



Performax Gold Sample contract

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

1 Performance credits

Your policy may earn performance credits on each policy anniversary. Performance credits are not guaranteed, however, performance credits will never be less than zero. We apply credits to your policy based on the option you've selected. We show the option you selected in your *Policy details*. You can change your option as long as the change meets our administrative rules.

You can earn performance credits on these coverages:

- insurance coverage
- paid-up insurance coverage
- deposit option insurance coverage

A coverage must be in effect on the policy anniversary to earn a credit. Coverages earn no credits while the policy is in the grace period.

The performance credit options determine how we apply performance credits.

You have three performance credit options to choose from:

Paid-up insurance	<p>We apply performance credits earned by your insurance coverage and paid-up insurance coverage to buy paid-up insurance coverage. We apply performance credits earned by your deposit option insurance coverage to buy deposit option insurance.</p> <p>The paid-up insurance coverage starts at \$0 and increases as the credits buy more coverage. We may change the cost to buy paid-up insurance from time to time. Your paid-up insurance coverage has cash values.</p>
Term option	<p>We apply performance credits earned by your insurance coverage and paid-up insurance coverage to buy a combination of yearly term insurance, deposit option insurance and paid-up insurance.</p> <p>The yearly term insurance your credits buy each year provides insurance coverage that ends on the next policy anniversary.</p> <p>We provide yearly term insurance coverage to you at no additional cost until the first policy anniversary after the yearly term insurance starts. After that anniversary, the yearly term insurance is paid for by performance credits, policy values, or a combination of the two. We may change the cost to buy yearly term insurance from time to time.</p>
Accumulation account	<p>We apply performance credits your policy earns to your accumulation account. Performance credits do not buy any additional insurance but they can accumulate and earn interest.</p> <p>We guarantee that we will never discontinue the accumulation account.</p>

2 Payments

You must make your payments in Canadian dollars. Your payments must be drawn from an account at a Canadian financial institution.

Paying your policy costs

You can choose to pay your policy costs on a monthly, quarterly, semi-annual or annual basis. You can change how often you pay your policy costs. We show you the policy fee, insurance coverage cost, and rider costs in your *Policy details*. These costs will not change unless you make a change to your policy or your policy is reinstated. Any change you make to the payment frequency for your policy costs must meet our administrative rules.

Additional payments

Additional payments to your accumulation account

Your accumulation account is a daily interest account in your policy. It earns interest that is compounded daily at a rate that we determine. The interest rate will never be less than 0%. These additional payments do not buy insurance.

Additional payments to your deposit option coverage

Deposit option payments buy additional insurance under your deposit option insurance coverage.

There is an annual and a lifetime limit to the amount of deposit option payments you can make for your deposit option coverage. We show your lifetime deposit option limit in your *Policy details*. We show your annual limit in your annual policy statement. If you make a deposit option payment that is more than either limit, we place the excess money in your accumulation account, subject to our administrative rules. You may ask us to increase either limit. We will ask you to give us any information we need about the insured person to make a decision on whether, and under what conditions, we will increase either limit.

Deposit option insurance coverage starts at \$0 and increases as you purchase additional coverage. We may change the cost to buy deposit option insurance from time to time.

Your deposit option insurance coverage has cash values.

Rules that apply to additional payments

We deduct a fee from all additional payments you make. We call this fee a load on additional payments. The load is a percentage of the payment. We show you the percentage we charge in your *Policy details*.

We follow your instructions when we allocate any additional payments. If you do not give us instructions, we place all your additional payments into the accumulation account. Write to us if you want to change your instructions. The new allocation instructions take effect according to our administrative rules.

The maximum additional payment you can make at any time is the largest amount we estimate you can put into the policy that:

- does not cause your policy to lose its exempt status and
- meets our administrative rules.

If an additional payment exceeds the maximum additional payment amount, we place the maximum allowable into your policy and the remainder into your side account. See *Your policy's side account* for more information.

3 Paying death benefits

The death benefit is the amount we pay when the insured person dies. We explain how we determine this amount in your *Policy details*.

Under certain conditions we may adjust the death benefit. In some cases we won't pay a death benefit or we pay a restricted amount. See *Your insurance coverage exclusions* in your *Policy details* and *How we respond to misrepresentation or nondisclosure*.

How we may adjust the death benefit

We adjust the death benefit in the following cases:

- **If the age or sex of an insured person has been stated incorrectly.** We pay a death benefit but adjust the death benefit amount using the correct age or sex. The adjustment may be an increase or a decrease. We base the adjustment on the most recent policy cost, whether it was paid or waived, for the coverage. Then we pay the amount of insurance that the policy cost would have purchased if the insured person's age or sex had been stated correctly.
- **If there is a policy loan.** We pay a death benefit but reduce the amount we pay by the amount of the loan.
- **If the insured person dies during the grace period.** We reduce the death benefit amount by either the amount of the costs that have not been paid or the amount needed to increase the cash value to \$0 whichever is greater on the date the insured person died. See *If you don't pay your policy costs* for more information about the grace period.

How to claim a death benefit

To claim a death benefit, the person making the claim should contact your advisor or us directly. They can call us at the phone number shown in your most recent policy statement. We will provide information about the documents we will need to review the claim.

Who receives the death benefit

If you've made a beneficiary designation, we pay the death benefit to your beneficiaries as you instruct us. If you haven't named a beneficiary, we pay the death benefit to you or to your estate. See *Your beneficiaries* for more information.

4 Making changes to your insurance policy

You can ask us to decrease the amount of insurance for a coverage. If you decrease a coverage:

- the cash value of the coverage may be reduced, and
- some costs you've paid that have not been used may be released.

We transfer unused policy costs and the difference in the cash value to your accumulation account. We do not deduct the load on additional payments for a transfer we make as a result of a change to your policy.

Any change must meet our administrative rules. A change takes effect on the monthly processing day on or after the day we approve the change.

Canceling insurance

You can cancel your policy or a rider at any time, subject to our administrative rules. We cancel your policy on the business day we receive your written 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, we cancel it on the next business day.

If you cancel a rider, we place any unused policy costs for that rider into the accumulation account. If you cancel your policy, we pay you the cash value. We cancel the side account and pay the side account balance to you, unless prohibited by law.

5 When your insurance policy ends

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

- the business day on which we receive your written request to cancel the policy, if we receive your request before the time we specify in our administrative rules. If we receive your request after that time, we cancel it on the next business day.
- the day a person insured under the insurance coverage on your policy dies if a death benefit or restricted amount is payable on that coverage,
- the day it ends as we explain in *If you don't pay your policy costs*, or
- the day we cancel or deny the insurance policy or deny a claim, subject to provincial laws. See *How we respond to misrepresentation or nondisclosure* for more information.

When your policy ends, all coverages and riders end at the same time.

6 If you don't pay your policy costs

Your policy costs include your policy fee, insurance coverage cost, and rider costs. For your insurance policy to stay in effect all the costs must be paid by their due date and your policy's cash value must not be less than \$0.

We allow a 31 day grace period:

- for a missed policy cost payment, after you have made your first policy cost payment, or
- if your policy's cash value is less than \$0.

During the grace period, the policy stays in effect but we may adjust the death benefit. See *How we may adjust the death benefit*. To keep your policy in effect you must pay the required amount so there are no outstanding policy costs and your policy's cash value is \$0 or more. If we receive the required amount before the grace period ends, we apply the payment to your policy and it stays in effect.

If we have not received the required amount by the end of the grace period we follow this process to keep your policy in effect:

- We use money from your accumulation account to pay the required amount.
- If your policy is in its first year, and there is not enough money in your accumulation account, we reduce the deposit option insurance. Then we move the cash value that the reduction releases to the accumulation account and use the money in the accumulation account to pay the required amount.
- After your policy has been in effect for a year and if your accumulation account has insufficient money but your policy has built up enough cash value to pay the required amount, we automatically grant a policy continuation loan. See *Borrowing money from your policy* for more information about policy continuation loans.

If your policy's cash value is too low for us to keep your policy in effect, and the required amount is still unpaid at the end of the grace period, your policy lapses. When it lapses, we pay you any cash value over \$0 that was in your policy at the start of the grace period and we return any payments that we received during the grace period.

Reinstating your policy

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. 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 details*.

The reinstatement amount

The reinstatement amount is:

- the total of all policy costs due on the first day your policy went into the grace period, plus
- all policy costs due from the day after your policy went into the grace period until the date we reinstate your policy, plus
- any outstanding policy loan balance as of the first day of the grace period, plus
- interest on these amounts, as we describe in our administrative rules, plus
- any cash value we paid you when the policy lapsed.

7 Using your policy's value

Withdrawing money

You can ask us to withdraw money from your policy's accumulation account. If you need to withdraw more money than is in your accumulation account, we reduce the amount of paid-up insurance or deposit option insurance as you instruct us and move the released cash value to the accumulation account. You can then withdraw money from the accumulation account, as long as your policy is not in the grace period. See *If you don't pay your policy costs* for the circumstances under which we grant a policy continuation loan. Your withdrawal must meet our administrative rules. The rules may include a minimum amount you can withdraw each time.

Borrowing money from your policy

You have the right to borrow money from your policy. There are two kinds of policy loans: cash loans and policy continuation loans. We maintain one policy loan balance that includes all cash loans and policy continuation loans. We charge interest on all loans at a rate we describe in our administrative rules. At the end of each policy year, we add any unpaid interest to the loan. If an insured person dies and there is a policy loan, we reduce the death benefit. See *How we may adjust the death benefit*.

Cash loans

You may request a cash loan if the policy is not in the grace period. The maximum amount you may borrow is 90% of the total policy value minus the balance of any existing policy loan. The total policy value is the total of the guaranteed cash value for your insurance coverage, plus the cash value of your paid up insurance and deposit option insurance, plus the accumulation account balance. The policy is the only security for the loan. We may ask you to complete a loan agreement.

Policy continuation loans

After the first policy year, if you have not paid your policy costs and if your accumulation account has insufficient money but your policy has built up enough cash value to pay the required amount, we automatically grant a policy continuation loan at the end of the grace period, if it's needed to keep your policy in effect. See *If you don't pay your policy costs* for more information about the grace period.

8 Your policy's side account

We have set up a side account that is outside your policy. We place all or part of a payment into your side account if we determine that placing it in your policy would cause your policy to lose its exempt status.

Each year on your policy's anniversary we examine your 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.

You can place money into the side account, subject to our administrative rules.

Your side account earns interest. We set the interest rate for the side account weekly and monitor it daily.

We guarantee that the effective annual interest rate for the side account will not be less than:

- 90% of the Government of Canada 91-day Treasury Bills at that time, minus 1.75%, and
- 0%,

whichever is greater.

The side account does not increase the cash value of your policy. Because the side account is outside your policy, any income it earns is taxable, it has no protection from creditors, and it won't be included in any death benefit we pay.

If an owner dies, and

- the policy ends, or
- the policy continues and a successor owner (called a subrogated owner in Quebec) 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.

If your policy ends for any reason other than the death of an owner, we pay the side account balance to you, unless prohibited by law.

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 transfer money from the side account to the accumulation account or your deposit option insurance, or both. We limit transfers, if necessary to maintain your policy's exempt status.
- You can request a cash withdrawal of all or part of the money in the side account.

On the date that your policy would otherwise enter the grace period, we withdraw money from the side account and place it in your policy.

Each year on your policy's anniversary we examine your policy. If there is money in your side account we:

- use it to pay any unpaid policy costs, and
- based on your allocation instructions, move as much remaining money into your policy that does not cause your policy to lose its exempt status or exceed the deposit option insurance annual or lifetime limit.

Any money transferred into your accumulation account or a deposit option insurance coverage from the side account is subject to the load on additional payments.

9 Policy features

Reduced paid-up insurance

You may choose to have your policy costs reduced to \$0 and continue your policy with a lower amount of insurance. We call this reduced paid-up insurance. Your policy must not be in the grace period when you choose to change to reduced paid-up insurance and you cannot make this change if it causes your policy to lose its exempt status. This change must meet our administrative rules.

We base the amount of reduced paid-up insurance on the guaranteed values for your insurance coverage. We show the guaranteed values in your *Policy details*.

The change to reduced paid-up insurance is in effect on the business day we receive your written request for the option 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 change is the next business day.

Your policy keeps your deposit option insurance and paid-up insurance coverages. You cannot make any more additional payments after you change your policy to reduced paid-up insurance.

Yearly term insurance and any rider coverages end when the reduced paid-up insurance takes effect. If you selected term option as your performance credit option, we change the option to paid-up insurance.

The disability benefit

In this section, *The disability benefit*, we use these definitions:

- **insured person** is a person insured under the insurance coverage or a term insurance rider coverage on your policy.
- **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.
- **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 occupations an insured person was engaged in at the onset of their disability.

If the insured person becomes disabled, you can ask us to pay a disability benefit. Any payment must meet our eligibility, notice, and claim requirements. We describe the requirements below. The amount of disability benefit you can request must also meet our administrative rules.

We pay the disability benefit from the accumulation account. You can ask us to surrender any paid-up insurance or deposit option insurance from your policy and we will transfer the cash value released from the surrender to your accumulation account. We administer the disability benefit payment based on the applicable terms and conditions described in *Withdrawing money* and based on our administrative rules.

How we define disability

In the sections *How we define disability*, *Total disability*, and *Catastrophic disability* the terms **you** and **your** mean the insured person.

You are considered to be disabled or to have a disability if you are either totally or catastrophically disabled. We describe what we mean by those conditions below in *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 even if you are injured or sick.

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 are working at a gainful occupation even if you are injured or sick.

If we determine your catastrophic disability is permanent based on the evidence you provide us, we only use 'a' above, to evaluate your claim. You do not need to be working at a gainful occupation.

The four categories of catastrophic disability are:

- 1 **Assumed disability** means the 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.
- 2 **Loss of independence** means you cannot do one of the following activities:
 - Feeding – eat prepared food without help.
 - Bathing – take a bath or shower or otherwise maintain adequate personal cleanliness.
 - Dressing – put on and take off all garments, braces or artificial limbs and you cannot 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.
- 3 **Cognitive loss** means you need 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. The evidence and tests must show a severe impairment in:
 - short or long-term memory,
 - orientation to person, place and time, and
 - deductive or abstract reasoning.

- 4 **Terminal illness** means you are diagnosed as being terminally ill with a life expectancy of less than 1 year. We determine if you qualify based on the medical information we receive.

When the disability must occur

You may claim only one disability benefit payment during any 12 month period. The insured person must be disabled when you make the claim.

Any total disability must occur on or after the policy anniversary that is nearest the insured person's 18th birthday. It also must occur on or before the policy anniversary nearest the insured person's 65th birthday.

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 won't pay a disability benefit if the 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 won't pay a disability benefit if a pre-existing condition causes an insured person's disability and if the insured person became disabled within 12 months of the earliest coverage issue date for that insured person.

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 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.

How to claim a disability benefit

To claim a disability benefit an insured person who has become disabled must remain disabled for at least 30 consecutive days while the insurance coverage or a term insurance rider on that insured person is in effect. We ask you to give us any information we need to decide if that insured person is disabled according to our definitions in this policy. You must send the information to our principal place of business in your province or to our Canadian head office.

If we determine an insured person's catastrophic disability is permanent, we waive the 30-day waiting period described above. We base our decision on the information that you provide.

We must receive information about the disability while the insured person is living and disabled, and before the first anniversary of the day the disability occurred.

10 More information about this policy

How we report to you about your policy

We send you a policy statement once a year. The statement outlines the status of your policy and rider coverages. Please read your statement carefully. If you find any errors or discrepancies, tell us about them within 30 days after the statement date. After this date, we consider your statement to be correct, with the exception of any credit amounts entered in error.

Your beneficiaries

A beneficiary is the person you name who receives all or part of the death benefit when an insured person dies. We pay the death benefit to each beneficiary as you ask us to, in your instructions. If you do not name a beneficiary, we pay any death benefit payable to you or your estate.

You can decide how any death benefit is to be divided among your beneficiaries. You may change your beneficiaries 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.

If you have used this policy as security for a loan, the rights of a collateral assignee or, under the Quebec Civil Code, a hypothecary creditor, may take precedence over the rights of your beneficiaries.

How we respond to misrepresentation or nondisclosure

We rely on you to be truthful and tell us every fact that might have affected our decision to issue your policy, any insurance, or rider coverages under the policy, and the terms under which we issued the policy or any insurance, or rider coverage. The information we rely on includes but is not limited to any applications, any medical examinations, and any written or verbal statements or answers provided as satisfactory proof that the insured person is eligible for the insurance.

We use this information to make our decision, but if you or an insured person didn't provide us with full and truthful information, then our decision was based on false information. If we determine that our decision was based on false information, we will argue that the insurance coverage, rider coverage, or policy that was issued based on the false information isn't valid, and we will deny any claim, as described below.

Misrepresentation or nondisclosure of a material fact

During the contestability period, we will argue that the contract is not valid if you or an insured person:

- didn't disclose a material fact, or
- stated a material fact incorrectly or in a way that was misleading.

Within the period permitted by law, we will argue that the contract is not valid if you or an insured person:

- didn't correctly state the insured person's age, and
- we wouldn't have issued the coverage because the correct age didn't meet our minimum and maximum age requirements.

Fraudulent misrepresentation

At any time, we will argue that the contract is not valid if you or an insured person made an untrue or misleading statement that the person making the statement didn't honestly believe was true when they made the statement. These untrue or misleading statements include any omission or selective answer that leaves out important facts. This behaviour is called fraudulent misrepresentation.

Your rights as a policy owner

Your rights as a policy owner include the right to:

- name and change your beneficiaries,
- cancel your policy,
- transfer ownership of your policy,
- name a successor owner, called a subrogated policy owner in Quebec. If you don't name a successor owner and the policy doesn't end on your death, your rights pass to your estate.
- vary the frequency of your payments or make additional payments, as long as the payments meet our administrative rules, and
- use your policy as security for a loan.

You must follow the terms and conditions of this policy when you exercise your rights. 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 write to our Canadian head office. Contact your advisor or us directly for the forms you need.

In this policy, we refer to "policy owner" as one person. If there is more than one policy owner, all policy owners must act unanimously to exercise their rights and options.

You need to start any legal action against us within the time limit set out in the *Insurance Act*. Every action or proceeding against an insurer for the recovery of insurance money payable under the contract is absolutely barred unless commenced within the time set out in the *Insurance Act* or other applicable legislation.

Tax law and your policy

In this policy, when we refer to the *Income Tax Act*, we mean 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 the rules of the *Income Tax Act* allow this insurance policy to remain an exempt policy under that Act. 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 exercise of certain provisions within this policy) may have tax implications such as increasing your taxable income. Examples include but are not limited to:

- adjustments made for the purpose of maintaining your policy's exempt status
- interest earned on your policy's side account
- withdrawal of money from your policy
- moving money from your policy to the side account
- surrender of your policy
- borrowing money from your policy either as a continuation loan or a cash loan
- transfer of ownership of your policy
- a change in your country of residence

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 tax 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 under the *Income Tax Act* apply while your policy is in effect. You must notify us if you change your country of residence while your policy is in effect.

Using this policy as security for a loan

You can use your policy as security for a loan by assigning it to a lender. This type of security is called a collateral assignment or, under the Quebec Civil Code, a hypothec. The entire policy, including the side account, must be assigned or hypothecated. After you have collaterally assigned or hypothecated the policy, you may need the consent of the lender to convert or reduce the coverage or cancel the policy. We are not bound by the assignment or hypothec until we receive a copy of it at our Canadian head office. We are not responsible for making sure that an assignment or hypothec is valid. The lender's rights may take precedence over the rights of any other person claiming a death benefit.

Transferring policy ownership

You can transfer ownership of your policy to another person. This type of transfer is called an absolute assignment. The entire policy, including the side account, must be assigned unless other laws apply to this policy. We are not bound by the assignment until we receive a copy of it at our Canadian head office. We are not responsible for making sure that an assignment is valid.

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

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

Our right to delay the effective date of transactions

We can delay the effective date of the following transactions:

- placing money into the policy or the side account
- processing of withdrawal requests
- processing of transfer requests, and
- processing of cash loan requests for your policy,

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

We also have the right to:

- delay the effective date of any transaction for longer than seven days in the event of an unanticipated closure or disruption of financial markets or our offices, and
- refuse to process transactions that are not permitted under the laws of the jurisdiction in which the owner lives.

These rights take priority over any other information in your policy that describes effective dates.

11 Words and phrases we use in this policy

This section defines some of the words and phrases we use in your policy.

accumulation account is a daily interest account in your policy. It earns interest that is compounded daily at a rate we determine.

additional payment is any amount paid into the policy and placed directly into the accumulation account or used to purchase deposit option insurance.

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 won't affect the guarantees provided by your policy.

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

amount of insurance is the dollar amount of the insurance we show for your insurance coverage and each rider coverage in your Policy details.

beneficiary is a person you name to receive all or part of the death benefit payable when the insured person dies.

business day is any day our Canadian head office is open for business.

Canadian head office is our office at 500 King Street North, PO Box 1602, STN Waterloo, Waterloo, ON N2J 4C6.

cancellation is the result of your request or our decision to discontinue your policy or a rider.

cash value on any specific day is the amount of money you would receive from us on that day if you cancelled your policy. We calculate your policy's cash value as follows:

- the total policy value, plus
- any unused policy costs, minus
- any outstanding amount.

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

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

- your coverage issue date
- the date your policy was last reinstated
- the date a change you made took effect, if you had to give us the information we needed to make a decision on whether the insured person was eligible for the change.

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

- your rider coverage issue date
- the date your policy was last reinstated
- the date a change you made took effect, if you had to send us information we needed to decide if an insured person was eligible for the change.

conversion period is the amount of time that you can convert your yearly term insurance coverage to new permanent insurance.

cost duration is the length of time over which the insurance coverage cost is charged.

coverage is an insurance coverage or a rider coverage.

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 details*.

coverage issue date is the day we issue the insurance or rider coverage.

deposit option insurance is a coverage option that provides insurance protection purchased with additional payments, performance credits and transfers from the accumulation account.

exempt status refers to a policy that meets the requirements of the Income Tax Act to be exempt from accrual taxation.

guaranteed cash value is the guaranteed portion of your cash value. We show the guaranteed amount for your insurance coverage in your *Policy details*.

Healthstyles are the broad rating categories we use to determine the insurance costs for some insurance products. We determine the insured person's Healthstyle category based on their tobacco use, personal and family medical history, recreational risks and an evaluation of health and other personal and lifestyle information.

insurance coverage is life insurance protection provided by your policy. When we refer to the insurance coverage, we are not referring to any rider coverages which you may have added to your policy.

insurance coverage cost is the amount we charge you for your life insurance. It does not include rider costs.

insurance rating is used in the calculation of the insurance coverage cost, the rider costs and the costs of any associated coverages. We rate each insured person based largely on their health, personal and family medical history and recreational or employment activities. 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 percentage, 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 ratings for the people insured appear in your *Policy details*.

insured person is any person we have agreed to insure under your policy. We show the insured people in your *Policy details*.

load on additional payments is a percentage we deduct from all additional payments you make. The percentage is shown in your *Policy details*.

material fact is a fact that, if disclosed, would:

- influence our decision to issue the insurance or rider coverage or
- affect the conditions under which we would be willing to provide coverage. These conditions could include limiting coverage or charging higher premiums.

maximum additional payment is the highest amount we estimate you can pay into your policy that does not cause your policy to lose its exempt status and that complies with our administrative rules.

monthly processing day is the day we deduct your cost of insurance and is shown in your Policy details. 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.

outstanding amounts are the total amount of the outstanding balance of any loans and any amounts you owe for policy costs.

paid-up insurance is a coverage that provides insurance protection purchased with performance credits.

payment is any amount that you pay to us for your policy, including amounts withdrawn from the side account and placed into your policy.

performance credit is an amount that your policy may earn on each policy anniversary.

performance credit options are the ways available to you to apply performance credits your policy earns. The options are accumulation account, paid-up insurance and term option.

policy cost is the policy fee, insurance coverage cost and rider costs.

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

policy fee is a fee we charge for administering your policy.

policy issue date is the day we issue your policy.

rider cost is the dollar amount we charge you for the additional benefit we provide under each rider coverage on your policy. Rider costs are separate from the insurance coverage cost.

rider coverage is additional protection provided by a rider. You can have several rider coverages, each covering one person, under each rider. We show the benefit provided by each of your rider coverages in your Policy details.

riders are optional benefits you can purchase in addition to your insurance coverage.

side account is an account we set up outside of your policy in which we place amounts that exceed the maximum payment amount for your policy.

term option is a performance credit option that provides an additional layer of coverage as a combination of yearly term insurance, and paid-up insurance and deposit option insurance. An insurance coverage with term option may also include a term option guarantee.

term option amount is an amount of term option insurance associated with an insurance coverage. The amount is made up of the yearly term insurance, paid-up insurance and deposit option insurance amounts.

term option guarantee may apply to an insurance coverage with term option. If your policy has the guarantee we show it in your *Policy details*.

total policy value is the total dollar value of your insurance policy. We calculate your policy's total policy value as follows:

- the guaranteed cash value for your insurance coverage, plus
- the cash value for your paid-up insurance coverage, plus
- the cash value for your deposit option insurance coverage, plus
- the balance of the accumulation account.

unused policy costs are costs that you paid for insurance coverage, riders and yearly term insurance for the period following the date an insured person dies or the date your policy or a coverage is cancelled or changed, and until the start of the next payment period.

we, us and **our** mean The Manufacturers Life Insurance Company, also known as Manulife.

yearly term insurance is an insurance coverage that provides insurance protection until the next policy anniversary. It is only provided with the term option performance credit option and is renewable each year on the policy anniversary.

you and **your** mean the policy owner, except where noted.

Sample