



Security UL

Sample contract

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

In this policy, *you* and *your* mean the owner of the policy, and *we, our, us* and *Manulife Financial* mean The Manufacturers Life Insurance Company.

Your policy is an important part of the legal contract between you and us. We ask that you read it carefully to ensure that it gives you the coverage you applied for.

In the policy, we occasionally use the phrase *subject to our administrative rules*. We change our administrative rules from time to time to reflect corporate policy and economic and legislative changes, including revisions to income tax legislation. Any changes we make to our administrative rules will not affect the guaranteed benefits provided by this policy.

When we say *we will notify you*, we mean that we will send information to your address as shown in our files. You must advise us of any change in your address. Our phone number is shown in your most recent policy statement and the address of our Canadian Head office is shown in the section called *Words and phrases used in this policy*.

Sample

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Appendix 1 – The Side Account

**Appendix 2 – Cost of insurance rate tables
– Rider Cost rate tables (if applicable)**

Endorsements and riders providing additional coverages and benefits follow the Appendices.

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We're pleased to provide you with your Security UL insurance policy.

This policy provides you with life insurance protection. If an insured person covered by this policy dies, we will pay a death benefit, subject to the terms of your policy.

Security UL also provides you with tax-advantaged investment opportunities.

To keep your policy in effect, you need to keep enough value in your policy to pay the fees and charges that we deduct each month. You can also deposit additional money into your policy. You can determine how often you deposit money into your policy and how much your deposits will be. You can also choose the investment accounts that your deposits will be credited to. The value of your policy depends on:

- the choices you make in these areas, and
- the performance of the investment accounts you have selected.

We deduct the cost of your insurance protection and your policy's administrative fees and charges from the investment accounts.

Your policy's features are explained in more detail in the sections that follow. We've made every effort to make these descriptions easy to understand, starting with the *How this insurance policy works* section. Please read this policy document carefully to become familiar with the various features of your Security UL policy, so that you can take full advantage of the benefits it offers.

2 How this insurance policy works

When you bought this Security UL insurance policy, we agreed to provide you with insurance protection according to the terms of this policy as long as you keep enough value in the policy to cover the monthly deductions.

Here's a summary of how your policy works

You mail or deliver your deposits to us or arrange to have your deposits withdrawn automatically from a bank account. Your deposits must be in Canadian funds drawn from a Canadian financial institution.

- We deduct a Deposit Tax Charge from which we pay all or part of the taxes charged on deposits made into insurance policies.
- We put the rest of your deposit into the investment account or accounts you have chosen.
- Once a month, we deduct the cost of insurance, rider costs, the policy fee and the life fee(s) from your investment accounts. This is called your monthly deduction.
- The money that remains in your investment accounts becomes your Account Value, which earns interest. The interest may be positive or negative and this means the Account Value may fluctuate.
- You can make additional deposits to, or withdraw money from, your investment accounts. We recommend that you keep enough money in your accounts to cover your monthly deductions until your next regularly scheduled deposit.
- If there isn't enough money in your investment accounts to cover your monthly deductions, you have a 31-day Grace Period to make the deposit needed to keep your policy in effect.
- You can change existing coverages or add new coverages, subject to our administrative rules.
- You may have purchased additional insurance coverage and benefits through riders offered with this policy. All of your insurance coverage, including the additional coverage provided by riders, is summarized in the section called *Your policy summary*.

Sample

4 Making deposits and withdrawals

Making deposits

Your first deposit must be enough to allow your policy to go into effect. We apply the first deposit according to our administrative rules in effect at the time.

You must continue to make deposits to keep your insurance coverage in effect. The effective date for all other deposits is the business day we receive them in our Canadian Head Office, provided they are received before a time specified in our administrative rules. Deposits received after that time will be effective on the next business day. See the section called *Our Right to Delay Crediting Deposits and Processing Transactions* for more information.

You can choose how often you make your deposits. Deposits can be made in the following ways:

- If you choose to pay monthly, you must arrange for us to make automatic withdrawals in Canadian dollars from an account at a Canadian financial institution.
- If you choose to pay quarterly, semi-annually or annually, or to make unscheduled deposits, you can mail or deliver your deposits to our Canadian Head Office. These deposits must be made by cheque in Canadian funds drawn on a Canadian financial institution and made payable to Manulife Financial.

How we process your deposit

When we apply your deposit to your policy, we deduct the Deposit Tax Charge. We credit the rest, which we call the net deposit, into the investment account or accounts you have chosen.

When you applied for this policy, you gave us instructions about which investment accounts you wanted your money deposited to and in what percentage. You can provide us with new instructions at any time.

If you did not choose specific investment accounts, we will credit your net deposit to the Savings Account in your policy. For more information about your investment accounts, see the section called *Your investment accounts*. For more information on the Deposit Tax Charge, see the section called *Your policy costs*.

While this policy is in effect, you can make additional deposits at any time, although we can restrict the deposit amount according to our minimum and maximum limits. Some of these limits are described in the section called *The Grace Period* and in the section called *Tax law and your policy*.

Minimum deposit

You can choose the amount and frequency of your deposits. To keep your policy in effect, you must have enough money in your policy to cover the monthly deductions. The Minimum Monthly Deposit is an amount we calculate as the minimum deposit that would be required each month to keep your policy in effect; in making this calculation, we assume that all deposits to the policy are placed in the Savings Account.

In the section called *Your policy summary*, we show the Minimum Monthly Deposit that applies to your policy as of the effective date of *Your policy summary* pages. This amount will change if you change your insurance or rider coverages or if your coverages increase in cost over time. If you change your insurance or rider coverages, we will provide you with new policy summary pages and Appendix 2 pages. If the Minimum Monthly Deposit is scheduled to change, we will notify you about the increase. For more information, see the section called *Your policy costs*.

Maximum deposit

To maintain your policy's exempt status or to comply with our administrative rules, we can limit the deposits you make into your policy. For more information, see the section called *Tax law and your policy*.

Missing a scheduled deposit

If you miss a scheduled deposit, your policy may still have enough value, as described in the section called *Your policy values and related items*, to cover your monthly deduction.

If there is not enough value in your policy or in the Side Account to cover your monthly deduction, we will send you a notice to let you know that your policy is in a 31-day Grace Period. Your policy will be cancelled if we don't receive the required deposit before the end of the Grace Period. You will find information about the Grace Period and the termination of your policy in the section called *The Grace Period*.

Making withdrawals

You can withdraw money from your policy at any time; however, you must leave enough cash in your accounts to cover the monthly deductions that will be made before we receive your next deposit. This will ensure that your policy remains in effect.

When you request a withdrawal, we will make it effective on the business day we receive your request in our Canadian Head Office, provided it is received before the time of day specified in our administrative rules. Requests received after that time will be effective on the next business day. See the section called *Our right to delay crediting deposits and processing transactions* for more information.

We will deduct the amount of the cash withdrawal, and any Market Value Adjustments that apply, from the investment account or accounts that you specify in your request. If you do not specify an account or if the balance of the account you specify is not enough to provide the withdrawal amount that you have requested, we will deduct the cash from your investment accounts in the order shown in the section called *The order of withdrawal*.

When the cash has been withdrawn, your Account Value will be immediately reduced by the amount of the cash withdrawal and by any Market Value Adjustments that apply. Information on Market Value Adjustments can be found in the section called *Information about the investment accounts we offer*. There is no fee for withdrawing cash from your policy.

The order of withdrawal

We will use the order shown below when we withdraw money from your investment accounts to pay the monthly deduction:

- 1 The Savings Account, until the balance is reduced to zero.
- 2 The Average GIA Account, until the balance is reduced to zero.
- 3 The Balanced Index Accounts will be reduced proportionally, based on the balance in each account at the time we reduce it, until the balance in all of the Balanced Index Accounts is reduced to zero.

We will use the same order to fund a cash withdrawal unless you provide us with different instructions at the time you request the withdrawal.

Our right to delay crediting deposits and processing transactions

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

- crediting of deposits
- processing of transfer requests
- processing of withdrawal requests

to or from any account in your policy for up to seven days from the day we receive the funds or the day we receive the request for transfer or withdrawal.

We further reserve the right to delay the effective date of transactions in the event of an unanticipated closure or disruption of financial markets or our offices.

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

These rights take priority over any other information in this contract that describes effective dates.

5 Your policy costs

The Deposit Tax Charge

The Deposit Tax Charge is a percentage that is deducted from each deposit made to your policy. These deposits include money deposited into your policy from the Side Account. We use the amounts we deduct to pay all or part of the taxes that are charged on deposits made into insurance policies.

The percentage deducted for the Deposit Tax Charge is shown in the section called *Your policy summary*. The percentage will not change, even if there's a change in the taxes charged on deposits made into insurance policies in your province.

Monthly deductions

We deduct fees and charges from your accounts on the Policy Date and on each Monthly Processing Day that follows. The Monthly Processing Day for your policy is shown in the section called *Your policy summary*.

The fees and charges we deduct are:

- the policy fee
- the life fee(s)
- the cost of insurance that applies to the insurance coverages, and
- rider costs, if any.

The total of these fees and charges is called your monthly deduction.

The section called *The order of withdrawal* shows the order we use when we withdraw your monthly deduction from your investment accounts.

If the balance in your investment accounts is not enough to pay your monthly deductions and if there is money in the Side Account, we will withdraw money from the Side Account and deposit it into the corresponding account in the policy. This deposit will be the maximum amount that we estimate can be put into your policy without causing it to lose its exempt status. (Appendix 1 describes the Side Account and how this transaction works.) After this deposit, we will repeat the order of withdrawal to deduct any monthly deduction amount that is still outstanding from your investment accounts.

After the balance in all of your investment accounts, including the Savings Account, has been reduced to zero, we will withdraw any remaining deductions from the Savings Account. At this point, the Savings Account will have a negative balance.

The policy fee

We charge a monthly policy fee for administering your policy. The amount that applies to your policy appears in the section called *Your policy summary* and it is guaranteed never to increase.

The life fee

We charge a monthly life fee for each person insured by this policy. We guarantee that the monthly life fee will be calculated at the rate shown in the section called *Your policy summary*.

Cost of insurance

The cost of insurance is the amount we charge you for the life insurance coverage we provide.

How we determine the cost of insurance

We determine the cost of insurance rates that apply to each insurance coverage based on:

- the Cost Type you selected
- the coverage type you selected
- any insurance rating
- the amount of insurance the coverage provides, and
- the personal information shown in the section called *Your policy summary* that applies to the person or people insured by that coverage.

Our cost of insurance guarantee

We guarantee that your cost of insurance rates for each insurance coverage will never exceed the maximum rates shown in the tables in Appendix 2, unless you make a change to that coverage or unless the contract is cancelled and then reinstated. We may charge rates that are lower than these maximum rates.

If you add new insurance coverages, they will have their own guaranteed rates. If you decrease the amount of an insurance coverage, the maximum rates may increase.

Rider costs

Rider costs may not be guaranteed. Information about the benefits, features, and costs of any riders you have chosen appears at the end of this policy document.

Your policy costs and the InnoVision Advantage Option

The guarantees described in this section may change if you choose to exercise the InnoVision Advantage Option. See the section called *InnoVision Advantage Option* for detailed information.

6 Insurance and rider coverages

Types of insurance coverages

There are three types of insurance coverages available on this policy:

- Single Life
- Joint first-to-die
- Joint last-to-die

You can have more than one coverage of each type on your policy; you can also have a combination of two or more types, also on the same policy.

Cost types

The cost type of an insurance coverage describes the structure of the cost of insurance rates and how they apply while the coverage is in effect. The Cost Type for each insurance coverage is shown in the section called *Your policy summary*.

The guaranteed maximum cost of insurance rates for each insurance coverage and the date on which those rates become \$0 are shown in Appendix 2. The coverage will continue without any cost of insurance charges after that date, as long as your policy is in effect.

We may offer other Cost Types on new insurance coverages. This would affect your policy only if you added those coverages in the future.

Changing an amount of insurance

You can ask us to increase or decrease the amount of an insurance coverage. Changes in the amount of insurance take effect on the Monthly Processing Day that coincides with or next follows the day we approve the change.

Increasing the amount of insurance

If you wish to increase the amount of insurance, we will ask you to give us satisfactory evidence that:

- the insured person or people covered by the increase; and
- any insured person or people covered by a Total Disability Waiver Rider provided by this policy is eligible for the insurance.

Whether or not an increased amount of insurance is available to you, depends on our administrative rules regarding minimum and maximum increases in coverage and maximum ages.

An increase in the amount of insurance will be added to your policy as a separate, additional insurance coverage. We determine the insurance rating and Healthstyle for this additional coverage as of the new Coverage Issue Date, based on the evidence of insurability provided to us.

The information in your policy in the section called *Contesting the contract and If an insured person commits suicide* also applies to this new insurance coverage. A reference to the Coverage Issue Date in that section means the Coverage Issue Date of the new insurance. The time limits relating to suicide and contestability will begin on the Coverage Issue Date of the new insurance. If we contest the validity of the new insurance, we can rely upon any information provided to us for the purpose of obtaining the new insurance.

The new insurance will include any limitations to our liability contained in this policy for the insured person. It will also include any limitations we regularly include in policies being issued on the same plan for people of the same age, sex, insurance rating and Healthstyle.

Decreasing the amount of insurance

If you wish to decrease the amount of insurance, the decrease will be subject to our administrative rules regarding minimum decreases and minimum amounts of insurance coverage. A decrease in insurance could result in an increase in the cost of insurance rates.

Rider coverages

Optional benefits and coverages can be added to your contract as riders. You can refer to the section called *Your policy summary* for information about the rider coverages you have purchased. Descriptions of each rider you have purchased are found at the end of this policy document.

Additional provisions for joint first-to-die insurance coverages

Joint Legacy Protector

The Joint Legacy Protector feature provides you with the flexibility to adapt your joint first-to-die coverage if your insurance needs change. Through this option, you can change all or part of your joint first-to-die coverage into joint last-to-die coverage without providing us with any additional evidence of insurability. The availability and the expiry date for this feature are shown in the section called *Your policy summary*.

The effective date of a change to joint last-to-die under this feature will be the Monthly Processing Day that coincides with or next follows the date we approve your request.

Changing all of a joint first-to-die coverage

If you change all of a joint first-to-die insurance coverage to a joint last-to-die insurance coverage:

- the Coverage Date and the Coverage Issue Date for the joint last-to-die coverage will be the same as those for the joint first-to-die coverage;
- the joint age for the joint last-to-die insurance coverage will be calculated as of the Coverage Date of the original joint first-to-die insurance coverage using the personal information for each insured person as shown in the section called *Your policy summary* for the original joint first-to-die coverage, and based on the joint age calculation for similar coverages with the same Coverage Date as the joint last-to-die insurance coverage;
- the joint insurance rating will be recalculated based on the joint last-to-die coverage type and the individual insurance ratings for each insured person on the original joint first-to-die insurance coverage and based on the joint insurance rating calculation for similar coverages; and
- the cost of insurance rates for the joint last-to-die insurance coverage will be the rates applicable to similar coverages with the same Coverage Date as that coverage.

Changing part of a joint first-to-die coverage

You can change part of a joint first-to-die insurance coverage to a joint last-to-die insurance coverage if the amount of insurance for both the existing joint first-to-die insurance coverage and the new joint last-to-die insurance coverage will meet our required minimum amounts. The basis for determining the Coverage Date, joint insurance rating and cost of insurance rates will be stated in our administrative rules. The joint age will be calculated as of the Coverage Date of the original joint first-to-die insurance coverage using the personal information for each insured person as shown in section called *Your policy summary* for the original joint first-to-die coverage, and based on the joint age calculation for similar coverages with the same Coverage Date as the joint last-to-die insurance coverage.

Survivor's Benefit

If you have a joint first-to-die insurance coverage that insures two people and if one of the two insured people dies, you may buy new permanent life insurance on the survivor without providing evidence that the survivor is eligible for insurance. The maximum amount of insurance will be the amount of joint first-to-die insurance in effect for that coverage on the date of the first death.

This insurance may be:

- an additional insurance coverage under this policy, as long as the policy does not end as result of this death, or
- a new policy offered by us at that time, with an amount of insurance that doesn't increase over time.

We must receive an application for the new insurance, together with the first premium, within 31 days after the death. The survivor must be less than 70 years old on that date.

The new insurance must meet our minimum and maximum amount of insurance requirements for the plan you choose and will be subject to our administrative rules. Any restrictions on benefits in your original coverage will apply to your new insurance.

Once we've accepted the application, the new insurance takes effect on the next Monthly Processing Day. This is called the Exchange Date. If the insured person dies before the Exchange Date, the new insurance will not go into effect and we will refund any payment you have made for it.

The premium for the new insurance will be based on the amount of the new insurance and on the insured person's:

- age on the birthday nearest the Exchange Date; and
- Healthstyle as shown in the section called *Your policy summary*, except as shown below under Healthstyle changes; and
- other personal information as shown in the section called *Your policy summary*.

If we apply the provisions that relate to suicide and contestability to the new insurance, the dates we use will be those that apply to the original coverage. If the new insurance is reinstated, the terms of the new contract relating to suicide and contestability apply.

If we contest the validity of the new insurance, we can rely on any information provided to us to obtain the original coverage or any additional information provided to us at the time of exchange.

If the person who died was the only policy owner and there is no successor policy owner, called a subrogated policyholder in Quebec, only the survivor can apply for a new policy on his or her own life without providing evidence of insurability.

Healthstyle changes

The Healthstyle of the insured person or people on the new coverage will be the same as on the original coverage, unless we approve your application for an improved Healthstyle or as shown below.

If the insured person's Healthstyle on the original coverage is

Then the insured person's Healthstyle on the new insurance or coverage will be

category 1 or 2

category 3, if the original coverage has been in effect for more than 10 years or if the same category is not available

If you buy new life insurance on a policy that does not have Healthstyle categories, the new insurance will have either a class of risk or a smoking status. We will determine this from the insured person's Healthstyle as shown on the original coverage.

The following table shows how we determine the class of risk or smoking status on the new insurance, unless we approve your application for a better class of risk or smoking status.

If the insured person's Healthstyle on the original coverage is	Then the insured person's class of risk on the new insurance will be	Or the insured person's smoking status on the new insurance will be
category 1 or 2	non-smoker	non-smoker
category 3 or 4	non-smoker or special	non-smoker
category 5	standard or special	smoker

The class of risk will also be determined by that person's insurance rating. It will be labelled "special" if the insured person's insurance rating is greater than 100 per cent.

Automatic Temporary Term Insurance on the survivor

We will automatically provide temporary term insurance on the life of the survivor from the date of the first death until the earlier of:

- the 31st day following the first death; and
- midnight of the day before the effective date of the new insurance.

The death benefit payable will be the amount of the insurance coverage in effect on the date of the first death.

We will pay the death benefit under the automatic temporary term insurance to the estate of the survivor, unless you named someone else as the beneficiary.

If both insured people under a joint first-to-die coverage die at the same time or if it is impossible to determine who died first, we will pay the death benefit under the automatic temporary term insurance in the same way and to the same people as we pay the death benefit under the policy.

This is described in the section called *If two or more insured people die at the same time*.

We will not pay any automatic term insurance benefit or issue any coverage under the Survivor's Benefit if:

- the first insured person commits suicide, whether sane or not; or
- the survivor commits suicide, whether sane or not; or
- we contest the validity of the original insurance coverage.

Disability Benefit

The terms we use in this section are defined as follows:

- 'insured person' is a person insured under an insurance coverage on this policy. In this section, rider coverages are not included under this definition of 'insured person'.
- 'disability' and 'disabled' are defined below in the section called *How We Define Disability*.
- 'physician' is a qualified medical doctor who gives medical care within the scope of his or her licensed authority. The physician cannot be the policy owner or an insured person. We may require that an insured person be treated by a psychiatrist for claims related to a mental disorder, nervous disorder, or 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 occupation(s) an insured person was engaged in at the onset of their disability.
- 'you' and 'your' refer to the policy owner, except for the section called *How We Define Disability* where the terms 'you' and 'your' refer to the insured person.

If an insured person becomes disabled, you may request the payment of a Disability Benefit subject to our eligibility, notice and claim requirements described below. The amount of Disability Benefit you can request from us is subject to our administrative rules at the time and cannot exceed this policy's Cash Value as of the date we receive your request for payment of this benefit.

If we pay a Disability Benefit to you, the Cash Value of this policy will be reduced by the amount of the Disability Benefit payment. The Disability Benefit payment will be administered in accordance with the applicable terms and conditions described in the sections called *Making withdrawals* and *The order of withdrawal*, and subject to our administrative rules at the time.

How we define disability

The terms 'you' and 'your' mean the insured person. An insured person is considered to be 'disabled' or to have a 'disability' if that insured person is either totally or catastrophically disabled as described below.

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 are engaged in any gainful occupation despite any injury or sickness.

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 engaged in any gainful occupation despite any injury or sickness.

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

The four categories of catastrophic disability are:

- 1 **Assumed Disability.** You will qualify in this category if you have total and permanent loss of one of the following:
 - a sight of both eyes; or
 - b hearing in 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.** You will qualify in this category if you are unable to do one of the following activities:
 - a **Feeding** – your ability to eat prepared food without assistance.
 - 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.
 - f **Continence** – your ability to control bowel and bladder function and perform personal hygiene (including care of catheter or colostomy bag).

- 3 **Cognitive Loss.** You will 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 will qualify in this category if you are diagnosed as being terminally ill with a life expectancy of less than one year, as determined by us from the medical information we receive.

Claiming a Disability Benefit

You can claim a Disability Benefit if:

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

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

We must receive satisfactory evidence:

- while the insured person is living and disabled as defined in the section of this provision under the heading *How we define disability*; and
- before the first anniversary of the day the disability occurred.

Occurrences of disability

Any total disability must occur:

- on or after the policy anniversary nearest the insured person's 18th birthday but
- 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.

You may request only one Disability Benefit payment during any 12 month period. The insured person must be disabled at the time of the request.

Exclusions

General exclusions

We will not pay a Disability Benefit as described in the section *Disability Benefit* if an insured person's disability is caused:

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

Exclusions for pre-existing conditions

We will not pay a Disability Benefit as described in the section *Disability Benefit* if an insured person becomes disabled within 12 months of the earliest Coverage Issue Date for that insured person due to a pre-existing condition.

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

- the insured person or the insured person's physician notices or is aware of on 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.

Sample

7 Your investment accounts

This section identifies the investment accounts available as of the effective date of your policy. Your policy statement or your advisor can tell you where you can find more detailed information on the performance and composition of the accounts.

The investment accounts we offer

We offer the following investment accounts:

- Savings Account
- Average GIA Account
- Three Balanced Index Accounts, offering different levels of risk:
 - Conservative Balanced Index Account
 - Moderate Balanced Index Account
 - Growth Balanced Index Account

The rate of return in the Balanced Index Accounts can be either positive or negative. The balance in each of these accounts will fluctuate depending on changes in:

- the indices or rates on which the account is based, and
- the Canadian dollar exchange rate, for the accounts which contain foreign indices.

Any amounts credited to the investment accounts we offer under this policy will be invested in Manulife Financial's general funds and all of the benefits of this policy are backed by our general assets. You do not acquire any interest in any specific fund or security.

When you make a deposit to or request a transfer or withdrawal from an investment account or when we are crediting interest to the investment accounts, we can delay the effective day of these transactions. See the section called *Our right to delay crediting deposits and processing transactions* for more information.

We may introduce new investment accounts in the future. We may also change or discontinue any account we offer. If we do this, we will notify you before we make the change. You can choose to transfer any money you have in the account being discontinued or changed to another account that we offer at the time. If you don't inform us of your choice within the time period we state, we'll transfer the balance to the account we identify when we notify you of the change.

Changing your investment instructions

You can select different investment accounts or change the percentage of each deposit that is allocated to an account, or both. The effective day of the change is subject to our administrative rules.

Transferring money between accounts

You may also request that some or all of the balance of any investment account be transferred to another investment account. Market Value Adjustments may apply to the transfer. The effective day of the transfer is subject to our administrative rules.

The balance in your investment accounts

We determine the balance of an investment account at any time as the sum of:

- the amount of each net deposit credited to the account
 - the sum of all interest earned (positive and negative)
 - any Bonus credited to the account
 - any amount transferred into the account from another investment account
- minus
- any amount transferred from the account to another investment account
 - any cash withdrawal, including funds withdrawn and paid as part of a death benefit on this policy
 - any amount we automatically withdraw to pay your monthly deduction or to keep your policy's exempt status, and
 - any Market Value Adjustments and charges that apply.

Guaranteed Account Value when the last death benefit is payable

When the last death benefit is payable for an insurance coverage under this policy, we guarantee that the Account Value will be no less than 75 per cent of the sum of:

- the amount of each net deposit credited to the policy
 - any Bonus credited to the policy
- minus
- withdrawals from the policy. Withdrawals include:
 - automatic withdrawals to pay your monthly deductions or to keep your policy's exempt status
 - cash withdrawals, including amounts withdrawn and paid as part of a death benefit on the policy
 - any Market Value Adjustments and charges that apply.

Information about the investment accounts we offer

The investment accounts and our guarantees relating to them are described below. You can obtain more detailed information on the performance and composition of the investment accounts from your advisor or through the contact information provided on your policy statement.

Savings account

Your policy has a Savings account. If you do not choose to deposit money into other investment accounts, your deposits will be credited to this account. Interest for this account is earned and compounded daily at a rate we determine.

The rate credited to your Savings account is set at least once a week. We guarantee that the effective annual interest rate for this account will not be less than the greater of:

- 90 per cent of the current yield on Government of Canada 91-day Treasury Bills, minus 2.25 per cent; and
- 0 per cent.

Average GIA account

The Average GIA account pays interest based on the average yield of mid- to long-term Government of Canada bonds. Interest for this account is earned and compounded daily at a rate we determine.

The rate credited to your Average GIA Account is set at least once a week. We guarantee that the effective annual interest rate for this account will not be less than the greater of:

- 90 per cent of the weighted average yield on current coupon Government of Canada bonds with terms to maturity of 10 years or more, minus 2.25 per cent, and
- 1.5 per cent.

We weight the average yield over the shorter of two time periods:

- since we started offering Average GIA accounts on our Canadian policies; and
- the past 15 years.

The weightings used to determine the average yield are based on the net cash flows for this account for all our universal life policies.

Market Value Adjustments

A Market Value Adjustment may apply to the Average GIA account when money is withdrawn from it. It does not apply when money is withdrawn to pay the monthly deduction or to form part of the death benefit. A Market Value Adjustment is calculated by multiplying the amount withdrawn by a Market Value Adjustment factor. We deduct the Market Value Adjustment from the Average GIA account. The amount withdrawn plus any Market Value Adjustment that applies cannot be more than the balance in the Average GIA account.

The Market Value Adjustment factor that we set at any time will not be greater than 7.5 times the excess, if any, of the current yield on Government of Canada bonds with terms to maturity of 10 years or more over the interest rate being paid at that time for the Average GIA Account.

Balanced Index accounts

The Balanced Index accounts pay interest based on the weighted average of the Government of Canada 91-day Treasury Bill (T-Bill) rate and the performance of specific market indices as shown below.

The balance of each Balanced Index account is adjusted daily. This adjustment may increase or decrease the balance in the account, depending on whether positive or negative interest is earned in the account on that day.

We determine the account balance by taking the previous day's account balance and adding or deducting the daily interest. We calculate the daily interest by multiplying the account's balance at the end of the previous day by the daily interest rate we determine.

The daily interest rate that applies to a Balanced Index account can be positive or negative, depending on changes in:

- the indices or rates on which the account is based, and
- the Canadian dollar exchange rate, for the accounts which contain foreign indices.

The daily interest rate is determined on each *business day*. This is a day on which our Canadian Head Office is open for business. When our Canadian Head Office is not open for business, the daily interest rate is zero.

We calculate our daily interest rate for an index based on the total return of that index with dividends reinvested.

If the daily interest rate is negative, the balance of the account will decrease. This will result in a corresponding reduction in the Account Value and the Cash Value of the policy. These values are described in the section called *Your policy values and related items*.

Minimum daily interest guarantees

Conservative Balanced Index account

We guarantee that, on each particular business day, the daily interest rate that applies to the Conservative Balanced Index account will not be less than the result of:

- 40 per cent of the current effective daily yield on Government of Canada 91-day Treasury Bills; plus
 - 40 per cent of the percentage daily change in the Scotia Capital Universe Bond Index; plus
 - 20 per cent of the percentage daily change in the S&P/TSX 60 Index
- minus
- a daily management fee of 0.000100.

Moderate Balanced Index account

We guarantee that, on each particular business day, the daily interest rate that applies to the Moderate Balanced Index account will not be less than the result of:

- 20 per cent of the current effective daily yield on Government of Canada 91-day Treasury Bills; plus
 - 40 per cent of the percentage daily change in the Scotia Capital Universe Bond Index; plus
 - 30 per cent of the percentage daily change in the S&P/TSX 60 Index; plus
 - 10 per cent of the percentage daily change in the G5 Index¹;
- minus
- a daily management fee of 0.000110.

Growth Balanced Index account

We guarantee that, on each particular business day, the daily interest rate that applies to the Growth Balanced Index account will not be less than the result of:

- 10 per cent of the current effective daily yield on Government of Canada 91-day Treasury Bills; plus
 - 20 per cent of the percentage daily change in the Scotia Capital Universe Bond Index; plus
 - 40 per cent of the percentage daily change in the S&P/TSX 60 Index; plus
 - 30 per cent of the percentage daily change in the G5 Index¹;
- minus
- a daily management fee of 0.000120.

You can obtain more detailed information on the performance and composition of the investment accounts from your advisor or through the contact information provided on your policy statement.

¹ The percentage daily change of the G5 index is the weighted average of the percentage daily change in the Canadian dollar value of each index within the G5 index. The G5 index is made up of five major stock price indices in countries other than Canada. These are the CAC 40 (France), DAX 30 (Germany), Nikkei 225 (Japan), FT-SE 100 (Britain), and S&P 500 (United States). Each of these indices is weighted according to the total value in Canadian dollars of the shares in that index. We review the weighting at least once a month. If these indices change or are no longer available, we will use the index established in its place (if any) or an index available at that time that is most closely related to the original.

8 Paying death benefits

How to claim a death benefit

To claim a death benefit, a person entitled to make the claim should call your advisor or contact us directly at the phone number shown in your most recent policy statement. We will tell that person which documents we require to allow us to pay the correct amount to the appropriate person. We require satisfactory evidence of the following:

- the death of the insured person or people under the coverage, including the date of death and other information relating to that death,
- the birthdate of all people insured by the coverage, and
- the claimant's right to be paid.

Who receives the death benefit

The death benefit is generally payable to the beneficiary you named for the insurance coverage on the insured person who dies. For more information about beneficiaries, see the section called *Beneficiaries*.

If you use this policy as security for a loan, the rights of any collateral assignee or, under the Quebec Civil Code, hypothecary creditor, may take precedence over the right of any other person claiming the death benefit. See the section called *Using this contract as security for a loan*.

How we determine the death benefit

On single Life coverages	We pay a death benefit when a person whose life is insured by the insurance coverage dies. We calculate the death benefit as of the day this insured person dies.
On joint first-to-die coverages	We pay a death benefit when the first person insured by the joint insurance coverage dies. We calculate the death benefit as of the day this insured person dies.
On joint last-to-die coverages	We pay a death benefit when the last person insured by the joint insurance coverage dies. We calculate the death benefit as of the day this insured person dies.

The death benefit payable for an insurance coverage consists of:

- the amount of insurance shown in the section called *Your policy summary* for that insurance coverage, and
- the portion of the Account Value allocated to that insurance coverage on the date of death unless there is a negative balance in the Savings Account on that day. If there is a negative balance in the Savings Account, the death benefit will be reduced by the amount required to increase the balance in the Savings Account to zero.

Since the Side Account is outside the contract, it does not form part of the Account Value; we do not pay any portion of the Side Account to any beneficiary on the death of an insured person. See Appendix 1 for details on who receives the Side Account balance.

Under certain conditions we will adjust the death benefit as explained in the following sections of your policy:

- Changing an amount of insurance, in the section called *Insurance and rider coverages*.
- If an insured person commits suicide, in the section called *More information about this policy*.
- If an insured person's age or sex has been stated incorrectly, in the section called *More information about this policy*.
- Guaranteed Account Value when the last death benefit is payable, in the section called *Your investment accounts*.

There may be circumstances when we determine that a death benefit is not payable. These are described in the following sections:

- Contesting the contract, in the section called *More information about this policy*.
- When an insurance coverage or your insurance contract ends, in the section called *When an insurance coverage or your insurance contract ends*.

Sample

9 Your policy values and related items

Your policy's Account Value

On any specific day, the Account Value of your policy is the total of the balances of all your investment accounts. We allocate a portion of the positive Account Value to each insurance coverage in effect on that day based on the age or joint age of the insured people on the Coverage Date, the amount of insurance and the length of time that coverage has been in effect.

If the total of the balances of all your investment accounts is less than zero, a negative balance will be carried in your Savings Account.

When a person insured by this policy dies and a death benefit is payable, the death benefit we pay includes the portion of the Account Value allocated to the applicable insurance coverages.

If the Account Value is positive, we reduce the value of each investment account as described in the section called *The order of withdrawal* to provide the Account Value required to pay the death benefit.

If the Account Value is negative, we reduce the death benefit payable by the amount required to increase the balance in the Savings Account to zero.

The Account Value becomes zero when the last insured person under this policy dies.

Your Bonus

The Bonus is a reward to you for keeping your policy in effect. It is an interest payment that we credit to the Savings Account:

- on the fifth policy anniversary, and
- on every policy anniversary after that, as long as your policy is in effect.

Each Bonus payment is an amount equal to 0.5 per cent of the Average Account Value over the preceding 12 months. This Average Account Value is determined as the sum of the Account Value on each Monthly Processing Day in the 12 months immediately preceding the Bonus payment divided by 12. It will never be less than zero.

Your policy's Cash Value

The Cash Value of your policy at any given time equals its Account Value, minus any Market Value Adjustments that apply. See the section called *Information about the investment accounts we offer*.

10 When an insurance coverage or your insurance contract ends

When an insurance coverage ends

An insurance coverage ends on the earliest of:

- the monthly processing day coinciding with or next following the day you ask us to cancel the coverage, or
- the day an insured person under the coverage dies and a death benefit is payable for that coverage, or
- the day your insurance contract ends.

When your insurance contract ends

Your contract and all coverage under it ends on the earliest of the following dates:

- 31 days after your contract enters the grace period, if you have not made the deposit needed to keep your policy in effect, or
- the day there is no longer an insurance coverage in effect, or
- the business day we receive your request to cancel the contract at our Canadian Head Office, provided it is received before a time specified in our administrative rules. Requests received after that time will be effective on the next business day.

We may also cancel the contract, or deny or cancel coverage, as described in the section called *Contesting the contract*.

If you cancel your insurance contract, we will pay the Cash Value to you. If you use this contract as security for a loan, the rights of any collateral assignee or, under the Quebec Civil Code, hypothecary creditor, may take precedence over your right to receive the Cash Value.

You may not be able to cancel the contract if you have named an irrevocable beneficiary or if you are using this contract as security for a loan.

The Grace Period

If, on any Monthly Processing Day, there is not enough value in your policy to cover your monthly deduction (in other words, your Account Value is less than zero), your policy will lapse. You have 31 days to make the required deposit. This 31-day period is called the Grace Period.

On the last day of the Grace Period, this contract and all coverages under it will be automatically terminated if you have not made the required deposit.

We'll place all deposits we receive during the Grace Period into the Savings Account. If the total of these deposits is not enough to pay the outstanding amounts, the policy will end and we will refund the deposits to you.

Reinstating your contract

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

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

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

The reinstatement amount

The reinstatement amount is:

- the amount needed to bring the negative Account Value on the first day of the Grace Period to zero, plus
- all Minimum Monthly Deposits due from the day your policy went into the grace period until the day we reinstate your policy,
- interest on these amounts, as we describe in our administrative rules.

The effective date of the reinstatement of the contract will be the later of:

- the day we receive the application for reinstatement and the required deposit; and
- the day we approve the evidence of insurability.

Splitting a policy that insures two or more people

If this policy insures two or more people and the business relationship of these insured people is changing or their marriage is ending, you can convert or exchange insurance coverages on these insured people under this policy to new life insurance that we offer at that time, subject to our administrative rules and the rules shown below.

You can purchase new insurance by:

- adding a new insurance coverage with an amount of insurance that doesn't increase over time to a Manulife Financial life insurance policy you already own (if we allow insurance coverages to be added on that type of policy), or
- buying a new life insurance policy offered by us at that time with an amount of insurance that doesn't increase over time.

We will transfer the insurance rating and Healthstyle that applies to the insured person under an insurance coverage under this policy to the new insurance, with the following exception. If the insured person's coverage under this policy has Healthstyle category 1 or 2, any new insurance purchased 10 or more years after the coverage under this policy became effective will have Healthstyle category 3.

The amount of the new insurance can't be more than the amount of the insurance you are converting or exchanging, unless you provide evidence of insurability.

If the people insured have a joint last-to-die coverage, we will require satisfactory proof that all are eligible for insurance before we approve the purchase of new individual policies.

Any coverage under this policy that is converted or exchanged as described above will end at midnight on the day before the new insurance becomes effective. However, if the insured person dies before the new insurance becomes effective, the new insurance will not take effect and the original coverage will not end. We will refund any payments you have made for the new insurance.

Sample

11 More information about this policy

Your contract

This life insurance policy is part of the legal contract between you and us. It commits us to providing life insurance and the other benefits described in the policy.

The entire contract consists of:

- this policy document
- the application for insurance coverages provided by the policy and rider coverages
- the medical evidence form(s)
- the written statements and answers that are given as evidence of insurability
- all rider pages
- all subsequent applications to change the insurance or rider coverages and any amendments or new versions of the Policy summary pages that result from the change
- any other amendments agreed on in writing after the policy is issued
- any endorsements
- any application to reinstate the contract.

We are bound only by the statements that are part of the contract. Only our President or one of our vice-presidents can agree to any change you request in the contract and their agreement must be in writing.

Your rights as a policy owner

Your rights include the right to:

- name the beneficiary or beneficiaries
- transfer ownership of the contract
- use this policy as security for a loan
- vary the frequency or amount of your deposits, within our administrative limits
- cancel the contract as a whole or cancel individual insurance or rider coverages.

We refer to policy owner in the singular throughout this policy. If there is more than one owner, all owners must act unanimously to exercise their rights and options.

You may name a successor owner, called a subrogated policyholder in Quebec, to assume the rights of this policy when you die. If there is no successor owner, your rights and benefits will pass to your estate. The successor owner will not assume the rights to the Side Account; those rights will pass to your estate.

You must follow the terms and conditions of this policy when you exercise the rights we've listed above. Your rights may also be limited by any laws that apply to your contract.

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.

Transferring 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. 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.

Beneficiaries

You may have named one or more beneficiaries to receive the death benefit when an insured person dies. We pay the proceeds of a death benefit to the primary beneficiaries. If no primary beneficiary is alive when the insured person dies, we pay the proceeds to any secondary beneficiaries.

If there is no surviving beneficiary or no beneficiary has been named, we pay the proceeds to you or your estate.

If you have named more than one primary or secondary beneficiary, you may designate how the proceeds are to be divided. If you have not indicated this, the proceeds will be divided equally among the surviving primary or secondary beneficiaries.

You may change the beneficiary or beneficiaries for any insurance or rider coverage at any time before the insured person dies, unless prohibited by any laws that apply to your policy.

If the beneficiary has not reached the age of majority, we must pay the death benefit according to the applicable law.

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 a beneficiary.

If an insured person commits suicide

For single life or joint first-to-die coverages

If an insured person under a Single Life or a joint first-to-die coverage commits suicide, whether sane or not, within two years after the Coverage Issue Date, we will not pay the death benefit as described in *Paying death benefits* in Section 8. Instead, we will pay a reduced death benefit amount to the beneficiary. The reduced death benefit amount will equal the cost of insurance you paid for the coverage since the Coverage Issue Date, plus the Account Value that is allocated to the insurance coverage on the day the insured person dies. See Section 9 for more information.

We will then cancel the insurance coverage as of the day the insured person died.

For joint last-to-die coverages

If any person insured by a joint last-to-die coverage (other than the last insured person under that coverage) commits suicide, whether sane or not, within two years after the Coverage Issue Date, the insurance coverage will be cancelled as of the date of that insured person's death. We will refund to you or your estate the costs of insurance you paid for that coverage since the Coverage Issue Date, plus the Account Value that is allocated to the insurance coverage on the day the insured person dies. See Section 9 for more information.

If the last insured person under a joint last-to-die coverage commits suicide, whether sane or not, within two years after the Coverage Issue Date, we will not pay the death benefit as described in the *Paying death benefits* in Section 8. Instead, we will pay a reduced death benefit amount to the beneficiary. The reduced death benefit amount will equal the cost of insurance you paid for the coverage since the Coverage Issue Date, plus the Account Value that is allocated to the insurance coverage on the day the insured person dies. See the section called *Your policy values and related items* for more information.

We will then cancel the insurance coverage as of the day the insured person died.

If two or more insured people die at the same time

If two or more insured people die at the same time, or if it is impossible to determine who died first, we will calculate the amount of any death benefit payable and determine who we should pay in the following order, unless the beneficiary designation specifies otherwise or unless prohibited by law:

- 1 We will pay the death benefit for Single Life coverages that insured any of the people who died.
- 2 If the people who died are insured under the same coverage and if a death benefit is payable, we will divide the death benefit payable into equal portions, one for each insured person. We will consider each person to have survived the other when determining who will be paid each portion of the death benefit.

For joint first-to-die coverages, an additional death benefit may be payable under the automatic temporary term insurance provision of the Survivor's Benefit.

If an insured person's age or sex has been stated incorrectly

If the age or sex of any insured person has been stated incorrectly, any death benefit payable on any insurance or rider coverage for that insured person will be increased or decreased to the amount that would have been payable based on the cost of insurance you paid on the last Monthly Processing Day for that coverage and the amount of insurance that would have purchased according to this person's correct age or sex.

However, if we would not have issued the coverage because the correct age does not meet our rules regarding the minimum and maximum age or joint age, we can declare the coverage invalid.

Contesting the contract

You and all insured people under the contract are obligated to disclose every fact that is relevant to our decision to issue the coverage or coverages for which you have applied and on what terms. We have the right to contest the validity of the contract or any coverages and deny any claim if you misrepresent or fail to disclose a material fact.

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

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

We will contest if, in any application, or on any medical examination, or in any written statements or answers provided as evidence of insurability, you or one of the insured people under the contract has:

- not disclosed a material fact
- stated a material fact incorrectly
- misrepresented an insured person's age or sex
- misrepresented an insured person's Healthstyle information
- fraudulently misrepresented or failed to disclose a material fact.

When we can contest

We can, at any time, contest the validity of:

- the contract as a whole or any insurance or rider coverage under it when there was a misstatement of age or fraud in relation to the application for the contract or coverage, including an intentional misrepresentation of Healthstyle information
- the Total Disability Waiver Rider if you have chosen this rider.

Except as stated above, we cannot contest the validity of:

- the contract after it has been in effect for two years from the policy issue date or the date the contract was last reinstated
- an insurance or rider coverage after it has been in effect for two years from the Coverage Issue Date or the date the contract was last reinstated.

If an insured person under the contract dies during those two years, we can contest that person's coverage at any time.

Using this contract as security for a loan

You can use this contract as security for a loan by assigning it to the lender, based on the following rules. This type of security is called a collateral assignment or, under the Quebec Civil Code, a hypothec.

- You can only assign or hypothecate the entire contract, not the individual coverages.
- We are bound by the assignment or hypothec when we receive written notice of it at our Canadian Head Office.
- The lender should send a copy of the assignment or hypothec to us.
- After you have collaterally assigned or hypothecated the contract, you may need the consent of the lender to make withdrawals, convert a coverage, reduce or cancel a coverage, or surrender the contract.
- The Side Account must be assigned or hypothecated with the contract, unless restricted by law.
- We are not responsible for the validity of any assignment or hypothec.
- The rights of the lender may take precedence over the rights of any other person claiming a death benefit.

Claims of creditors

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

Currency

All deposits to us must be in Canadian dollars. All payments by us will be in Canadian dollars.

Tax law and your policy

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

Your policy has exempt status. We review your policy annually on the policy anniversary and adjust it to maintain its exempt status, as long as income tax legislation allows this insurance policy to remain an exempt policy. If your policy needs an adjustment to maintain its exempt status, we automatically withdraw money from your policy and place it in the side account. The Side Account is described in more detail in Appendix 1.

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 consequences, such as increasing your taxable income. Examples include but are not limited to:

- adjusting your policy to maintain its exempt status
- cancelling your policy
- changing your country of residence
- earning interest on your policy's side account
- exercising the Joint Legacy Protector feature
- moving money from your policy to the side account
- receiving a death benefit payment on a multi-life contract in certain circumstances
- receiving a disability benefit
- receiving an Account Value payment on death of an insured person, if the policy does not end
- reducing coverage
- splitting your policy
- transferring ownership of your policy
- withdrawing money from your policy

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

Non-exempt status

If your policy is not exempt from accrual taxation, or loses its exempt status, we provide you with an addendum called *Your policy's non-exempt 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 won't limit additional deposits to your policy as we describe in the section *Making deposits* although administrative limits still apply.
- the terms and conditions of *Appendix 1 – The 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.

Change in residency

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

How we report to you about your contract

If you did not select a statement frequency when you purchased this policy, we will send you a policy statement twice a year. You can change the statement frequency to annual or quarterly at any time. The statement outlines the status of your insurance and rider coverages, states the balance in your accounts, and provides other information about important dates relating to your policy.

Please review your statement carefully. If you find any errors or discrepancies, report them to us within 30 days after the date of the statement. Our phone number is shown in your most recent policy statement.

Non-participating policy

This policy is non-participating. The owner of a non-participating policy does not have some of the rights of the owner of a participating policy, including eligibility to receive annual dividends and the right to vote at our annual meetings.

Sample

12 InnoVision Advantage Option

The InnoVision Advantage Option gives you the right to add features and benefits to your policy. In this section, we describe how your policy, and the guarantees in it, will change if you exercise this option. Talk to your advisor for information about how these guarantees work and how they will affect your policy if you choose to exercise this option.

The name “InnoVision” refers to our universal life insurance plan called InnoVision. In this section, when we say “a comparable InnoVision policy”, we mean an InnoVision universal life policy with the same Policy Date as your Security UL policy. When we say “a comparable coverage”, we mean an insurance or rider coverage with the same Coverage Date, personal information, amount of insurance, coverage type and Cost Type as that coverage on your Security UL policy.

Features of the InnoVision Advantage Option

Once you have exercised the InnoVision Advantage Option, you receive all the features described below. You cannot cancel or revoke the Option after you have chosen to exercise it.

Investment accounts

If you exercise the InnoVision Advantage Option, you will have access to additional investment accounts. We guarantee that these will be the same accounts available on a comparable InnoVision policy. Additional information about those accounts is available from your advisor.

We have the right to withdraw investment accounts available under this policy. If you have money in an investment account listed in Section 12.1, we will transfer the money to an investment account that we choose. We will not charge Market Value Adjustments for these transfers.

Bonus

Your policy provides a Bonus if you keep your policy in effect (see Section 9). If you exercise the InnoVision Advantage Option, this Bonus will change as described in Section 12.1.

Changes to fees and charges

Policy and life fees

If you exercise the InnoVision Advantage Option, the policy fee and the life fee we charge will change. They will be the same fees we charge on a comparable InnoVision policy and they are guaranteed at that rate. See Section 12.1 for information about our guarantees.

Deposit Tax Charges

The Deposit Tax Charge will be the Deposit Tax Charge on a comparable InnoVision policy. The Deposit Tax Charge percentage will not be guaranteed. See Section 12.1 for additional information.

Cash withdrawals

We may charge a fee for any cash withdrawals from your policy after you exercise the InnoVision Advantage Option.

Wealth Enhancer Riders

If you exercise the InnoVision Advantage Option, each insured person under an insurance coverage will automatically have a Wealth Enhancer Rider (Increases Only) coverage (subject to our administrative rules).

Wealth Enhancer (Increases Only) automatically increases the death benefit payable under your policy when the value in your policy exceeds the maximum value permitted by income tax legislation. When an increase is necessary, the coverage amount (called the Wealth Enhancer Amount) increases.

We do not charge for this rider when the Wealth Enhancer Amount is \$0. The Wealth Enhancer Rider cost is based on the Wealth Enhancer Amount. The Wealth Enhancer cost of insurance rates are guaranteed and will be equal to what we would charge for a comparable coverage on a comparable InnoVision policy.

Cost of insurance rates

If you exercise the InnoVision Advantage Option, the cost of insurance or rider cost rates for coverages under this policy will be equal to what we would charge for comparable insurance or rider coverages under a comparable InnoVision policy. Your advisor can provide additional information on these rates at any time. If you exercise the InnoVision Advantage Option, you will receive new Appendix 2 pages showing the costs and guarantees.

Cost of insurance on joint coverages

If you have a joint insurance or rider coverage, the way we calculate the joint age may change if you exercise the InnoVision Advantage Option. The joint age on any joint coverage on your policy will be the same as the joint age on a comparable coverage on a comparable InnoVision policy.

If the joint age for a coverage changes:

- the coverage anniversary on which the costs of insurance for your coverage drop to \$0, and
 - the Coverage Expiry Date and Conversion Date
- may also change. See the section called *Your policy summary* and Appendix 2 pages in this policy document for information on those dates for your current coverage.

Rider costs for a Total Disability Waiver Rider

If you exercise the InnoVision Advantage Option and if you have a Total Disability Waiver Rider on your policy, the Cost Type of the rider will change from Level to Yearly Increasing. This means that the monthly rider cost rates for this rider coverage will change annually on the coverage anniversary.

Surrender Charges

After you exercise the InnoVision Advantage Option, a Surrender Charge may apply to your policy. A Surrender Charge:

- reduces the Cash Value of your policy
- reduces the amount available for withdrawal
- affects *The Grace Period* provision of your policy.

We collect the Surrender Charges only if the policy is cancelled before the end of the Surrender Charge Period. Surrender Charges do not apply to a coverage that ends because of the death of the person insured for that coverage.

If you exercise the InnoVision Advantage Option, we will provide new Appendix 2 tables for your insurance and applicable rider coverages to show the Surrender Charges and the length of the Surrender Charge Period. The total Surrender Charge at any given time is the sum of the Surrender Charges that apply to all coverages including coverages that have been reduced or cancelled.

The Surrender Charges that apply after you exercise the Option will be the same as the Surrender Charges for a comparable coverage on a comparable InnoVision policy. Your advisor can provide you with information about any Surrender Charges that would apply to your policy.

Lapse

If you exercise the InnoVision Advantage Option, the provisions in the section called *When an insurance coverage or your insurance contract ends* will change. In addition to those conditions, your policy can be terminated as described in the following paragraph.

If, on any Monthly Processing Day, the Cash Value of the policy is less than zero and the Total Net Deposit is less than the Total Minimum Monthly Deposits, your policy will enter the Grace Period. If we do not receive the required amount within 31 days after the Monthly Processing Day, your policy will be terminated.

How to exercise the InnoVision Advantage Option

To exercise this option, you should notify us, using a form available through your advisor.

You can apply to exercise the InnoVision Advantage Option

- after the first policy anniversary, but
- before the InnoVision Advantage Option expiry date shown in the section called *Your policy summary*.

The effective date of the change will be the first Monthly Processing Day following the day we receive the policy owner's written request to exercise the InnoVision Advantage Option. If that day is a policy anniversary, the effective date of the change will be first Monthly Processing Day after the policy anniversary.

If the Total Net Deposit is less than the Total Minimum Monthly Deposits for your policy, we may require you to submit an amount equal to the difference in the two amounts before we will process your application to exercise your InnoVision Advantage Option.

Policy Guarantees

Guarantees on your Security UL policy	Guarantees on your Security UL policy if you exercise the InnoVision Advantage Option
<p>The Bonus is an interest payment that we credit to the Savings Account:</p> <ul style="list-style-type: none"> on the fifth policy anniversary, and on every policy anniversary after that, as long as your policy is in effect. <p>Each Bonus payment is an amount equal to 0.5 per cent of the Average Account Value over the previous 12 months. The Average Account Value is the sum of the Account Value on each Monthly Processing Day in the 12 months immediately preceding the Bonus payment divided by 12.</p>	<p>The Bonus is an interest payment that we credit to the Savings Account:</p> <ul style="list-style-type: none"> on the fifth policy anniversary, and on every policy anniversary after that, as long as your policy is in effect. <p>On the 5th to the 19th policy anniversaries, each Bonus payment is an amount equal to 0.5 per cent of the Average Account Value* over the previous 12 months.</p> <p>On the 20th policy anniversary and on every policy anniversary after that, as long as your policy is in effect, each Bonus payment is an amount equal to 1.25 per cent of the Average Account Value* over the previous 12 months.</p> <p>Additional Deposit Bonus If, on any policy anniversary on or after the fifth policy anniversary, the Total Net Deposit is greater than or equal to the Total Minimum Monthly Deposits multiplied by 1.5, we will pay an additional Deposit Bonus. This additional Deposit Bonus payment will be an amount equal to 0.5 per cent of the Average Account Value* over the preceding 12 months.</p> <p>*Average Account Value: The Average Account Value is the sum of the Account Value on each Monthly Processing Day in the 12 months immediately preceding the Bonus payment divided by 12.</p>
Maximum policy fee is \$7	Maximum policy fee is \$8
Maximum life fee is \$3 per insured person	Maximum life fee is \$4 per insured person
Deposit Tax Charge is guaranteed at 2 per cent.	Deposit Tax Charge percentage is not guaranteed and it may increase.
Cost of insurance rates are guaranteed. These rates are shown in Appendix 2 of this policy document.	Cost of insurance rates are guaranteed and are the rates we would charge for comparable coverages on a comparable InnoVision policy. Information about coverage rates is available from your advisor.

Accounts we will withdraw if you exercise the InnoVision Advantage Option

Average GIA Account	If you have money invested in this account, we will transfer the money to an investment account that we choose. We will not charge Market Value Adjustments for this transfer.
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13 Words and phrases used in this policy

This section defines some of the terms used in your policy.

Account Value of your policy is the total of the balances of all your investment accounts in effect at any given time. It includes any Bonus that is credited to your Savings Account.

Adjusted age or Adjusted joint age is the age we use to recalculate cost of insurance when you make changes to your policy. This age will appear in the section called *Your policy summary* of your policy.

Administrative rules are guidelines we set that establish how and in what circumstances you may exercise certain rights under your contract. We may change these guidelines from time to time. When you exercise contractual rights you must do so in accordance with the administrative rules in effect at the time you exercise the right.

Age at Coverage Date is the age of an insured person on the birthday nearest the day his or her insurance or rider coverage begins.

Amount of insurance is the amount of each coverage shown in the section called *Your policy summary*.

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

Bonus is a payment we credit to your Savings Account on certain policy anniversaries as a reward to you for keeping your policy in effect.

Business day is any day our Canadian Head Office is open for business.

Canadian Head Office is our office at 500 King Street N, PO Box 1602 STN Waterloo, Waterloo, ON, N2J 4C6

Cancellation is the result of your request to discontinue the contract or an insurance or rider coverage under it.

Cash Value is your policy's Account Value minus any Market Value Adjustments that apply.

Contract means the policy document and all riders and other documents related to it, as shown in the section called *Your contract*.

Cost of insurance is the amount we charge for insurance coverages. It does not include rider costs.

Cost Type indicates how long the cost of insurance for an insurance or rider coverage remains the same, as long as you don't make changes to your policy, such as decreasing the amount of insurance.

Coverage refers to both insurance coverage and rider coverage provided under this contract.

Coverage Date is the day an insurance or rider coverage begins. Coverage years, months and anniversaries are measured from the Coverage Date.

Coverage Issue Date is the day we issue an insurance or rider coverage. If your contract was reinstated, the Coverage Issue Date is the day the contract was last reinstated. The Coverage Issue Date is shown in the section called *Your policy summary*.

Daily interest rate is a rate we calculate on each business day based on changes in the performance of the indices and rates that apply to each Balanced Index Account and, for the G5 index, on the Canadian dollar exchange rate.

Death benefit is the total amount paid out to the beneficiaries on the death of a person for whom a death benefit is payable.

Deposit is any amount that you pay to us for this policy including amounts withdrawn from the Side Account and deposited into this policy. "Deposits" do not include money that is placed in the Side Account.

Deposit Tax Charge is a percentage we deduct from your deposit before we credit the remaining amount to your policy. We use the amount we deduct to pay all or part of the taxes that are charged on deposits made into insurance policies.

Evidence of insurability is any information that we require to decide if the person to be insured is insurable, and if so, on what terms.

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

Healthstyle refers to a person's tobacco use, personal and family medical history, any recreational risks, plus an evaluation of health and other personal and lifestyle information. It also means the Healthstyle category of an insured person.

Healthstyle categories are the broad categories we use to determine the cost of insurance and any rider costs. The insurance rating further refines these costs. We determine the insured person's Healthstyle category for each insurance and rider coverage based on his or her Healthstyle.

Typically, a coverage with Healthstyle category 5 has the highest cost of insurance rates and one with Healthstyle category 1 has the lowest. For an insured person who is less than 16 years old on the Coverage Date of the insurance coverage, we show *juvenile* as the Healthstyle.

Subject to our administrative rules, you may apply for an improved Healthstyle after the Coverage Issue Date, as long as you provide proof satisfactory to us that:

- the insured person meets our criteria for the Healthstyle category you are applying for, and
- his or her health has not deteriorated since his or her coverage was issued or last reinstated.

Insurance coverage is life insurance protection provided by the basic policy. You can have several insurance coverages under this policy, each insuring one person on a Single Life coverage or two or more people on a joint coverage. Each insurance coverage provides a death benefit. The amount of insurance for each of your coverages is shown in the section called *Your policy summary*. When we refer to insurance coverages, we are not referring to any rider coverages that you may have added to your policy.

Insurance rating is used in the calculation of the cost of insurance rates shown in Appendix 2. 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 increase the cost of insurance by a flat dollar amount. The insurance ratings for the insured people under this policy appear in the section called *Your policy summary*.

Insured person is any person whose life or health we have agreed to insure in this contract. We've shown the insured people in the section called *Your policy summary*.

Joint first-to-die coverage means that two or more people are insured under the same coverage. Any death benefit payable will be paid when the first person insured by this coverage dies.

Joint last-to-die coverage means that two or more people are insured under the same coverage. Any death benefit payable will be paid when the last person insured by this coverage dies.

Life fee is a monthly administrative fee we charge for each person insured by this policy.

Market Value Adjustment is an amount we may deduct when money is withdrawn from an investment account in your policy. The adjustment is based on the difference between the current market interest rates and the rate being credited to that account when the withdrawal is made.

Maximum deposit is the highest amount we estimate you can pay into your policy that:

- does not cause your policy to lose its exempt status, or
- aligns with our administrative rules.

Minimum Monthly Deposit is an amount we calculate as the minimum deposit that would be required each month to keep your policy in effect.

Monthly deduction is the amount we withdraw from your investment accounts on each Monthly Processing Day.

Monthly Processing Day is the day we withdraw the monthly deduction from your investment accounts. The first Monthly Processing Day is on the Policy Date and subsequent ones are on the same day of each month that follows. For example, if your Policy Date is April 12, your Monthly Processing Day will be the 12th of each month.

Negative Account Value is the result when the total of the balances in all your investment accounts is less than zero.

Negative interest is an interest amount deducted from an investment account when the daily interest rate for that account is less than zero or when the balance of that account is less than zero.

Plan is an insurance product with specific benefits and costs that is sold by us.

Policy is this contract document including any amendments or endorsements.

Policy Date is the first Monthly Processing Day for the contract. Policy years, months and anniversaries are measured from the Policy Date.

Policy Issue Date is the day we issue the contract as shown in the section called *Your policy summary*. If your contract was reinstated, the Policy Issue Date is the day the contract was last reinstated.

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

Policy owner is the owner of the policy. The owner holds all rights under the policy, unless these rights are limited by law or by collateral assignment or, under Quebec Civil Code, hypothecation of the policy. The policy owner may be an insured person under the policy.

Positive interest is interest amount credited to an investment account.

Riders are optional benefits you can purchase to protect against a variety of losses.

Rider costs are the costs of the benefits provided by any riders under your contract.

Rider coverage is additional protection provided by a rider. Each rider can provide coverage for more than one person. The benefit provided by each of your rider coverages is shown in the section called *Your policy summary*.

Single Life coverage is insurance or rider coverage that insures the life of one person.

Surrender Charges are charges that may apply if you exercise the InnoVision Advantage Option. Surrender Charges reduce the Cash Value of your policy and the amount available for withdrawal while they are pending. You will only pay Surrender Charges if you cancel your contract before a time specified on the new Appendix 2 pages we will send you if you exercise the InnoVision Advantage Option.

Termination of your contract and all insurance and rider coverage under it occurs 31 days after you enter the Grace Period, unless you make a deposit large enough to pay the outstanding amount within that 31-day period.

Total Minimum Monthly Deposits is an amount equal to all Minimum Monthly Deposits since the Policy Date.

Total Net Deposit is the total of all deposits less withdrawals. Withdrawals include Market Value Adjustments, transfers to the Side Account and any fees charged for cash withdrawals but not withdrawals made for the payment of a death benefit.

Sample

Appendix 1 – The Side Account

We have set up a Side Account that is outside your contract. Any interest earned by money held in the Side Account is taxable. The Side Account is not considered an investment account.

Your Side Account contains accounts that match the investment accounts available in your Security UL policy.

The accounts that match the Balanced Index Accounts are Holding Accounts. All Holding Accounts earn interest at the same rate as the Savings Account in the policy. All other accounts within the Side Account earn interest at the same rate as the matching investment accounts in the policy. The death benefit guarantee that applies to the investment accounts within the policy does not apply to the Side Account.

Market Value Adjustments may apply to funds withdrawn from the Average GIA Side Account. We will calculate the Market Value Adjustment in the same way as we do for the matching account in the policy. This is described in the section called *Information about the investment accounts we offer*.

Protection from creditors, which may be available for insurance policies, does not apply to the Side Account.

The Side Account balance is backed by our general assets.

What happens to the value in the Side Account

Because the Side Account does not form part of your contract, it will never be paid out as part of a death benefit to a beneficiary.

If the owner dies and the contract ends or if the contract continues because a successor owner has taken over the deceased owner's interest in the policy, we will pay the value in the Side Account to the people who are entitled to this account according to applicable laws. We will not deduct any Market Value Adjustments from the amount payable.

If you cancel your policy, we will close your Side Account and pay the balance, less any Market Value Adjustments, to you or your estate, unless prohibited by law.

Amounts placed in the Side Account

Amounts can be placed in your Side Account in three ways:

- 1 You may pre-pay deposits to your policy by placing amounts in your Side Account, subject to our administrative rules in effect at that time.
- 2 We will determine what portion of your deposit exceeds the amount that may be deposited into the policy according to *Tax law and your policy* in Section 11 of your policy. We will then place that excess amount into your Side Account.
- 3 We will move funds into your Side Account if required as part of the adjustments described in the *Tax law and your policy* provision of your policy.

We will place these amounts into your Side Account as described below in *How amounts are allocated*. The Deposit Tax Charge will not apply when amounts are placed in the Side Account. It only applies to amounts withdrawn from the Side Account and deposited to the policy.

Amounts withdrawn from the Side Account

If your Side Account has a balance:

- on the policy anniversary, or
- on the date the policy would otherwise enter the Grace Period as described in the section called *Monthly deductions*,

we will determine what portion of the balance, if any, can be deposited into the policy without affecting its exempt status. We will automatically withdraw those funds from the Side Account in the order described in the section called *Side Account order of withdrawal*. We will then deposit those funds into your policy as described below in the section called *How amounts are allocated*.

You may request a withdrawal of all or part of the funds in the Side Account, subject to our administrative rules in effect at the time. If you don't specify from which account the money should be withdrawn or if the balance of the account you specify does not provide the total amount you have requested, we will make the withdrawal in the order described below. A Market Value Adjustment may apply to funds withdrawn from the Average GIA Account in the Side Account unless those funds are transferred to the Average GIA Account in the policy.

How amounts are allocated

Amounts placed into the Side Account will be allocated to the accounts within the Side Account based on the instructions you have given us.

When an amount is removed from the policy and placed into the Side Account or withdrawn from the Side Account and deposited into the policy, it is moved to the matching account. For example: we would deposit some or all of the money in the Moderate Balanced Index Holding Side Account into the Moderate Balanced Index Account in your policy.

If there is no matching account available, or if the amount does not meet the minimum requirements for the matching account, the amount will be placed into the Savings Account within the policy or the Savings Side Account, as applicable.

Amounts transferred within the Side Account

You may transfer all or part of the balance of any account to another account within the Side Account, subject to our minimum requirements and any charges that apply. If you transfer funds from an Average GIA Account in the Side Account to another account in the Side Account, a Market Value Adjustment may apply.

Side Account order of withdrawal

We use the order shown below when we withdraw money from your Side Account to deposit it into the policy and the same order, unless you tell us differently, to fund a cash withdrawal that you've requested:

- 1 The Balanced Index Holding Side Accounts will be reduced proportionally, based on the balance in each account at the time we reduce it, until the balance in all of the Balanced Index Holding Side Accounts is reduced to zero.
- 2 The Average GIA Side Account, until the balance is reduced to zero.
- 3 The Savings Side Account, until the balance is reduced to zero.

The right to withdraw or change Side Accounts

We may make new accounts available within the Side Account in the future. We can also change or discontinue any account we offer. If we do this, we will notify you before we make this type of change. You can choose to transfer any money you have in the account being discontinued to another account we offer at that time. If you don't make that choice, we'll transfer the balance to an account we specify.

The balance of the Side Account

The balance of the Side Account is the sum of the balance of each account within the Side Account. We determine the balance of each account at any time as the sum of:

- any amounts placed in that account
- any interest earned

minus

- any amount taken out of the account, including any applicable Market Value Adjustments and charges.

The value of your Side Account at any given time equals the balance of the Side Account minus any Market Value Adjustments that apply.

Policy assignment

If you use your contract as security for a loan or if you or your estate transfer ownership of the contract, your Side Account must be transferred, assigned or hypothecated with the contract.

If the contract has been collaterally assigned or hypothecated, the lender's rights may take priority in all cases over your right, or the right of your estate, to the balance of the Side Account.

Policies that are non-exempt

If you chose to make your policy non-exempt, we will provide you with a *Non-exempt provision*. When this provision comes into effect:

- the terms and conditions of this Appendix 1 will not apply;
- the Side Account will be cancelled; and
- we will either refund to you the value in your Side Account or place those funds in your policy.