



Manulife UL sample contract

Client Investment Select

Cost type: Level cost of insurance (COI) to age 100

Death benefit type: account value on each death

Coverage type: joint last-to-die

This sample policy contract is provided for your information only.
It is not a valid contract or an offer of insurance.



Manulife UL

Level Client Investment Select

Policy provisions

Sample

Sample

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1 Cost of insurance

Your cost of insurance is the amount we charge you to keep your insurance coverages 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 accounts. The way we process the monthly deductions is described in the section called *How we process monthly deductions*. 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.

How we process monthly deductions

We take the monthly deductions from your investment accounts in the following order:

- 1 we reduce the savings account until no balance remains
- 2 we reduce the guaranteed investment accounts (GIA), starting with the investment account with the shortest remaining term to maturity, until no balance remains
- 3 we reduce the balanced index accounts proportionately, based on the balance in each account, until no balance remains
- 4 we reduce the indexed and managed accounts proportionately, based on the balance in each account, until no balance remains

Cost type

The cost type for your insurance coverage is:

Level cost of insurance to age 100 – Your cost of insurance rate remains the same as shown in the section called *Your insurance coverage details* in your *Policy summary* until the coverage anniversary nearest the youngest insured person's 100th 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 rate.

Cost of insurance guarantees

We guarantee that your cost of insurance rate won't increase above the rates shown in the section called *Your insurance coverage details* 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 accounts according to the instructions you give us

If you don't give us instructions on which investment accounts to place your deposits into, we place them into your policy's savings account. Likewise, while your account value is negative, we place any deposit you make into your policy's savings account.

Sample

3 Making withdrawals

You can withdraw money from your policy's account 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 surrender charges and market value adjustments (MVA) that may apply. See the section called *Your surrender charges* in your *Policy summary* for details on the surrender charge percentages and when they 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*.

If you don't specify an account or if the balance of the account you specify is not enough to provide the withdrawal amount that you have requested, we take the money and any surrender charges and MVAs that may apply from your investment accounts as described in the section called *How we process monthly deductions*.

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 as described in the section called *Side account order of withdrawal* and place that money into the corresponding accounts in 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. MVAs may apply to withdrawals from the guaranteed investment 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.

Side account order of withdrawal

We use the order shown below when we automatically transfer money from the side account to place into your policy and, unless you provide different instructions, when you withdraw money from the side account:

- 1 we reduce each indexed holding side account and managed holding side account proportionately until the balance in all of these accounts is \$0
- 2 we reduce each balanced index holding side account proportionately until the balance in all of these accounts is \$0
- 3 we reduce each guaranteed investment side account, starting with the account that has the shortest remaining term to maturity, until the balance in all of these accounts is \$0
- 4 we reduce the savings side account until the balance is \$0

An MVA may apply to GIAs unless the funds are withdrawn from the guaranteed investment side account and deposited into the corresponding GIA in the policy.

Market value adjustments

We may apply an MVA to:

- any withdrawal you make from your GIA or your guaranteed investment side account, unless the money is:
 - placed into the corresponding account
 - used to pay the monthly deductions, or
 - used to pay a death benefit
- any money paid out when your policy is cancelled

We calculate the MVA by multiplying the amount of the withdrawal or transfer by the MVA factor.

The MVA factor is the greater of:

- zero, and
- $A \times B$

where:

A = number of complete months remaining until the maturity date of the GIA, divided by 12

B = the interest rate currently offered on a GIA with a term period similar to the number of months remaining on the GIA from which cash is withdrawn*
minus
the interest rate currently being credited to the GIA from which you want to withdraw cash

* If we do not offer the same term period for the GIA when we make the adjustment, we use the interest rate for the next longest term period we offer at that time or the longest term period we offer at that time if there is no longer term.

4 Accounts

Your policy allows you to place money into a variety of accounts linked to the performance of a diverse selection of investments.

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 total of all the investment account balances in your policy.

Cash surrender value

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

Investment accounts

Your policy offers the following types of investment accounts:

- savings account
- GIAs
- balanced index accounts
- indexed accounts
- managed accounts

At any time, you can:

- select different investment accounts or change the percentage of each deposit allocated to an investment account, or both, or
- request that some or all of the balance of any investment account be transferred to another investment account subject to our minimum requirements for the amount transferred and any MVAs that may apply to the transfer of funds from GIAs in your policy or your side account

We invest any money you place into your policy's investment accounts 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 rates of the investment accounts we offer, ask your advisor or visit our website as shown on your latest statement.

Investment account descriptions

Savings account

Description	<ul style="list-style-type: none"> • pays interest daily based on the yield on Government of Canada 91-day treasury bills
Interest rate details	<ul style="list-style-type: none"> • interest for this account is earned and compounded daily at a rate determined by us • effective annual interest rate is set at least once a week • a higher interest rate will be charged if the balance in the Savings account is negative

Savings account

Interest rate guarantee	<ul style="list-style-type: none"> when we set the effective annual interest rate, we guarantee it will be equal to or more than the greater of: <ul style="list-style-type: none"> the current yield on Government of Canada 91-day treasury bills minus the annual management fee for this account, and 0 per cent
Market value adjustments	<ul style="list-style-type: none"> do not apply
Additional details	<ul style="list-style-type: none"> this is the default account for deposits; if you don't provide us with alternate instructions, we place all deposits into this account

Guaranteed investment accounts (GIA)

Description	<ul style="list-style-type: none"> terms available are: 1 year, 3 year, 5 year, 10 year and 20 year interest rate guaranteed for a fixed term the maturity date is the monthly processing day on or immediately after the date the fixed term expires
Interest rate details	<ul style="list-style-type: none"> earns interest daily the interest accrues within the account until its maturity date interest earned in any GIA will be based on the rate that applies to that account on its effective date
Interest rate guarantee	<ul style="list-style-type: none"> when we set the interest rate, we guarantee it will be equal to or more than the greater of: <ul style="list-style-type: none"> the interest rate representing the effective annual yield on current coupon Government of Canada bonds with the same term period and effective date as the GIA, minus the annual management fee for this account, and 0 per cent
What happens on the maturity date	<ul style="list-style-type: none"> we follow your reinvestment instructions if we receive those instructions at least seven days before the maturity date if we don't receive your reinvestment instructions at least seven days before the maturity date, we automatically reinvest the balance in another GIA for the same term period as the one just ended or, if that term period is no longer available, the next shortest available term period
Market value adjustments	<ul style="list-style-type: none"> may apply to the GIA if money is withdrawn from it see the section called <i>Market value adjustments</i> for details
Additional details	<ul style="list-style-type: none"> requires a minimum initial investment

Balanced index accounts

Description	<ul style="list-style-type: none"> offers returns based on a combination of investment returns of Government of Canada treasury bills, bond indexes and stock indexes
Interest rate details	<ul style="list-style-type: none"> the daily interest rate is determined on each business day when our Canadian head office is not open for business, the daily interest rate is 0 per cent we calculate the daily interest by multiplying the account's balance at the end of the previous day by the daily interest rate

Balanced index accounts

	<ul style="list-style-type: none"> the daily interest rate that applies to a balanced index account can be either positive or negative, depending on changes in: <ul style="list-style-type: none"> the value of the applicable index or indexes, and the Canadian dollar exchange rate for accounts with a foreign component we guarantee that the daily interest rate that applies to each balanced index account on each business day will be equal to the weighted average, as shown in the table below, of the current effective daily yield on Government of Canada 91-day treasury bills and the percentage daily change in each index, minus the daily management fee 																							
Daily interest rate	<table border="1"> <thead> <tr> <th data-bbox="493 464 878 541" rowspan="2">Account components</th> <th colspan="3" data-bbox="878 464 1536 506">Balanced index accounts</th> </tr> <tr> <th data-bbox="878 506 1133 541">Conservative</th> <th data-bbox="1133 506 1365 541">Moderate</th> <th data-bbox="1365 506 1536 541">Growth</th> </tr> </thead> <tbody> <tr> <td data-bbox="493 541 878 638">Government of Canada 91-day treasury bill rate</td> <td data-bbox="878 541 1133 638">40 %</td> <td data-bbox="1133 541 1365 638">20 %</td> <td data-bbox="1365 541 1536 638">10 %</td> </tr> <tr> <td data-bbox="493 638 878 735">Manulife Asset Management Canadian Bond Index Pooled Fund</td> <td data-bbox="878 638 1133 735">40 %</td> <td data-bbox="1133 638 1365 735">40 %</td> <td data-bbox="1365 638 1536 735">20 %</td> </tr> <tr> <td data-bbox="493 735 878 831">Manulife Asset Management Canadian Equity Index Pooled Fund</td> <td data-bbox="878 735 1133 831">20 %</td> <td data-bbox="1133 735 1365 831">30 %</td> <td data-bbox="1365 735 1536 831">40 %</td> </tr> <tr> <td data-bbox="493 831 878 1003">G5 Index* *The G5 Index is described in the indexed accounts table below.</td> <td data-bbox="878 831 1133 1003">0 %</td> <td data-bbox="1133 831 1365 1003">10 %</td> <td data-bbox="1365 831 1536 1003">30 %</td> </tr> </tbody> </table>	Account components	Balanced index accounts			Conservative	Moderate	Growth	Government of Canada 91-day treasury bill rate	40 %	20 %	10 %	Manulife Asset Management Canadian Bond Index Pooled Fund	40 %	40 %	20 %	Manulife Asset Management Canadian Equity Index Pooled Fund	20 %	30 %	40 %	G5 Index* *The G5 Index is described in the indexed accounts table below.	0 %	10 %	30 %
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	Manulife Asset Management Canadian Equity Index Pooled Fund	20 %	30 %	40 %																				
G5 Index* *The G5 Index is described in the indexed accounts table below.	0 %	10 %	30 %																					
How interest is credited to the account	<ul style="list-style-type: none"> daily interest rate is based on the weighted average of Government of Canada 91-day treasury bill rate and the performance of the indexes listed in the table above if the daily interest rate is negative, the balance of the account decreases, with a corresponding decrease in the account value and cash surrender value of your policy we determine the account balance by taking the previous day's account balance and adding or deducting the daily interest 																							
Market value adjustments	<ul style="list-style-type: none"> do not apply 																							
Additional details	<ul style="list-style-type: none"> daily interest rate lags behind the corresponding change in the linked indexes by one business day 																							

Indexed accounts

Description	<ul style="list-style-type: none"> variable interest accounts that offer returns based on the performance of specific market indexes accounts with foreign content are affected by fluctuations in the value of the Canadian dollar
Interest rate details	<ul style="list-style-type: none"> the daily interest rate is determined on each business day when our Canadian head office is not open for business, the interest rate is 0 per cent we calculate the daily interest by multiplying the account's balance at the end of the previous day by the daily interest rate

Indexed accounts

- the daily interest rate is based on the performance of the linked market indexes shown in the table below
- the daily interest rate that applies to an indexed account can be either positive or negative, depending on changes in:
 - the value of the applicable index or indexes, and
 - the Canadian dollar exchange rate for accounts with a foreign component
- we guarantee that on each business day, the daily interest rate that applies to each indexed account is the percentage daily change in the Canadian dollar value of the applicable index minus the daily management fee for this account

	Index account	Linked market index
Daily interest rate	American Equity Index	Standard & Poor’s 500 Index ¹
	American Technology Equity Index	Nasdaq 100 Index ²
	Canadian Bond Index	Manulife Asset Management Canadian Bond Index Pooled Fund
	Canadian Equity Index	Manulife Asset Management Canadian Equity Index Pooled Fund
	European Equity Index	Morgan Stanley Capital International EMU Index ^{3*}
	G5 Index	France – CAC 40 ⁴
		Germany – DAX 30 ⁵
		Japan – Nikkei 225
		United Kingdom – FT-SE 100 ⁶
		United States – S&P 500
	Global Equity Index	Morgan Stanley Capital International EAFE Free Index ^{7*}
	Japanese Equity Index	Nikkei 225 Index ⁸

* Net of withholding tax

¹ Trademark of The McGraw-Hill Companies, Inc.

⁵ Trademark of Deutsche Börse AG

² Trademark of The NASDAQ OMX Group, Inc.

⁶ Trademark of FTSE Group

³ Trademark of MSCI, Inc.

⁷ Trademark of MSCI, Inc.

⁴ Trademark of NYSE Euronext

⁸ Trademark of Nikkei Inc.

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The relationship between the index account and its linked market index continues following any name change of the index account or the linked market index.

- we calculate the daily interest rate for an indexed account based on the total return of its linked index or indexes, including dividends
- if the daily interest rate for an indexed account is negative, the balance of the account decreases, with a corresponding decrease to the account value and cash surrender value of your policy
- we determine the account balance by taking the previous day’s account balance and adding or deducting the daily interest

Indexed accounts	
Market value adjustments	do not apply
Additional details	<ul style="list-style-type: none"> • daily interest rate lags behind the corresponding change in the linked index or indexes by one business day • for information on the market indexes associated with an indexed account, talk to your advisor or visit our website as shown on your latest statement

Managed accounts	
Description	<ul style="list-style-type: none"> • variable investment accounts that offer returns based on the performance of linked funds we select • the balance of each managed account is adjusted daily, depending on the performance of the linked fund on that day
Interest rate details	<ul style="list-style-type: none"> • the daily interest rate determined on each business day is based on: <ul style="list-style-type: none"> • the performance of linked funds, and • the Canadian dollar exchange rate for accounts with a foreign component • when our Canadian head office is not open for business, the daily interest rate is 0 per cent • we calculate the daily interest by multiplying the account's balance at the end of the previous day by the daily interest rate
Daily interest rate	<ul style="list-style-type: none"> • we guarantee that on each business day, the daily interest rate that applies to each managed account is: <ul style="list-style-type: none"> • the percentage daily change in the Canadian dollar value of its linked fund plus • the daily rate enhancement • we can change this rate enhancement only under the specific conditions described in the section called <i>Managed accounts</i> rate enhancement
How interest is credited to the account	<ul style="list-style-type: none"> • the daily interest rate that applies to a managed account can be either positive or negative, depending on changes in: <ul style="list-style-type: none"> • the unit value of its linked fund, and • the Canadian dollar exchange rate for accounts with a foreign component • if the daily interest rate is negative, the balance of the account decreases, with a corresponding decrease in the account value and cash surrender value of your policy
Market value adjustments	<ul style="list-style-type: none"> • do not apply
Additional details	<ul style="list-style-type: none"> • daily interest rate lags behind the corresponding change in the linked mutual fund by one business day • for information on managed accounts, talk to your advisor or visit our website as shown on your latest statement

Withdrawing or changing investment accounts

We have the right to introduce, change or discontinue investment accounts or term periods that we offer in your policy or in the side account. We have the right to introduce investment accounts with fee structures that differ from those shown in the section called *Investment account management fees*.

If you have money in an investment account in your policy or in the side account that we discontinue or materially change, we notify you before we make the change. You can choose to transfer any money you have in the investment account being discontinued or changed to another investment account that we offer at the time. If you don't inform us of your choice within the time period we state, we transfer the balance to the investment account we identify when we notify you.

If we discontinue a GIA term, we allow any existing GIAs with that term to mature.

Investment account management fees

We apply the daily management fee on each business day.

Savings account and GIAs

The annual management fee for the savings account and GIAs is 1 per cent.

Balanced index accounts and indexed accounts

Investment account	Daily management fee
balanced index accounts	
Conservative Balanced Index	0.0044 %
Moderate Balanced Index	0.0046 %
Growth Balanced Index	0.0046 %
indexed accounts	
American Equity Index	0.0046 %
American Technology Equity Index	0.0048 %
Canadian Bond Index	0.0044 %
Canadian Equity Index	0.0046 %
European Equity Index	0.0062 %
G5 Index	0.0048 %
Global Equity Index	0.0058 %
Japanese Equity Index	0.0062 %

We may increase the management fees shown above for savings, GIA, balanced index and indexed accounts, but only if there is an increase in the taxes that apply to funds Manulife Financial holds to fulfill policy obligations.

Indexed accounts linked to the performance of the Canadian equity market, the American equity market and the Canadian bond market will always be available. The maximum daily management fee for each of these accounts will never be more than 0.0046 per cent.

Managed accounts

We don't charge a management fee for managed accounts.

Managed accounts rate enhancement

A daily rate enhancement applies to each investment account listed below. This enhancement causes the investment account to have a higher rate of return than its linked fund.

We apply the following rate enhancement on each business day.

Investment account	Daily rate enhancement
Bond accounts	0.0010 %
Equity and balanced accounts	0.0040 %

We may decrease the daily rate enhancement shown above for any investment account but only if the investment expenses, commonly referred to as the management expense ratio, of the linked funds decrease, or if there is an increase in the taxes that apply to funds Manulife Financial holds to fulfill policy obligations. The daily rate enhancement will never be less than 0 per cent.

Sample

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 less any MVAs that may apply 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. We don't deduct any MVAs from the amount payable.

The side account contains accounts that correspond to the selected investment accounts within your policy. When we move money between your policy and the side account, we move that money between corresponding accounts.

Investment account in your policy	Corresponding investment account in your side account
savings account	savings side account <ul style="list-style-type: none"> • earns interest at the same rate as the Manulife Bank Advantage account, or another investment option as determined by us
GIA	guaranteed investment side account <ul style="list-style-type: none"> • earns interest at the same rate as the corresponding investment account in your policy • MVAs may apply to withdrawals
balanced index account	balanced index holding side account <ul style="list-style-type: none"> • earns interest at the same rate as the savings side account
indexed account	indexed holding side account <ul style="list-style-type: none"> • earns interest at the same rate as the savings side account
managed account	managed holding side account <ul style="list-style-type: none"> • earns interest at the same rate as the savings side account

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. We place the excess money into the side account using the instructions you gave us. If you have not provided instructions, we place the money into the savings side account.
- if an adjustment is required to keep your policy's exempt status. We withdraw money from your policy using the order of withdrawal shown in the section called *How we process monthly deductions* and place that money into the corresponding accounts in the side account. No surrender charges apply if we make this adjustment.

If there isn't enough money to meet the guaranteed investment side account's minimum deposit requirements as described in our administrative rules, we place the money into the savings side account.

Transferring money within the side account

You can transfer all or part of the balance of any account within the side account to another account within the side account, subject to our minimum requirements and MVAs that may apply.

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.

Sample

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 total amount of insurance provided by all joint last-to-die insurance coverage under your policy plus the account value on the day the last insured person dies .

We also pay a death benefit when the first insured person on a joint last-to-die insurance coverage dies. The death benefit is equal to the account value on the day the insured person dies multiplied by the percentage of your account value payable at the death of the first insured person, as shown in your *Policy summary*.

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 account 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. No surrender charges apply when we pay a disability benefit. 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. A decrease in your amount of insurance could result in an increase in your cost of insurance rate.

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 percentages.

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.

Whether or not your policy has exempt status, 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
- receiving an account value payment on death of an insured person, if the policy does not end
- 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 is not exempt from accrual taxation, or 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 savings 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.

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 total of all investment account balances. 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 GIA or your guaranteed investment side account, 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 amount of insurance provided by an 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, make a cash withdrawal or transfer money to your side account 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.

Transfer – is the movement of money between investment accounts in your policy, or between accounts in the side account.

Sample