

# Proguard Series

## Sample Contract

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

Sample

This is a sample of the contract for occupation category 4A.  
Different provisions may apply to other categories.  
The benefits and riders included in this sample are not available to all applicants.

We, THE MANUFACTURERS LIFE INSURANCE COMPANY, insure the owner of this policy against disability or loss suffered by and resulting from injury or sickness of the person insured, as provided in the policy.

The benefits payable and the provisions governing the policy are shown in the following pages. The contract consists of this policy, the application for this policy, any application for reinstatement of this policy, any application for a rider added after this policy has been issued, and any written policy amendments agreed upon in writing after this policy has been issued.

The policy is not cancellable by Us and is guaranteed to be renewable as provided in the policy up to the expiry date if maintained in force by payment of the premiums.

While the policy is in force, We will not increase any renewal premium (except if provided in the policy) or add any restrictive riders.

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**Important Notice** - If you are advised to discontinue this policy and replace it with another, it is in your best interest to insist that the new proposal is put in writing. Please submit it to us for analysis so that you can compare the two and make an informed decision.

To claim a benefit or insurance proceeds, contact your advisor or write to our head office.

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**Please read your policy carefully**

HP290A.ALL.GUARANTEE.20090201

## Definitions

This policy uses specific terminology that is explained below. These specially defined terms are denoted by capitals when used in this contract.

### **Schedule**

Schedule refers to pages 1.4 and 1.5 of this policy. The Schedule also includes any subsequent endorsement acknowledging a change You have requested or made in accordance with the policy provisions. The Schedule lists important items, including the initial Monthly Benefit. Changes in the amount of insurance or benefits are governed by the terms of this contract.

### **We, Us, Our and the Company**

We, Us, Our and the Company refer to The Manufacturers Life Insurance Company. Our head office address is 500 King St. N, PO Box 1669, Waterloo ON N2J 4Z6.

### **You and Your**

You and Your refer to the Person Insured named in the Schedule.

### **Disability or Disabled**

Disability or Disabled refers to a period of Total Disability or Reduced Disability.

### **Injury**

Injury means accidental bodily injury sustained while this policy is in force.

### **Sickness**

Sickness means a disease or sickness which first manifests itself while this policy is in force.

### **Physician**

Physician means a qualified medical doctor (other than You) who gives medical care within the scope of his or her licensed authority. We may require that You be treated by a Psychiatrist for claims which are related to a mental or nervous disorder or which are contributed to by alcohol or drug use.

### **Regular Care of a Physician**

Regular Care of a Physician means consultations and treatment by a Physician which are appropriate in nature and frequency for the condition causing Your Disability.

### **Regular Occupation**

Regular Occupation means the gainful occupation or occupations in which You are engaged at the onset of Disability. If you are not engaged in a gainful occupation when disability commences, refer to the definition of Non-Occupational Disability.

### **Total Disability**

Total Disability or Totally Disabled means Your inability, due to Injury or Sickness, to perform the substantial duties of Your Regular Occupation. However, Total Disability will not exist while You are engaged in any gainful occupation. Total Disability will not exist unless You are under the Regular Care of a Physician and are following the recommended appropriate treatment.

### **Reduced Disability**

Depending on the Reduced Disability Option, Reduced Disability refers to either a state of Residual Disability or Partial Disability as these terms are defined below. During the first twelve months of Reduced Disability, You may alternate the Reduced Disability Option up to once a month by written request. At the end of this period, You must set the option for the remainder of the Disability as either Residual Disability or Partial Disability.

### **Catastrophic Disability**

Catastrophic Disability means:

- i) You satisfy the minimum criteria in one of the four categories listed below;
- ii) You are not engaged in any gainful occupation; and
- iii) You are under the Regular Care of a Physician and are following the recommended appropriate treatment.

We will waive requirements ii) and iii) above if the condition is permanent, as determined by Us from the provided medical information. While You are experiencing a Catastrophic Disability, You will be deemed to be Totally Disabled. We will also pay the Additional Monthly Benefit for Catastrophic Disability, as described in the Benefit Provisions section of the policy.

1. **Assumed Disability** - You qualify in this category if You have total and permanent loss of one of the following:

- (a) sight of both eyes; or
- (b) hearing of both ears; or
- (c) speech; or
- (d) the use of both hands, or both feet, or a hand and a foot.

2. **Loss of Independence** - To qualify in this category, You must be unable to do any two of the following activities:

- (a) Feeding - Your ability to get food that has already been prepared from a receptacle (such as a plate or cup) into Your body.
- (b) Bathing - Your ability to take a bath or shower or otherwise maintain adequate personal cleanliness.
- (c) Dressing - Your ability to put on and take off all garments and/or braces or artificial limbs, and secure and unfasten the garments or devices.
- (d) Transferring - Your ability to move in and out of a chair (including a wheelchair) or bed.
- (e) Toileting - Your ability to get to and from the toilet, get on and off the toilet, and maintain a reasonable level of personal hygiene for the body.
- (f) Continence - Your ability to maintain control of bowel and bladder function and perform personal hygiene for the body (including care of catheter or colostomy bag).

3. **Cognitive Loss** - You qualify in this category if you require substantial supervision because of a severe loss in cognitive function. The loss in cognitive functioning 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.

4. **Terminal Illness** - You qualify in this category if You are diagnosed as terminally ill with a life expectancy of less than one year, as determined by Us from the provided medical information.

#### **Non-Occupational Disability**

If You were not engaged in a gainful occupation when disability commenced, You will be deemed to be Totally Disabled if, as a result of Injury or Sickness:

- (a) You are unable to perform the regular substantial activities you were engaged in prior to the onset of Injury or Sickness, and
- (b) You are not engaged in any gainful occupation or employment, and
- (c) You are under the Regular Care of a Physician and are following the recommended appropriate treatment.

However, if You were scheduled to resume gainful employment but are prevented from doing so

because of Injury or Sickness, the regular definition of Total Disability will be used from the date You were scheduled to return. Your Regular Occupation would then be considered to be the employment you were scheduled to perform. Written proof demonstrating that employment was to resume will be required to determine eligibility for subsequent benefits, including a description of the substantial duties of that employment.

### **Elimination Period**

The Elimination Period for each Proguard coverage is shown in the Schedule. It is the number of days following the onset and subsequent continuance of Disability, during which no benefits accrue for the relevant coverage.

Periods of Disability resulting from the same or related causes and separated by 24 months or less will be added together for the purpose of satisfying the required Elimination Period.

We will waive the Elimination Period if You suffer a permanent Catastrophic Disability.

### **Maximum Benefit Period**

The Maximum Benefit Period for each Proguard coverage is shown in the Schedule. It is the longest period of time for which benefits are payable during any one Disability.

The Maximum Benefit Period ceases on the Expiry Date, except as follows:

- (a) If benefits for Total Disability have been paid for less than 2 years, benefits will continue beyond the Expiry Date for the balance of 2 years, while Total Disability persists.
- (b) If benefits for Reduced Disability have been paid for less than 3 months, benefits will continue beyond the Expiry Date for the balance of 3 months, while Reduced Disability persists.

### **Monthly Benefit**

The initial Monthly Benefit for each Proguard coverage is shown in the Schedule. The Monthly Benefit may be changed from time to time by any Automatic Coverage Enhancement or Additional Insurance Rider attached to this policy. The Owner will be notified of any such changes. The Monthly Benefit may only be decreased upon the Owner's written request.

### **Monthly Earned Income**

Monthly Earned Income means income earned during the month by You for personal services in the performance of an occupation, after deductions for normal and customary business expenses but before deduction of any income taxes. Monthly Earned Income will be calculated using the accrual accounting method. Included are salary, wages, bonuses, commissions, fees or similar earned income. Excluded from Monthly Earned Income are investment income, income from government plans, rent, royalties, pension or annuity income, deferred compensation or other forms of income which do not depend on Your ability to engage in any occupation.

### **Prior Earned Income**

Prior Earned Income is the greatest of:

- (a) the average Monthly Earned Income in any 6 consecutive calendar months during the twenty-four months preceding the onset of Disability, or
- (b) the average Monthly Earned Income during the calendar year immediately preceding the onset of Disability, or
- (c) the highest average Monthly Earned Income for any two consecutive years in the three year period immediately preceding the onset of Disability.

The Prior Earned Income will be adjusted annually to reflect changes in the Consumer Price Index, beginning with the 13th month following the onset of Disability, as described in the Benefit Provision "Indexation of Prior Earned Income".

### **Loss of Earned Income**

Loss of Earned Income means the difference between the Prior Earned Income and the Monthly Earned Income. During a period of Residual Disability, the Loss of Earned Income must be due to the Injury or Sickness for which benefits are payable.

**Full-Time Employment**

Full-Time Employment means that You are actively engaged in a gainful occupation for at least 30 hours per week and at least 10 months per year.

**Expiry Date**

Expiry Date refers to the monthly anniversary of the Policy Date following Your 65th birthday. Coverage

provided by this policy will automatically terminate on the Expiry Date. The Owner has the right to renew the policy after this date as described in the Conditions For Renewal After Age 65.

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If the Reduced Disability Option is "Residual", the following definitions are used to determine if You are experiencing a Reduced Disability, and if so, the amounts payable.

**Residual Disability**

Residual Disability or Residually Disabled means that as a result of Injury or Sickness:

- (a) You are not Totally Disabled; and
- (b) You are engaged in Your Regular Occupation or another occupation; and
- (c) Your Loss of Earned Income is at least 20% of Your Prior Earned Income; and
- (d) You are under the Regular Care of a Physician and are following the recommended appropriate treatment.

**Proportionate Monthly Benefit**

The Proportionate Monthly Benefit for any month is obtained by the following formula:

$$\frac{\text{Loss of Earned Income}}{\text{Prior Earned Income}} \times \text{Monthly Benefit} = \text{Proportionate Monthly Benefit}$$

If the Loss of Earned Income exceeds 80% of the Prior Earned Income, We will consider this to be a 100% loss of the Prior Earned Income.

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If the Reduced Disability Option is "Partial", the following definitions are used to determine if You are experiencing a Reduced Disability, and if so, the amounts payable.

**Partial Disability**

Partial Disability or Partially Disabled means that as a result of Injury or Sickness:

- (a) You are not Totally Disabled; and
- (b) You are under the Regular Care of a Physician and are following the recommended appropriate treatment; and
- (c) You satisfy either condition (i) or (ii) as follows:
  - (i) You are engaged in Your Regular Occupation, but are unable to perform one or more of the important duties, or are unable to work for more than half of the time usually spent at that occupation prior to the start of the Injury or Sickness; or
  - (ii) You are engaged in another gainful occupation, but are unable to work for more than 20 hours per week.

### **Partial Monthly Benefit**

For the first thirty-six months, the Partial Monthly Benefit is equal to 50% of the Monthly Benefit. After benefits for Reduced Disability have been paid for 36 months, the Partial Monthly Benefit is equal to 25% of the Monthly Benefit.

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## **Benefit Provisions**

For each Proguard coverage shown in the Schedule, benefits are payable in arrears at monthly intervals following completion of the Elimination Period. Any benefit payable for less than one month will be paid at the rate of one thirtieth of the applicable monthly amount for each day of Disability.

We will require reasonable proof to support a claim for benefits under the policy. For a claim where the Proportionate Monthly Benefit is payable, reasonable proof of Loss of Earned Income is required. We may require copies of income tax returns as filed with Canada Revenue Agency or financial statements prepared by an independent, professional accountant according to generally accepted accounting principles. We may request independent financial verification at Our expense.

### **Monthly Benefit for Total Disability**

If You are Totally Disabled, We will pay the Monthly Benefit.

Payments begin after the Elimination Period and will be made for the period of continuous Total Disability, but not beyond the Maximum Benefit Period.

### **Additional Monthly Benefit for Catastrophic Disability**

While You are experiencing a Catastrophic Disability, We will pay 25% of the Monthly Benefit in addition to the Monthly Benefit for Total Disability. Payments begin after the Elimination Period or when Catastrophic Disability commences, if later.

### **Monthly Benefit for Reduced Disability**

If the Reduced Disability Option is "Partial", We will pay the Partial Monthly Benefit while You are Partially Disabled.

If the Reduced Disability Option is "Residual", We will pay the Proportionate Monthly Benefit while You are Residually Disabled. During the first six months that payments are made for Reduced Disability, the Proportionate Monthly Benefit will not be less than one-half of the Monthly Benefit.

Payments for Reduced Disability will begin after the Elimination Period or termination of Total Disability, whichever is later.

Payments will be made for the period of continuous Reduced Disability, but not beyond the Maximum Benefit Period.

### **Waiver of Premium**

Premiums\* will be waived as they become due, while You are Disabled or receiving Recovery Benefits.

Waiver of Premium begins after 90 days of Disability, or from the date monthly Disability benefits become payable, whichever is earlier. We will refund any premium that became due and was paid since the onset of Disability. Premiums are waived until the date Recovery Benefits or Disability ceases.

\*This provision waives premiums for the basic coverage and all riders attached to the policy.

Following a period during which We have waived premiums, the policy will continue in force if premiums are paid as they become due.

### **Recovery Benefit**

The Recovery Benefit is payable after a period of Disability which continued for at least 6 months, and for which Disability benefits have been paid. We will pay the Proportionate Monthly Benefit, for Loss of Earned Income as a direct or indirect result of the Injury or Sickness, if:

- a) You are no longer Disabled, and
- b) Your Loss of Earned Income is at least 20% of Your Prior Earned Income, and
- c) You are engaged in Full-time Employment.

Monthly benefits are payable during the recovery period, as specified below, that immediately follows Disability.

<b>Complete Months of</b>	<b>Recovery Period</b>
6-11 months	2 months
12-23 months	4 months
24 months or more	6 months

The recovery period will not extend past the Maximum Benefit Period nor continue beyond the Expiry Date.

The months in the recovery period must be consecutive, except that they may be interrupted by days of Disability.

### **Death Benefit**

If You die prior to the Expiry Date and while in receipt of monthly Disability benefits, We will pay an amount equal to three times the Monthly Benefit to the Owner or the estate of the Owner.

### **Indexation of Prior Earned Income**

The Prior Earned Income will be adjusted annually during Disability to reflect changes in the "All Items" Consumer Price Index (CPI), as published by Statistics Canada. The CPI factor for the year is calculated by dividing the value of the CPI as of three months prior to the current anniversary of Disability by the value of the CPI as of fifteen months prior to the current anniversary of Disability. On each anniversary of Disability, the previous Prior Earned Income will be multiplied by the CPI factor to obtain the adjusted Prior Earned Income. We may substitute a comparable index if the CPI ceases to be available. If the CPI bases have been altered at a subsequent calculation date, We will use the new bases. The adjusted Prior Earned Income will never be less than the initial Prior Earned Income.

### **Transplant Donor or Cosmetic Surgery**

After the policy has been in force for at least six months, if You undergo transplant surgery (where a part of Your body is transplanted to another person) or cosmetic surgery, any resultant loss will be considered to be caused by Sickness.

### **Recurrent Disability**

A Disability that begins within 12 months of a prior Disability for which the Elimination Period was satisfied, and that results from the same or related causes, will be considered a continuation of the previous claim in determining the Maximum Benefit Period. A new Elimination Period will not be required.

A Disability that begins more than 12 months after a prior Disability for which the Elimination Period was satisfied will be considered a new claim, even if due to the same or related causes. A new Elimination Period will be required and a new Maximum Benefit Period will apply.

A Disability that results from causes unrelated to a prior Disability will be considered a new claim, subject to the Concurrent Disability provision described below.

### **Concurrent Disability**

You will not be considered to be suffering from two or more Disabilities at the same time. If Disability is caused by more than one Injury or Sickness, or by both, the claim will be treated as one period of Disability, and the benefit payable each month will not exceed the Monthly Benefit. The Maximum



Benefit Period will be determined from the start of the first Disability and is not extended as a result of any other Injury or Sickness suffered during the period of continuous Disability.

### **Vocational Rehabilitation**

While You are receiving Disability benefits, We will consider Your written request to participate in a vocational rehabilitation program. The extent of Our participation in the program will be determined by mutual agreement between You and Us. Subject to the terms of the agreement, monthly Disability benefits will not cease because of participation in the rehabilitation program but may continue during the Maximum Benefit Period. We will also consider paying for related costs.

### **Exclusions**

This policy does not cover and no payment will be made because of Disability caused by:

- (a) an act or accident of war, declared or undeclared, or due to any type of military conflict, or
- (b) donor transplant surgery (where a part of Your body is transplanted to another person) or cosmetic surgery, during the first six months that this policy is in force, or
- (c) normal pregnancy or childbirth. However, the policy does provide coverage for Disability arising from complications of pregnancy or from complications of childbirth, including but not limited to extra-uterine pregnancy, pernicious vomiting, post-partum hemorrhage, and toxemia.

We will not pay benefits for any period of time during which You are incarcerated in a penal institution or government detention facility.

We will not pay benefits for conditions We have excluded during Our underwriting process by name or specific description. Any such exclusions are included with this policy.

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## **Conditions for Renewal After Age 65 Subject to Change In Premium**

The Owner has the right to continue this policy beyond the Expiry Date, subject to the following conditions:

- (i) You must be engaged in Full-Time Employment. We may require proof to this effect.
- (ii) If You cease to be so employed (except because of Total Disability), this policy will terminate on the date that such employment ceases.
- (iii) The premium payable during this renewal period will be based on Our rates for all policies of this type. We may change the rates for such policies as of any premium due date.
- (iv) After the Expiry Date, the following definitions replace those specified in Section 2 "Definitions":

**Disability or Disabled** Disability or Disabled refers to a period of Total Disability.

**Maximum Benefit Period** For Disability incurred on or before Your 75th birthday, the Maximum Benefit Period will be two years. For Disability incurred thereafter, the Maximum Benefit Period will be one year. The Maximum Benefit Period is the longest period of time for which benefits are payable during any one Disability.

- (v) The following provisions specified in Section 3 "Benefit Provisions" do NOT apply to Disability incurred after the Expiry Date: Monthly Benefit for Reduced Disability, Recovery Benefit and Death Benefit.

HP456A.PGS.RENEWAL.980701

# General Provisions

## **Contract**

You and the Owner must disclose in the application, or in any application for reinstatement or change, every fact which is material to the contract. Subject to the Incontestability Provision, failure to do so, or misrepresenting any fact, will make the contract subject to cancellation.

Changes to or waiving of policy provisions must be in writing and authorized by one of Our officers and initialed by one of Our employees. No agent has the authority to change this policy. This policy is subject to any legislative or regulatory requirements.

## **Payment of Premiums**

All premiums after the first will be payable on premium due dates determined from the Policy Date and the premium frequency. Premiums are payable at Our head office, specified regional offices, or by monthly pre-authorized withdrawals via any Canadian chartered bank. The Owner must advise Us in writing of a change in address for premium notification purposes.

The Owner may pay premiums annually, semi-annually or, if available, monthly by an automatic payment system.

If You are not Disabled, the Owner may change the premium frequency by giving Us 30 days written notice. We will then advise of the new premium amount payable. When a new premium is selected, premiums will be payable on that basis until the Owner requests another change.

## **Grace Period**

A period of 30 days grace from and excluding the day on which the premium is due will be allowed for the payment of each premium after the first. During the grace period the policy will continue in force. The policy will terminate if any premium remains unpaid after the grace period.

## **Reinstatement**

If this policy has been terminated for non-payment of a renewal premium, it may be reinstated within 6 months by written application and with evidence satisfactory to Us of Your good health and insurability. The reinstated policy will only cover loss due to Injury sustained after the date of reinstatement and loss due to Sickness which first manifested itself following 10 days after the date of reinstatement.

## **Control of Policy**

The Owner may exercise all the rights, options and privileges granted by this policy or permitted by Us.

## **Incontestability**

Statements made in the application for this policy or in an application for reinstatement, other than fraudulent statements, will be considered incontestable after this policy has been in force for 2 years from the Policy Date or the date of reinstatement. **Exception:** This provision does not apply if before the end of the two year period the Injury occurred, or the disability commenced or the symptoms or medical problems commenced which result in any investigation leading to the diagnosis of the Sickness.

## **Misstatement of Age**

If Your age (at nearest birthday) is misstated, any amount payable by Us will be adjusted in accordance with the correct age and premium.

If, because of the misstatement of Your age, We accept a premium for a period or periods beyond the date coverage would have ceased according to the correct age, or if at the correct age the coverage would not have become effective, Our liability will be limited to the refund of all premiums paid for the period during which coverage would not have been in effect.

In no event will any adjustment under this provision cause the amount of the disability benefit to increase over the amount shown in the Schedule.

**Misrepresentation of Claim**

This contract will be subject to cancellation by Us in the event that any fraudulent statement of a material fact is made in any written notice or proof of claim.

**Cooperation**

You are required to cooperate, make Yourself available and provide full disclosure of any information or evidence required by Us to adjudicate Your claim. Failure to comply will result in termination of Your claim.

**Payment of Claim**

All disability benefits will be paid to the Owner unless otherwise requested.

**Currency**

Amounts payable to and by Us will be in Canadian currency.

**Assignment**

No assignment of this policy will be binding upon Us unless the assignment is in writing and until it has been filed with Us at Our Head Office. We assume no responsibility as to the sufficiency or validity of any assignment.

**Pre-Existing Conditions**

We may not decline a claim on the grounds that a physical condition existed prior to the issue date if the pre-existing condition is fully disclosed in the application, unless the condition is excluded from coverage by name or specific description.

HP460A.PGS.GEN.20040501

**Statutory Conditions**

The following provisions reflect the Statutory Conditions of the Provincial Accident and Sickness Insurance Acts. These conditions shall be extended and apply to policyholders in the Province of Quebec as well.

**Contract**

The application, this policy, any document attached to this policy when issued and any amendment to the contract agreed upon in writing after the policy is issued, constitute the entire contract, and no agent has authority to change the contract or waive any of its provisions.

**Waiver**

The insurer shall be deemed not to have waived any condition of this contract, either in whole or in part, unless the waiver is clearly expressed in writing signed by the insurer.

**Material Facts**

No statement made by the owner or the person insured at the time of application for this contract shall be used in defence of a claim under or to avoid this contract unless it is contained in the application or any other written statements or answers furnished as evidence of insurability.

**Notice and Proof of Claim**

The owner or a person insured, or a beneficiary entitled to make a claim, or the agent of any of them shall:

- (a) give written notice of claim to the insurer,
  - (i) by delivery thereof, or by sending it by registered mail to the head office or chief agency of the

insurer in the Province, or

- (ii) by delivery thereof to an authorized agent of the insurer in the Province,
- (b) not later than thirty days from the date a claim arises under the contract on account of an accident, sickness or disability;
- (c) within ninety days from the date a claim arises under the contract on account of an accident, sickness or disability, furnish to the insurer such proof as is reasonably possible in the circumstances of the happening of the accident or the commencement of the sickness or disability, and the loss occasioned thereby, the right of the claimant to receive payment, his or her age, and the age of the beneficiary if relevant; and
- (d) if so required by the insurer, furnish a satisfactory certificate as to the cause or nature of the accident, sickness, or disability for which claim may be made under the contract and as to the duration of such disability.

**Failure to Give Notice or Proof**

Failure to give notice of claim or furnish proof of claim within the time prescribed by this statutory provision does not invalidate the claim if the notice or proof is given or furnished as soon as reasonably possible, and in no event later than one year from the date of the accident or the date a claim arises under the contract on account of sickness or disability if it is shown that it was not reasonably possible to give notice or furnish proof within the time so prescribed.

**Insurer to Furnish Forms for Proof of Claim**

The insurer shall furnish forms for proof of claim within fifteen days after receiving notice of claim, but where the claimant has not received the forms within that time the claimant may submit his or her proof of claim in the form of a written statement of the cause or nature of the accident, sickness or disability giving rise to the claim and of the extent of loss.

**Right of Examination**

As a condition precedent to recovery of insurance money under this contract, the claimant shall afford to the insurer an opportunity to examine the person of the person insured when and so often as it reasonably requires while the claim hereunder is pending.

**When Money Payable Other than for Loss of Time**

All money payable under this contract, other than benefits for loss of time, shall be paid by the insurer within sixty days after it has received proof of claim.

**When Loss of Time Benefits Payable**

The initial benefits for loss of time shall be paid by the insurer within thirty days after it has received proof of claim, and payments shall be made thereafter in accordance with the terms of the contract but not less frequently than once in each succeeding sixty days while the insurer remains liable for the payments if the person insured when required to do so furnishes before payment proof of continuing disability.

**Limitation of Actions**

An action or proceeding against the insurer for the recovery of a claim under this contract shall not be commenced more than one year\* after the date the insurance money became payable or would have become payable if it had been a valid claim.

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.

\* Or the applicable provincial limitation period, whichever is greater.

**Provincial Variations**

If necessary, the provisions described in this contract will be adjusted to meet the minimum

requirements of law within your province or territory.

HP461A.PGS.STAT.20120401

## Automatic Coverage Enhancements

This provision allows increases in the Monthly Benefit of 5% annually, without evidence of good health, provided You are not Disabled (or in receipt of Recovery Benefits), and in accordance with the terms described below.

Increases apply to the Monthly Benefit for each Proguard coverage shown in the Schedule, including any Own Occupation Rider, Cost of Living Rider, or Health Protection Rider in effect at the enhancement date. Any increase in the Monthly Benefit will apply only to a new Disability commencing after the enhancement date.

On the first policy anniversary, We will automatically increase the Monthly Benefit by 5% of the lesser of the Monthly Benefit then in force and the Monthly Benefit in force at the Policy Date, provided You are not Disabled (or in receipt of Recovery Benefits). On each subsequent anniversary, We will increase the Monthly Benefit by 5% of the lesser of the Monthly Benefit then in force and the Monthly Benefit in force at the previous policy anniversary, provided You are not Disabled (or in receipt of Recovery Benefits).

If You are Disabled (or in receipt of Recovery Benefits) at an enhancement date for which You otherwise would have qualified for an increase in Monthly Benefit, the Owner may apply in writing to have the Monthly Benefit increased after You resume Full-Time Employment. This offer will not apply if the Owner exercises the Increase in Benefit Option provided under any Cost of Living Rider.

The Owner has the right to refuse any of these increases in Monthly Benefit by advising Us in writing. If an increase is refused, or reversed, the enhancement at the next policy anniversary may still occur.

On the third policy anniversary, and every three years thereafter, We will require the Owner to provide a record of Your Monthly Earned Income and the total amount of Your disability coverage in force with all insurers in order to justify further increases in the Monthly Benefit. If Your average Monthly Earned Income (or other underwriting criteria which is acceptable to Us) in the year prior to the policy anniversary is not sufficient, according to Our published income limits, to justify the coverage in force, We will NOT offer automatic coverage enhancements for the next three policy anniversaries. Regarding the termination provision, condition "c", We do not consider this as a refusal of coverage by the Owner. However, if the required financial information is not received by Us within 120 days following the policy anniversary, the enhancements for the following three policy anniversaries WILL be considered to have been refused.

On the ninth policy anniversary, and every 9 years thereafter, the Owner will also be required to provide medical evidence of insurability on You satisfactory to Us in order to justify any further automatic increases in the Monthly Benefit. If the required information is not received by Us within 120 days following the policy anniversary, this provision will terminate. At the ninth policy anniversary, and every 9 years thereafter, We reserve the right to limit future increases in Monthly Benefit.

In all cases, the disability benefits provided by this policy and similar benefits in force with Us or any other company must not exceed the maximum amount of disability coverage offered to new applicants. This maximum limit is based on Our published underwriting and participation limits for Your classification of risk. We guarantee that the published underwriting and participation limits at any enhancement date will be comparable with those used by other insurers at that time.

The premium for any increase in Monthly Benefit will be calculated using the guaranteed rates in effect at the policy date for Your attained age and original classification of risk.

### Termination

This provision will terminate on the earliest of:

- a) the termination of the policy, or
- b) the anniversary of the policy date following Your 55th birthday, or
- c) when the Owner has refused 4 increases in Monthly Benefit, or
- d) when medical evidence of insurability provided by the Owner does not justify further increases in Monthly Benefit, or
- e) when the Owner does not submit medical evidence of insurability as required by Us.

This provision may be reinstated prior to Your 55th birthday with medical and financial evidence of insurability satisfactory to Us.

HP459A.PGS.ACE.20040501

## Future Care Option Amendment

The Future Care Option (FCO) allows the Owner of this policy to purchase new long term care insurance on You by terminating some or all of the disability insurance on You under this policy. The Owner can exercise the Future Care Option on the eligible disability insurance (DI) coverages under this policy if:

- this policy is in effect, and
- You are eligible for long term care insurance under the Future Care Option.

To exercise the Future Care Option, the Owner must submit a written application.

In this amendment, DI coverages mean the insurance coverages listed in this policy's Schedule that have a Monthly Benefit. This also includes:

- any Pensionguard rider that exists on this policy,
- any additional insurance coverage purchased after this policy was issued that has a Monthly Benefit.

### Eligibility for the Future Care Option

A DI coverage on You is eligible for the Future Care Option when these conditions have been met:

- the DI coverage is in effect and has been in effect for five years,
- no Monthly Benefits have been paid under the coverage at any time in the last five years,
- You are not satisfying the Elimination Period for any Disability under the coverage, and
- no Disability claim is pending on the coverage.

You are eligible for long term care insurance under the Future Care Option when these conditions have been met:

- You have not yet had Your 69th birthday on the day the Owner applies to exercise the Future Care Option,
- Your age meets the minimum and maximum age limits described in the administrative rules in effect at that time for the new long term care insurance policy, and
- You provide limited evidence satisfactory to Us that You qualify for long term care insurance on the day the Owner applies.

### Exercising the Future Care Option

The Future Care Option can be exercised in one of two ways:

- the Owner can terminate all of the DI coverages on You under this policy, or
- once in any 12-month period, the Owner can do either or both of the following:
  - decrease the Monthly Benefit of one or more of the eligible DI coverages on You under policy
  - terminate one or more of the eligible DI coverages on You under this policy, leaving some DI coverage in effect.

The Monthly Benefit of an eligible DI coverage includes any increases in the Monthly Benefit resulting

from the Automatic Coverage Enhancements provision or any other provision of this policy.

If the Owner exercises a Future Care Option that leaves some DI coverage in effect on this policy, We will:

- decrease or terminate the Monthly Benefit amounts on the eligible DI coverages starting with the amounts most recently added unless the Owner requests otherwise, and
- terminate the Automatic Coverage Enhancements provision and any Additional Insurance Rider on this policy.

The total Monthly Benefit amount of the DI coverages remaining on this policy must be at least \$500; of this amount, at least \$100 must remain in Coverage 01 (see this policy's Schedule). The total Monthly Benefit amount of all eligible DI coverages being terminated or reduced must be at least equal to the minimum Monthly Benefit amount that can be exercised as described in the administrative rules in effect at that time for the Future Care Option.

#### **When does the new long term care insurance take effect**

The new long term care insurance coverage We issue will take effect on the monthly anniversary of the Policy date following the day We approve the application and receive the required premium for the new long term care insurance policy.

At 11:59 p.m. on the day before the new long term care insurance coverage takes effect, we will:

- terminate any eligible DI coverage, rider or benefit on this policy that ends because the Future Care Option has been exercised, and
- decrease the Monthly Benefit for any eligible DI coverage on this policy whose Monthly Benefit is decreased because the Future Care Option has been exercised.

#### **The rules that apply to the new long term care insurance**

The new long term care insurance coverage must be on a long term care insurance policy that We choose. Premiums will be determined based on Your age and the rates in effect on the day the new long term care policy takes effect. The administrative rules in effect at that time for the new long term care insurance policy will apply.

The waiting period of the new long term care insurance coverage must be equal to or longer than the Elimination Period of the eligible DI coverage. If the Monthly Benefit is combined for two or more eligible DI coverages with different Elimination Periods, the waiting period of the new long term care insurance coverage must be equal to or longer than the longest Elimination Period. If the Elimination Period is longer than any waiting period available at that time on the new long term care insurance coverage, the waiting period will be the longest waiting period available at that time.

#### **Amount of the new long term care insurance**

The amounts for the new long term care insurance coverage will be derived from:

- the monthly benefit amount of the new long term care insurance coverage when the care setting is not a facility, as described below, and
- the options the Owner chooses for the long term care insurance policy that are used to determine how long the monthly benefit is payable.

The monthly benefit amount of the new long term care insurance coverage when the care setting is not a facility is equal to:

- 50% of the Future Care Option amount if the Owner applies on or before this policy's Expiry Date, or
- 25% of the Future Care Option amount if the Owner applies after extending coverage under this policy beyond its Expiry Date but before Your 69th birthday,

where the Future Care Option amount is equal to:

- the Monthly Benefit for the eligible DI coverages being terminated, plus
- the amount of the decrease in the Monthly Benefit for the eligible DI coverages whose Monthly Benefit is being decreased.

The amount of long term care insurance on You from all sources must not exceed the limits described in the administrative rules in effect at that time for the new long term care insurance policy.

### **Exclusions and ratings on the new long term care insurance**

If the eligible DI coverages have an underwriting exclusion or an insurance rating, We reserve the right to apply that exclusion or rating to the new long term care insurance coverage.

### **Riders available on the new long term care insurance policy**

If any rider that:

- provides return of premiums paid on the death of the insured person or
- increases the monthly benefit to protect against inflation

is available on the new long term care insurance policy when the Owner exercises the Future Care Option, We will offer a rider of that type that the Owner can add without providing evidence of insurability.

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## **Additional Insurance Rider**

For the purposes of this rider, the following definitions are in addition to those specified under Definitions.

**REGULAR OPTION DATE** - An option to purchase additional insurance will occur on each policy anniversary provided that:

- (a) this rider is in force, and
- (b) You are not Disabled (or receiving Recovery Benefits).

**SPECIAL OPTION DATE** - You may exercise an option to purchase additional insurance within 90 days of You losing Your group long-term disability coverage due to Your employer terminating coverage or due to You leaving Your place of employment. This option may be exercised provided that:

- (a) this rider is in force, and
- (b) You are not Disabled (or receiving Recovery Benefits), and
- (c) You are engaged in Full-time Employment

**OPTION DATE DURING DISABILITY** - One option to purchase additional insurance will be available on a policy anniversary that occurs when You are Disabled, or receiving Recovery Benefits. The additional amount will only be payable for a new Disability that occurs after the option date.

**OPTION AMOUNT** - The Option Amount is the maximum amount of additional insurance available on each option date. For the first 5 policy anniversaries, or up to the policy anniversary following Your 45th birthday, if later, the Option Amount is shown in the Schedule. Thereafter, the Option Amount is one-half the amount shown in the Schedule.

For the first purchase, and provided You are not Disabled (or receiving Recovery Benefits), the Option Amount will be twice the Option Amount otherwise available. On the Special Option Date, the Option Amount will be twice the Option Amount otherwise available and is available only once.

### **Benefit Provision**

The Additional Insurance Rider allows the Owner to increase the Monthly Benefit of the policy without evidence of Your good health, subject to the terms described below. If more than one Proguard coverage is shown in the Schedule, the total increase purchased on any option date will be split proportionately based on the Monthly Benefit of each such coverage. A purchase will include additional amounts of any Cost of Living Adjustment Rider, Own Occupation Rider and Health Protection Rider in effect at the option date.

Each purchase must be requested by the Owner, in writing, within 30 days of an option date. For the



first 5 policy anniversaries, or up to the policy anniversary following Your 45th birthday, if later, the minimum purchase amount is \$200 of Monthly Benefit. Thereafter, the minimum purchase amount is \$100 of Monthly Benefit.

On a Regular Option Date and the Special Option Date, We will allow purchases up to the Option Amount if Your average Monthly Earned Income (or other underwriting criteria satisfactory to Us) in the year prior to the option date is sufficient according to Our published income limits. The additional insurance amount will be effective on the option date, or the date of payment of the first premium for the additional insurance, whichever is later.

For the Option Date During Disability, We will allow You to purchase additional insurance up to the Option Amount. Your average Monthly Earned Income (or other underwriting criteria satisfactory to Us) in the year prior to the onset of Disability must be sufficient according to Our published income limits. The additional insurance amount is only payable for a separate period of Disability that occurs after the Option Date During Disability. However, premiums for the additional coverage will be waived while premiums for the original coverage are being waived.

In all cases, the total benefits provided by this policy and similar benefits in force with Us or any other company must not exceed the maximum amount of coverage offered to new applicants. This maximum limit is based on Our published underwriting and participation limits for Your classification of risk.

#### **Premium**

The premium for this rider is shown in the Schedule.

The premium for any additional insurance purchased on an option date will be calculated using the then current rate for Your age on the option date and the classification of risk on the policy to which this rider is attached.

#### **Termination**

This rider will automatically terminate on the earliest of:

- (1) the termination of the policy, or
- (2) when the total amount of additional insurance purchased under this rider equals the Total Option Amount shown in the Schedule, or
- (3) the anniversary of the Policy Date following Your 55th birthday.

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## **Cost of Living Adjustment Rider (5%)**

#### **Benefit Provision**

This rider adjusts the Monthly Benefit for each Proguard coverage shown in the Schedule to reflect the influence of inflation while You are Disabled (or receiving Recovery Benefits). Adjustments occur on the anniversary of the onset of Disability. The first adjustment occurs one year after the onset of Disability. The last adjustment occurs on the anniversary of the onset of Disability preceding the Expiry Date.

The Monthly Benefit will be adjusted annually during Disability to reflect changes in the "All Items" Consumer Price Index (CPI), as published by Statistics Canada. We may substitute a comparable index if the CPI is no longer available.

On the first anniversary of Disability, We adjust Your Monthly Benefit by multiplying it by the CPI factor for that year to obtain the adjusted Monthly Benefit, subject to the limits described below. On each subsequent anniversary, We multiply the adjusted Monthly Benefit for the previous year by the CPI factor for the current year. The CPI factor for the year is calculated by dividing the value of the CPI as of

three months prior to the current anniversary of Disability by the value of the CPI as of fifteen months prior to the current anniversary of Disability. If the CPI factor for any year is less than 1.0000, then the CPI factor for that year will be set to 1.0000.

While You are Disabled, the adjusted Monthly Benefit is subject to a limit that is re-calculated on each anniversary of Disability. This limit increases annually at a compounded rate of 5%. For the first year of Disability, the limit is equal to the Monthly Benefit in effect prior to Disability. At each subsequent anniversary of Disability, the limit is raised to 105% of the limit at the previous anniversary. In any year, if the adjusted Monthly Benefit as described above is more than the limit for that year, then the adjusted Monthly Benefit for that year will be set equal to the limit.

On any anniversary of Disability, the adjusted Monthly Benefit is also subject to a cap.

If this policy is the only individual income replacement disability insurance policy in force with Us and insuring You, the cap is either:

- 1) three times the Monthly Benefit shown in the Schedule, or
- 2) \$60,000,

whichever is greater. In any year, if the adjusted Monthly Benefit is greater than or equal to the cap, then the adjusted Monthly Benefit for that year will be set equal to the cap and We will not make any changes to the adjusted Monthly Benefit in subsequent years.

If You have more than one individual income replacement disability insurance policy in force with Us and insuring You, the cap is either:

- 1) three times the sum of all monthly benefits shown in the schedules of all disability insurance policies in force with Us and insuring You, or
- 2) \$60,000,

whichever is greater. In any year, if the sum of all monthly benefits is greater than or equal to the cap, then the adjusted Monthly Benefit for that year will be set equal to the cap minus any monthly benefits from other disability insurance policies in force with Us and insuring You. We will not make any changes to the adjusted Monthly Benefit in subsequent years.

While You are Disabled, the adjusted Monthly Benefit will be used to calculate any Total Disability benefits payable under this policy. The adjusted Monthly Benefit will also be used to calculate any Reduced Disability benefits, Recovery Benefits, or Death Benefit payable under this policy.

If You are Disabled under the Recurrent Disability provision, any adjustments to the Monthly Benefit are based on the commencement date of the prior Disability as if there had been no interruption of Disability.

### **Increase in Benefit Option**

If You are no longer Disabled, have resumed Full-Time Employment, and benefit payments have ceased under this policy, the Owner may elect to increase the Monthly Benefit for this policy to the most recent adjusted Monthly Benefit amount. This option can be exercised if the following conditions are met:

- 1) You have not reached Your 60th birthday on the day We receive the written request at Our Canadian head office.
- 2) The Owner applies for the increase in writing within 90 days of the date of the last benefit payment.
- 3) The Maximum Benefit Period under this policy is greater than 5 years.
- 4) The total amount of disability insurance in force and insuring You (including increases under this option) does not exceed Our maximum issue and participation limits then in effect.

No evidence of insurability will be required for increases under this option. The cost for increases in coverage under this option will be based on the rates then in effect for Your attained age and original classification of risk. Coverage under these increases will apply only to new Disabilities commencing after the effective date of the increase.

### **Premium**

The premium for this rider is shown in the Schedule.

**Termination**

This rider will automatically terminate on the earliest of:

- 1) the termination of the policy, or
- 2) the monthly anniversary of the policy date following Your 65<sup>th</sup> birthday even if the policy is renewed in accordance with the Conditions for Renewal After Age 65 provision.

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## Own Occupation Rider

This rider modifies the definition of "Total Disability" for each Proguard coverage shown in the Schedule

TOTAL DISABILITY - Total Disability or Totally Disabled means Your inability, due to Injury or Sickness, to perform the substantial duties of Your Regular Occupation. Total Disability will not exist unless You are under the Regular Care of a Physician and are following the recommended appropriate treatment.

Note that this enhanced definition of Total Disability does not apply to any Pensionguard rider which may also be attached to the policy.

**Premium**

The initial premium for this rider is shown in the Schedule and is guaranteed to age 65. If the policy is renewed after age 65 in accordance with the Conditions for Renewal After Age 65 Provision, the premiums for this rider may be changed on any premium due date, subject to Our then current rates for Your category of risk on riders of this type.

**Termination**

This rider will terminate on the termination date of the policy.

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## Health Protection Rider - Enhanced Version

This rider expands the definitions of Total Disability, Partial Disability and Residual Disability as specified under Definitions to include Impairment due to a Seropositive status as described below. If an Own Occupation Rider is attached, it also modifies the corresponding definition of Total Disability.

SEROPOSITIVE - Seropositive means that blood testing confirms that You carry one of the following viruses, and are at risk of transmitting it to others.

- (1) the Human Immunodeficiency Virus (HIV);
- (2) the Hepatitis B Virus (HBV); or
- (3) the Hepatitis C Virus (HCV).

However for the purposes of this rider, You will not be considered Seropositive if a vaccine offering protection against the virus becomes widely available prior to Your exposure but You elected not to take it.

IMPAIRMENT - You will be deemed to be experiencing an Impairment if due to Your Seropositive status:

- (1) You are prohibited\* from performing some or all important duties of Your Regular Occupation, or

(2) You are required to disclose\* Your Seropositive status to Your patients and as a result, some or all have refused treatment.

\* The prohibition or requirement to disclose would be in either the form of a law or of a written mandate or recommendation from an appropriate governing or licensing body or professional organization.

You will also be deemed to be experiencing an Impairment if You voluntarily restrict some or all of Your duties because there is a reasonable expectation that continuing to perform them may cause an unacceptable health risk (whether real or perceived) to Your patients.

**Benefit Provision**

Under this rider, We will provide regular benefits for each Proguard coverage shown in the Schedule in accordance with the Benefit Provisions of the basic contract, if You are Disabled as the result of an Impairment due to a Seropositive status, even if You have not developed symptoms of any related sickness.

The Elimination Period will be considered to have been completed at the date such Disability commences. The Regular Care of a Physician is NOT required.

Note that the expanded definitions of Disability do not apply to any Pensionguard rider that may also be attached to the policy.

**Enhanced Recovery Benefit**

A Recovery Benefit is payable after a period of Disability. The Recovery Benefit provision contained in the basic contract is modified as follows:

- (1) The requirement that You must be engaged in Full-Time Employment is waived if You were Disabled due to a Seropositive status.
- (2) The recovery period is extended as specified below, if Disability was due to a Seropositive status.

<b>Complete Months of Disability</b>	<b>Recovery Period</b>
24 - 59 months	12 months
60 - 119 months	24 months
120 months or more	36 months

The recovery period will not extend past the Maximum Benefit Period nor continue beyond the date that the rider expires.

**Premium**

The initial premium for this rider is shown in the Schedule. This premium is guaranteed for five years from the effective date of the rider. After this period, the premium may be changed on any policy anniversary, subject to Our then current rates for all riders of this type.

**Termination**

This rider will terminate on the earliest of:

- (1) the termination date of the policy, or
- (2) the monthly anniversary of the Policy Date following Your 65th birthday, even if the policy is renewed in accordance with the Conditions for Renewal After Age 65 Provision.

HP471A.PGS.HPR.20040501

## Pensionguard Rider

For the purposes of this rider, the following definitions replace those specified under Definitions.

**ELIMINATION PERIOD** - The Elimination Period for the Pensionguard rider is shown in the Schedule. It is the number of days following the onset and subsequent continuance of Disability, during which no benefits accrue for the rider.

Periods of Disability resulting from the same or related causes and separated by 24 months or less will be added together for the purpose of satisfying the required Elimination Period.

**MONTHLY BENEFIT** - The Monthly Benefit for the Pensionguard Rider is shown in the Schedule. The Monthly Benefit may only be decreased upon the Owner's written request.

For the purposes of this rider, the following definition is in addition to those specified under Definitions.

**RETIREMENT SAVINGS CONTRACT** - Retirement Savings Contract means a non-registered flexible premium annuity contract designated by Us. The owner and annuitant under this contract will be You.

#### **Monthly Benefit for Total Disability**

If You are Totally Disabled, We will, after the Elimination Period, deposit the Monthly Benefit into a Retirement Savings Contract.

Deposits are made for the period of continuous Total Disability, but not beyond the Maximum Benefit Period.

Deposits made for Total Disability will not continue beyond the date that the rider expires. In addition, while You are experiencing a Catastrophic Disability, We will deposit 25% of the Monthly Benefit for Total Disability into a Retirement Savings Contract. This additional benefit will not continue beyond the Maximum Benefit Period.

#### **Monthly Benefit for Reduced Disability**

If the Reduced Disability Option is "Partial", We will pay the Partial Monthly Benefit while You are Partially Disabled.

If the Reduced Disability Option is "Residual", We will pay the Proportionate Monthly Benefit while You are Residually Disabled. During the first six months that payments are made for Residual Disability, the Proportionate Monthly Benefit will not be less than one-half of the Monthly Benefit.

Payments for Reduced Disability will begin after the Elimination Period or termination of Total Disability, whichever is later.

Payments will be made for the period of continuous Reduced Disability, but not beyond the Maximum Benefit Period.

#### **Locked-In Deposits**

Deposits made by Us are locked-in and must be held by Us until the earliest of Your death, Your 65th birthday, or Your 60th birthday if this policy is surrendered.

On an annual basis, We will allow a partial withdrawal of 50% of the interest earnings from a non-registered flexible premium annuity contract to be withdrawn for the purposes of paying income taxes.

On an annual basis, We will allow a transfer of all or part of the funds accumulated in a non-registered contract to a corresponding registered retirement savings plan contract designated by Us.

#### **Premium**

The premium for this rider is shown in the Schedule.

#### **Termination**

This rider will automatically terminate on the earliest of:

- (1) the termination of the policy, or
- (2) the monthly anniversary of the policy date following Your 65th birthday even if the policy is renewed in accordance with the Conditions for Renewal After Age 65 provision.

## Premium Refund Rider

For the purposes of this rider, the following definitions are in addition to those specified under Definitions.

**TOTAL PREMIUMS** - Total Premiums includes all premiums due and paid or waived for this policy, except premiums paid for any Critical Needs Rider.

**TOTAL CLAIMS** - Total Claims includes any benefits paid and premiums waived under this policy, except for any lump sum benefits paid under the terms of a Critical Needs Rider and except premiums waived for any Critical Needs Rider attached to the policy.

**CLAIM TEST** - Claim Test is a calculation performed by Us from time to time to verify if You are eligible for benefits under this rider. The Claim Test is satisfied if Total Claims during a period do not exceed 20% of the Total Premiums for the same period. For example, if Total Premiums during a period equal \$5,000, the Claim Test is satisfied if Total Claims do not exceed  $20\% \times \$5,000 = \$1,000$ .

**RETURN PERIOD** - The initial Return Period is any 8 consecutive policy years commencing on or after the effective date of this rider, during which the Total Claims do not exceed 20% of the Total Premiums for that period. In most cases, the initial Return Period will end 8 years after the effective date of this rider. However, if the Claim Test for the first 8 years is not satisfied, no benefit is payable on the 8th anniversary. As long as this rider remains in force, We would check on each following anniversary until We find an 8 year period that satisfies the Claim Test. This period would be the initial Return Period.

A subsequent Return Period is any 8 consecutive policy years commencing after a prior Return Period has ended, during which the Total Claims do not exceed 20% of the Total Premiums for that period.

**PARTIAL RETURN PERIOD** - The Partial Return Period ends on the Expiry Date or on Your death. The Partial Return Period normally begins after any prior Return Period has ended (or the effective date of the rider if no prior refund was made.) However, if the Claim Test for this period is not satisfied, the beginning of the Partial Return Period will be moved forward one year at a time until We find the longest period that satisfies the Claim Test. This period would be the Partial Return Period.

**MAXIMUM REFUND AMOUNT** - The initial Maximum Refund Amount for this rider is shown in the Schedule. If the total annual premium for this policy decreases for any reason during the Return Period, the Maximum Refund Amount will be adjusted in direct proportion to the decrease in premium. The Maximum Refund Amount may only be increased at the end of a Return Period as described in the Increase in Benefit Option below.

### **Benefit Provision**

Under this rider, a benefit will be payable to the Owner at the end of any Return Period. The amount of the payment will equal the Maximum Refund Amount less the Total Claims during the Return Period.

This benefit will automatically be applied to pay future annual premiums for the policy, subject to Our rules for such payments which are in effect on the date at which the benefit is applied.

The Owner may instead elect to have all or any part of the benefit paid in cash by advising Us in writing within 30 days of the end of the Return Period.

A benefit is also payable in cash at the end of any Partial Return Period. The Maximum Refund Amount is multiplied by the number of years (including fractions) in the Partial Return Period and divided by eight. For example, if the Partial Return Period is 5 years, the Maximum Refund Amount is multiplied by  $5/8$ . The amount of the payment will equal this adjusted Maximum Refund Amount less the Total Claims during the Partial Return Period.

### **Increase in Benefit Option**

At the end of any Return Period, the Owner may increase the Maximum Refund Amount to reflect any increases in policy premium during the Return Period. We will notify the Owner of the eligible increase

at the end of the Regular Return Period.

**Premium**

The initial premium for this rider is shown in the Schedule. This premium will not change during a Return Period unless the total annual premium for this policy decreases.

**Termination**

This rider will automatically terminate on the earliest of:

- (1) the termination of the policy, or
- (2) the monthly anniversary of the Policy Date following Your 65th birthday even if this policy is renewed in accordance with the Conditions for Renewal After Age 65 provision.

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