual right, you must follow our administrative rules in effect at that time.

Our right to delay the effective date of transactions

We reserve the right to delay the effective date of the following transactions:

- placing money into the policy or the side account
- processing of transfer requests
- processing of withdrawal requests

for up to seven days after we receive the funds or the request for transfer or withdrawal.

We further reserve the right to delay the effective date of transactions:

- if we receive your request at our Canadian head office after the time specified in our administrative rules, or
- in the event of an unanticipated closure or disruption of financial markets or our offices

This right supersedes any provisions to the contrary in other sections of this contract that describe effective dates.

We also have the right to refuse to process transactions that are not permitted under the laws of the jurisdiction in which the owner lives.

Correcting a statement of age or sex

If the age or sex of any insured person has been stated incorrectly for any insurance or rider coverage, we will increase or decrease the amount of insurance provided by that coverage to the amount of insurance that would have been purchased using the correct age or sex and the last cost of insurance greater than zero that we deducted for that coverage. If we would not have issued the coverage because the corrected age falls outside of our administrative rules regarding minimum and maximum issue or joint age, then we may declare the coverage invalid.

How we respond to misrepresentation or nondisclosure

Fraudulent misrepresentation

At any time, we have the right to void your policy or any insurance or rider coverages, or deny a claim, if you or one of the insured people has fraudulently misrepresented a material fact by not disclosing it or by stating it incorrectly in any application, or in any medical examination, or in any other information we have used as evidence of insurability or proof of claim.

Misrepresentation or nondisclosure of a material fact

During the contestability period, we have the right to void your policy or any insurance or rider coverages, or deny a claim, if you or one of the insured people has misrepresented a material fact by not disclosing it or by stating it incorrectly in any application, or in any medical examination, or in any other information we have used as evidence of insurability or proof of claim.

When your insurance coverage ends

Your insurance coverage ends on the earliest of the following dates:

- the monthly processing day on or immediately after the day we approve your written request to cancel the coverage
- the day an insured person on the coverage commits suicide, if the suicide occurs within two years of the coverage issue date or the date the coverage was last reinstated
- the day the last insured person on the coverage dies and a death benefit is payable, or
- the day your policy ends

When your policy ends

Your policy ends on the earliest of the following dates:

- the business day on which we receive your written request to cancel the policy, as described in the section called *Cancelling your policy*
- 31 days after your policy enters the grace period, if you have not paid the outstanding amount in full by this day
- the day we cancel or deny the insurance coverage or deny a claim under the section called *How we respond to misrepresentation or nondisclosure*, or
- the day there is no longer an insurance coverage in effect

Policy lapse

Grace period

If, on any monthly processing day, there is not enough money in your policy to cover your monthly deduction, your policy enters the grace period. The grace period is 31 days long.

During the grace period, we place all deposits we receive from you into the investment account. If the total of all deposits you make during the grace period is not enough to pay the outstanding amount, your policy lapses on the last day of the grace period and we refund these deposits to you. We have the right to charge an interest rate, determined by us, on any negative balances.

If you don't make a deposit to cover the outstanding amount in full by the end of the grace period, the policy terminates without value. If the insured person dies during the grace period, we reduce any amount that we pay because of that death by any outstanding costs.

Reinstatement

You can ask us to reinstate your policy up to two years after the day it lapses if:

- all of the people insured under the policy are still alive, and
- you pay the reinstatement amount

If you ask us to reinstate your policy within 30 days of the policy lapse we reinstate it without asking for additional information. From the 31st day until two years after the policy lapses, you must complete and submit an application for reinstatement form. We also ask you to give us any information we need to make a decision on whether, and under what conditions, we will reinstate the policy. Once we approve your request and receive the reinstatement amount and any other information we need from you, we reinstate your policy and send you new Policy summary.

The reinstatement amount

The reinstatement amount is:

- the amount needed to bring the negative Account Value on the first day of the Grace Period to zero, plus
- all monthly deductions due from the day your policy went into the grace period until the day we reinstate your policy, plus
- two months of monthly deductions to apply to the two months following the date of reinstatement, plus
- the deposit load that applies to these amounts, plus
- interest on these amounts, as we describe in our administrative rules.

The effective date of the reinstatement is the date we determine that you met the above requirements.

10 Definitions

Account value – is the balance of the investment account in your policy. Account value does not include the money in the side account.

Amount of insurance – is the dollar amount of insurance we show for your insurance coverage and each term insurance rider (TIR) coverage and child protection rider (CPR) coverage in your *Policy summary*.

Beneficiary – is a person you name in writing to receive all or part of the death benefit payable.

Cash surrender value – is your account value minus any MVAs and surrender charges that may apply.

Contestability period – is the period of time when we have the right to question the validity of an insurance coverage or a rider coverage because a material fact was misrepresented or not disclosed.

For your insurance coverages, the contestability period is two years starting from the later of:

- your coverage issue date,
- the effective date of a change you made that required updated evidence of insurability, or
- the date your coverage was last reinstated

For your rider coverages, the contestability period is two years starting from the later of:

- a rider coverage issue date,
- the effective date of a change you made that required updated evidence of insurability for a rider coverage, or
- the date the rider coverage was last reinstated

Cost type – determines how we calculate your insurance costs and the length of time those costs are charged and is shown in your *Policy summary*.

Coverage date – is the date for a particular insurance or rider coverage that is used to calculate coverage years, coverage months and coverage anniversaries for that insurance or rider coverage and is shown in the *Policy summary*.

Coverage issue date – is the day we issued an insurance or rider coverage and is shown in your *Policy summary*. If a coverage was reinstated, the coverage issue date is the day the coverage was last reinstated.

Coverage type – single life and joint last-to-die are the coverage types available for your insurance coverage. Single and combined are the coverage types available for your term insurance rider (TIR) coverages. The coverage type that applies to each insurance coverage or TIR coverage is shown in your *Policy summary*.

Deposit load – is a fee we deduct from each deposit. This fee is equal to a percentage of each deposit placed into your policy and is shown in your *Policy summary*.

Deposit limit – is the maximum amount that we allow you to place into your policy. The deposit limit we estimate is at or below the level that will keep your policy exempt from accrual taxation.

Disability and disabled – are defined in the section *How we define disability*.

Evidence of insurability – is any information that we require to decide if we can provide insurance or other benefits to a person, and if so, on what terms.

Exempt status – refers to a policy that meets the requirements of income tax legislation to be exempt from accrual taxation.

Gainful occupation – means employment that would generate pay or profit whether or not an insured person received any payment.

Healthstyles – are the broad rating categories we use to determine the insurance and rider coverage costs. The Healthstyle assigned to each insured person under your policy is based on that person's tobacco use, personal and family medical history, any recreational risks, plus an evaluation of health and other personal and lifestyle information. It appears in your *Policy summary*. For an insured person who is less than 16 years old on the policy date, we show *juvenile* as the Healthstyle.

Insurance rating – is used in the calculation of the cost of insurance and is based on the combined insurance rating of two people insured on a coverage. Our standard rating is 100 per cent. This percentage increases for people we consider to be more of a risk to insure. The higher the rating, the higher the cost of insurance. We may also apply a rating that increases the cost of insurance by a flat dollar amount. The insurance rating for the people insured appears in the *Policy summary*.

Insured person – is any person we have agreed to insure under an insurance coverage or a term insurance rider (TIR) coverage on your policy.

Joint age – is an age used to establish rates and other aspects of joint insurance coverages. We determine joint age from the sex, Healthstyle and age of each of the insured people on the policy.

Linear interpolation – is a means of determining a value which falls between two known values. It assumes that the rate of increase or decrease between the two values is constant. For example: if the value on Date A is 10 and the value on Date B is 20, then the value halfway between the two dates would be 15.

Market value adjustment (MVA) – is an amount we may deduct from a withdrawal you make from your policy, as explained in the section called *Market value adjustments*.

Material fact – is a fact that, if disclosed would influence our decision to issue the insurance or rider coverage, or affect the cost, terms and/or conditions under which we would be willing to provide coverage.

Monthly deduction – is the amount we deduct from your investment account(s) to cover the cost of your policy's insurance and rider coverages.

Monthly processing day – is the day we deduct your cost of insurance and is shown in your *Policy summary*. It is also the day that most policy changes take effect on your policy. The first monthly processing day is on the policy date and subsequent ones are on the same day of each month that follows.

Net amount at risk – is the difference between the amount of insurance provided by the insurance coverage and the account value that applies to that insurance coverage.

Non-participating policy – is a policy that is not eligible for annual dividends and whose owner cannot vote at our annual meetings.

Physician – is a qualified medical doctor who gives medical care within the scope of his or her licensed authority. The physician cannot be the policy owner or an insured person. We may require that an insured person be treated by a psychiatrist for claims related to a mental disorder, nervous disorder, or claims that are contributed to by the use of alcohol or drugs or any type of addiction.

Policy date – is the first monthly processing day for your policy and is shown in your *Policy summary*. Policy years, policy months and policy anniversaries are measured from the policy date.

Policy issue date – is the day we issue the policy and is shown in your *Policy summary*. If your policy was reinstated, the policy issue date is the day the policy was last reinstated.

Regular care of a physician – means consultations and treatment by a physician that are appropriate in nature and frequency for the condition causing the disability of an insured person.

Regular occupation – means the gainful occupation(s) an insured person was engaged in at the onset of their disability.

Surrender charge – is a charge we apply if you cancel your policy during the surrender charge period. The surrender charge reduces any account value payable to you. See your *Policy summary* for details on the surrender charges that apply to your policy.

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