

# Terms and Conditions

*The Terms and Conditions of this Certificate are to be read together with the definitions and other information set out on Your most recently issued Coverage Summary and Notice Pages, as well as the Definitions found on the following pages.*

*This Certificate contains a provision removing or restricting the right of the life insured to designate persons to whom or for whose benefit insurance money is to be payable.*

*This insurance is voluntary and can be cancelled at any time.*

## Coverage and premiums

The Coverage Period begins on the Coverage Start Date and ends in accordance with the Termination section of this Certificate. Premiums are due and payable on the first day of each month following the Coverage Start Date. We will automatically collect Monthly Premiums from the Canadian bank or credit card account that You choose, provided it is acceptable to Us.

Your Monthly Premium will not change unless We change the premium rates for everyone insured by Mortgage Protection Plan who has a similar risk profile. You will receive at least 30 days' advance written notice of any change to Your Monthly Premium.

## 60-day money-back guarantee

Any premium You pay will be refunded if You terminate Coverage (as shown in the Termination section) within 60 days of the Coverage Start Date.

## Life Insurance benefit

If Your Coverage includes Life Insurance then, upon receipt of Proof of Your death which occurred during the Coverage Period, We will pay to the Lender:

- Your Share of Your Mortgage Balance as at the date of Your death; PLUS
- any interest on Your Share of Your Mortgage Balance, accruing from the date of Your death to the date on which we are notified of a claim (the "Notice Date"), subject to a maximum of six months' worth of interest; PLUS
- any interest on Your Share of Your Mortgage Balance, accruing from the Notice Date to the date of which a Life Insurance Benefit is paid; PLUS
- reasonable and customary charges by the Lender or government authorities to discharge or pre-pay the Mortgage, not exceeding 5% of Your Share of the Mortgage Balance; LESS
- the total Life Insurance Bridge Benefit already paid;

subject to the limitations and exclusions contained in this Certificate.

## Life Insurance Bridge Benefit

As soon as we receive Your completed Life Insurance claim form, along with any supporting documentation requested in that form (the "Claim Date"), we will start to pay the Life Insurance Bridge Benefit to Your Lender on the Mortgage Payment Dates.

The Life Insurance Bridge Benefit consists of all the payments in connection with Your Mortgage that are due to the Lender between the Claim Date and the date on which we make a final decision about Your Life Insurance claim; however, we will pay these benefits no more than monthly.

Payment of the Life Insurance Bridge Benefit is not conditional; it is payable regardless of whether or not We ultimately pay or deny the claim. Similarly,

payment of the Life Insurance Bridge Benefit does not constitute an admission of liability to pay a claim if such claim is not payable in accordance with the terms of this Certificate.

If there has been a Significant Mortgage Change since Your Coverage Start Date, We reserve the right to reduce the Life Insurance Bridge Benefit proportionally, based on the difference between Your Mortgage Balance (as defined herein) and the amount You actually owe on Your Mortgage.

## Total Disability Insurance benefit

If Your Coverage includes Total Disability Insurance, then upon receipt of Proof of Your Total Disability which began during the Coverage Period and continued throughout the Qualification Period, We will waive Your Monthly Premiums during the Benefit Period and:

- pay to the Lender Your Share of Your Insured Mortgage Payment; and
- pay to the Lender (or to You, if the Lender does not pay property taxes for You) Your Share of the **Property Tax Protection Benefit**;

for each Mortgage Payment Date which occurs during the Benefit Period, and subject to the limitations and exclusions contained in this Certificate.

**Property Tax Protection Benefit** is a monthly amount equal to 1/12th of Your annual property taxes, as stated in the Mortgage Information We received from Your mortgage broker. Please check Your Coverage Summary Page to see whether or not You have purchased this optional upgrade to Your Total Disability Coverage.

If a Total Disability:

- (a) recurs within 30 days of the end of a Benefit Period, and
- (b) arises from the same or a related Injury or Illness,

then that Total Disability shall be deemed a continuation of the previous Total Disability. Therefore no new Qualification Period is required, and the Benefit Period for the claim will include both the original and subsequent periods of Total Disability.

## Materially Inaccurate Answers to Medical Questions will void Coverage

Within two years from the Coverage Start Date, and thereafter only in the event of fraud, We have the right to void any of Your Coverage(s) if You provided a Materially Inaccurate Answer to a Medical Question. A Materially Inaccurate Answer means an answer which, as of the date it is given, misrepresents or incorrectly reports any fact about You, Your health, or Your smoking activities which We determine would have been material to the decision to either:

- (a) issue the Coverage for which You applied; or
- (b) provide such Coverage for the Monthly Premiums shown on the Coverage Summary Page.

## Misstatement of age

If Your age has been misstated and You were still an Eligible Applicant as at the Coverage Start Date, any benefits payable to You under this Certificate will be adjusted in such proportion as the premium collected bears to the premium that should have been collected.

If Your age has been misstated and You were not an Eligible Applicant as at the Coverage Start Date, then no benefits are payable under this Certificate and this Certificate will be rescinded and We will return to You any premiums which You have paid to Us.

### Exclusions

No benefits will be paid for any death or Total Disability that was directly or indirectly due to, or was in any manner or degree associated with any of the following:

- medical conditions resulting from sustained alcohol abuse, or from the use of any drug that is not in strict accordance with a prescription given to You by a Physician;
- suicide or attempted suicide or self-inflicted injury, prior to the second anniversary of the Coverage Start Date;
- committing or attempting to commit or provoking a criminal offence or assault;
- operation of a motorized vehicle or vessel when the concentration of alcohol in Your blood exceeds the legal limit (or impaired by illegal or illicit drugs, whether or not You have been criminally charged);
- war, whether declared or not, or any act of war or insurrection, except as a member of the Canadian Armed Forces or Canadian Forces Reserve; or
- any other cause, circumstances or condition listed as an Additional Exclusion on Your Notice Page.

### Exclusions only applicable to Total Disability Insurance

In addition to the above, no benefits will be paid for any Total Disability which results from any of the following:

- a Pre-Existing Condition which results in Your Total Disability at any time before the first anniversary of the Coverage Start Date;
- pregnancy or childbirth (with the exception of any complications thereof), abortion or miscarriage; or
- cosmetic or elective surgery.

### Benefit limitations

1. The total amount We will pay with respect to a Total Disability Insurance Benefit shall not exceed \$10,000 per month for any one person (regardless of the number of Mortgage Protection Plan Certificates he or she may have).
2. The total amount We will pay with respect to a Life Insurance Benefit shall not exceed \$1,000,000 in respect of the death of any one person (regardless of the number of Mortgage Protection Plan Certificates he or she may have).
3. If more than one person is insured in respect of Your Mortgage, and two or more die or are Totally Disabled at the same time, the total Share of Benefit for all such persons shall never exceed 100%. The Share of Benefit for each person is shown as "Your Share of Benefit" on Your Coverage Summary Page.
4. If any other insurance policy provides a benefit payment towards Your Mortgage, the other policy shall be the first payor. If the other policy also has a provision naming it as second payor, benefits will be pro-rated between this Certificate and the other policy. If We reduce the benefit payable because of this paragraph #4, the premiums that were due to Us will be reduced in the same proportion and the amount You have overpaid will be added to the benefit amount.
5. Claims must be filed within twelve (12) months of the date of an Insured Person's death, or onset of Total Disability, or within three (3) years for Quebec residents. Failure to provide Proof of claim when requested will result in benefits not being paid.

### Limitation period

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, including, in Ontario, the Limitations Act, 2002. Unless specified in the Insurance Act or other applicable legislation, the borrower must notify the Insurer within 6 months of no longer having a Mortgage to receive any refund of premium, along with sufficient Proof.

### Termination of insurance

For each Insured Person, Your insurance under this Certificate will terminate on the earliest of the following dates:

- the date Your Monthly Premiums are 31 days in arrears;
- the date We receive Your request that Your insurance be terminated;
- the date a Life Insurance Benefit becomes payable under this Certificate;
- the end of the Initial Amortization Period;
- the date on which You no longer have a Mortgage;
- in respect of Life Insurance, the date on which You turn 70 years of age;
- in respect of Total Disability Insurance, the date on which You turn 65 years of age.

### Currency and place of payment

All payments made to or by Us shall be made in the lawful currency of Canada. We shall make any payment at the office of the Lender which customarily collects Your Mortgage payments, or elsewhere if We consent.

### Governing law

The contract shall be subject to the laws of the Province shown in the Property Address.

### Non-participating

Any insurance policy issued under the Mortgage Protection Plan is not eligible to share in the divisible surplus of the Insurer.

### Definitions

In addition to the terms defined on Your Coverage Summary Page, and on Your Submitted Application, the following Definitions apply to the Terms and Conditions of this Certificate. The masculine pronoun includes the feminine unless the context indicates otherwise.

**Activities of Daily Living** means dressing, eating, getting out of bed, toileting and walking.

**Arm's Length** has the same meaning as under the Income Tax Act (Canada).

**Benefit Period** means, for each incidence of a Total Disability, the period of time that starts on the first Mortgage Payment Date that occurs after the end of Your Qualification Period, and ends immediately after:

- The end of the Maximum Benefit Period for Total Disability;
- The Mortgage Payment Date immediately following the date on which You cease to be Totally Disabled or You engage in any occupation or employment for wage or profit; OR
- The date You fail to provide Proof of continuing Total Disability within the timeframe specified by Us, whichever occurs first.
- If Your Total Disability develops into another related condition, so that You are disabled from a new disability that is the direct or indirect result of the initial disability, this will be considered as one period of disability and the Maximum Benefit Period will be calculated from the occurrence of the initial disability.

If You are a Seasonally Employed Insured, the Benefit Period does not include any period of normal seasonal layoff.

**Eligible Applicant** means a Canadian resident (but not a firm or corporation) who:

- applies for a Mortgage, either as a borrower, co-borrower or guarantor, using the services of a mortgage broker who offers Mortgage Protection Plan Coverage; and
- is at least 18 and not yet 65 years of age at the Coverage Start Date.

**Employed Insured** means an Insured Person who was actively at work at least 20 hours per week for at least 40 weeks during the 12-month period immediately preceding the onset of the current Total Disability.

#### **Insured Mortgage Payment**

If You have a **Non-Traditional Mortgage**, Insured Mortgage Payment means the Initial Mortgage Payment.

If You have a **Traditional Mortgage**:

- and no Significant Mortgage Change has occurred since Your most recent Coverage Start Date, **Insured Mortgage Payment** means Your actual Mortgage repayment obligation, consisting of the required principal repayment and interest only; otherwise
- **Insured Mortgage Payment** means a monthly Mortgage payment We will calculate based on a standard amortization table, Your Initial Mortgage Balance, Initial Amortization Period and Your actual Mortgage interest rate as at the onset of Total Disability.

If We are unable to calculate the **Insured Mortgage Payment** due to "unknown" values (these will be shown on Your Coverage Summary Page), then the **Insured Mortgage Payment** will be a monthly Mortgage payment that We calculate based on a standard amortization table, Your Initial Mortgage Balance, an amortization period of 25 years, and an annual interest rate of 7%.

**Insured Person** means an Eligible Applicant who is named on the Coverage Summary Page and who continues to pay Monthly Premiums when due and whose Coverage has not terminated in accordance with the terms of this Certificate.

**Insurer** means **The Manufacturers Life Insurance Company** (P.O. Box 4213, Stn. A, Toronto, Ontario M5W 5M3).

**Lender** means the initial Lender and any subsequent holder of Your Mortgage.

**Medical Question** means any question shown in the "Medical Questions" section of the Submitted Application and/or any subsequent questions concerning Your health or activities which We may ask You in the course of reviewing Your Submitted Application.

#### **Mortgage Balance**

If You have a **Traditional Mortgage**, and no Significant Mortgage Change has occurred since Your most recent Coverage Start Date, Mortgage Balance means the actual outstanding balance of Your Mortgage (excluding property taxes or other amounts owing to the Lender that are not specified in Your Mortgage). In all other cases, Mortgage Balance means the outstanding balance We calculate in accordance with a standard amortization table using the Initial Mortgage Balance, the lesser of the Initial Amortization Period and 25 years, and the Initial Interest Rate. If there is no Initial Amortization Period shown on Your Coverage Summary Page, We will apply an amortization period of 25 years. If there is no Initial Interest Rate shown on Your Coverage Summary Page, We will apply an annual interest rate of 7%.

**Mortgage Information** means information concerning You and Your Mortgage which is reasonably required by Us to underwrite and administer Your Coverage and which has been provided to Us in accordance with Your written authorization.

**Mortgage Payment Date** means the date on which You normally make Mortgage payments in respect of Your Mortgage, but never more than one date per month.

**Non-Traditional Mortgage** means a Mortgage that is either:

- (a) in whole or in part a secured line of credit, or

- (b) any other type of loan that does not satisfy the definition of a Traditional Mortgage.

**Physician** means a doctor of medicine or a surgeon who is duly licensed to practice in the jurisdiction in which they do so, but does not include You or a member of Your immediate family.

**Pre-Existing Condition** means any medical condition about which You consulted a Physician or for which You received treatment in the 12 months prior to the Coverage Start Date.

**Proof** means Proof which is satisfactory to Us, acting reasonably.

**Qualification Period** means 60 days from the onset of Total Disability. In the event of a reoccurrence of a Total Disability within 30 days of the end of a Benefit Period, the Qualification Period is 0 days for that reoccurrence.

If You are a Seasonally Employed Insured, We will not include any period of normal seasonal layoff in the calculation of the Qualification Period.

**Significant Mortgage Change** means either (a) the total funds advanced under the Mortgage are greater than the Initial Mortgage Balance; or (b) as at the date of death or Total Disability, the then-current Mortgage amortization period will not end at the same time as the Initial Amortization Period would have ended.

**Seasonally Employed Insured** means an Insured Person whose occupation involves seasonal layoffs as a normal and anticipated part of the work schedule and who was actively at work at least 20 hours per week for 13 consecutive weeks during the 12-month period immediately preceding the onset of Total Disability.

#### **Total Disability or Totally Disabled**

For **Employed Insureds**, means being prevented from performing substantially all of the essential duties of Your employment solely because of an Injury or Illness.

**Injury** means accidental bodily harm for which You are under the regular care of a Physician.

**Illness** means a sickness, disease or condition for which You are either (a) under the regular care of a Physician or (b) in the case of a mental or nervous disorder, actively receiving treatment in accordance with the diagnosis of a licensed psychiatrist or psychologist.

For **Unemployed Insureds**, means being completely unable, as a result of an Injury or Illness, to perform at least two of the five Activities of Daily Living without the assistance of another person.

**Traditional Mortgage** means a Mortgage that:

- (a) requires You to make regular payments comprised of principal repayment and interest owing, such that the outstanding balance steadily declines; and
- (b) does not allow for additional funds to be advanced during the term of the Mortgage.

**Unemployed Insured** means an Insured Person who is not an Employed Insured or Seasonally Employed Insured.

**You** and **Your** means an Insured Person.

**Your Coverage** means those Coverage(s) shown below Your name on the Coverage Summary Page.

**Your Mortgage** means the Mortgage described on Your Coverage Summary Page and any other residential Mortgage that You subsequently have with an Arm's Length Lender.

**Your Share** means Your Share of Benefits, as shown on the Coverage Summary Page.

**We, Us** or **Our** means Mortgage Protection Plan, which is underwritten by The Manufacturers Life Insurance Company and managed by Benesure Canada Inc.