

A GUIDE TO THE PROVISIONS OF THIS CONTRACT

ESTATE ADVANTAGE 4

1. INTERPRETATION.....	1
2. COVERAGE TYPES.....	4
3. COST OF INSURANCE OPTIONS.....	5
4. EFFECTIVE DATE.....	6
5. TAX STATUS.....	6
6. PREMIUMS.....	7
7. MONTHLY DEDUCTIONS.....	9
8. INTEREST ON THE TOTAL FUND VALUE.....	10
9. INTEREST OPTIONS.....	10
10. ACCUMULATION BONUS.....	16
11. MARKET VALUE ADJUSTMENT.....	17
12. DEATH BENEFIT OPTION.....	17
13. OPTION TO CHANGE THE FACE AMOUNT.....	19
14. OPTIMIZER OPTION.....	19
15. LIVING BENEFIT.....	21
16. SURRENDER OF POLICY.....	28
17. POLICY LOANS.....	33
18. BENEFICIARY PROVISIONS.....	34
19. PAYMENT OF THE PROCEEDS.....	35
20. SEVERANCE OPTION.....	35
21. SETTLEMENT OPTIONS.....	36
22. GENERAL PROVISIONS.....	36
23. TERMINATION.....	40

SIDE ACCOUNT

INDEX ALLOCATION INTEREST OPTIONS

Any Amendments/Exclusions/Endorsements

ESTATE ADVANTAGE 4 POLICY
RIGHT TO EXAMINE AND RETURN POLICY WITHIN TEN DAYS

This policy is adjustable, non-participating life insurance with flexible premiums payable until the death of the last surviving Primary Life Insured. A full description of this insurance is contained in this policy.

The Owner may, at any time within ten days after receipt of this policy, return it to Transamerica or to the agent through whom it was purchased for cancellation. This policy will be considered void as of the Issue Date if it is returned within those ten days, and any Premium paid will be refunded to the Owner.

Subject to the provisions of this policy, if a Primary Life Insured dies while this policy is in force, then Transamerica Life Canada will pay the Death Benefit applicable to such Primary Life Insured to the Beneficiary designated in respect of such Primary Life Insured.

This policy includes some benefits which are not guaranteed.

Signed for Transamerica Life Canada at Toronto, Ontario, on the Issue Date.



Paul Reaburn
President and Chief Executive Officer



James Falle
Executive Vice President,
and Chief Financial Officer

1. INTERPRETATION

In this policy all capitalized terms specified below have the meanings attributed to them for the purposes of interpreting this policy and for any policy change:

Age means the age of a Life Insured on the nearest birthday.

Annual Cost of Insurance in respect of a Coverage has the meaning specified in section 7 of this policy.

Application means the application for insurance attached to this policy.

Beneficiary in respect of a Coverage means the person who is or the persons who are, as applicable, to receive the proceeds in the event of the death of the Life Insured for such Coverage, as designated in the Application or as changed in accordance with the provisions of this policy.

Business Day means any day other than a Saturday, Sunday or statutory holiday observed in the province in which the Head Office is located.

Cash Surrender Value at any time means the amount by which the Total Fund Value at such time exceeds the aggregate of the following amounts:

- (a) all principal, accrued interest and other amounts then outstanding in respect of any Loans; and
- (b) all surrender charges which are or would be applicable on a full surrender of this policy at such time.

Contract has the meaning specified in section 22 of this policy.

Cost of Insurance Period means the period of time during which a cost of insurance charge is payable for the applicable coverage.

Coverage means the particular life insurance coverage issued by Transamerica on the life of a particular Primary Life Insured, as specified in the Policy Data.

Coverage Date means the date specified in the Policy Data as being the "Coverage/Rider Date", and is the date used to determine coverage anniversaries and coverage years in respect of this policy.

Death Benefit in respect of a Coverage means the life insurance benefit payable by Transamerica on the death of the Primary Life Insured for such Coverage as described in section 12 of this policy.

Effective Date has the meaning specified in section 4 of this policy.

Exempt Test Face Increase has the meaning specified in section 5 of this policy.

Face Amount in respect of a Coverage means the amount specified in the Policy Data as being the "Face Amount" in respect of such Coverage, as increased or decreased from time to time in accordance with this policy, but does not include a face amount or an amount of insurance payable under a Rider.

Grace Period has a meaning specified in section 6 of this policy.

Head Office means the office of Transamerica at 5000 Yonge Street, Toronto ON M2N 7J8 or such other address as Transamerica may notify the Owner from time to time as being its head office or principal place of business.

Index Interest Option means any of the following:

- Canadian Equity Total Return Index Interest Option
- U.S. Large Capitalization Total Return Index Interest Option
- U.S. New Technologies Total Return Index Interest Option
- European Equity Total Return Index Interest Option
- Japanese Equity Total Return Index Interest Option
- Canadian Bond Index Interest Option II
- Can-U.S. Large Capitalization Index Interest Option
- Can-U.S. 21st Century Index Interest Option
- Can-European Index Interest Option
- Can-Asian Index Interest Option
- imaxx Canadian Fixed Pay Index Interest Option
- imaxx Canadian Bond Index Interest Option
- imaxx Canadian Equity Growth Index Interest Option
- imaxx Canadian Equity Value Index Interest Option
- imaxx U.S. Equity Growth Index Interest Option
- imaxx U.S. Equity Value Index Interest Option
- imaxx Global Equity Value Index Interest Option
- imaxx Global Equity Growth Index Interest Option
- imaxx TOP Conservative Portfolio Index Interest Option
- imaxx TOP Balanced Portfolio Index Interest Option
- imaxx TOP Growth Portfolio Index Interest Option
- imaxx TOP Aggressive Growth Portfolio Index Interest Option
- National Bank Trust Conservative Portfolio Index Interest Option
- National Bank Trust Balanced Portfolio Index Interest Option
- National Bank Trust Growth Portfolio Index Interest Option
- Mackenzie Cundill Canadian Balanced Index Interest Option
- Fidelity Canadian Balanced Index Interest option
- TD Dividend Growth Index Index Interest Option
- CI Signature Select Canadian Index Interest Option
- Fidelity Canadian Disciplined Equity® Index Interest Option
- CI Canadian Small /Mid Cap Index Interest Option
- Mutual Beacon Index Interest Option
- CI Value Trust Corporate Class Index Interest Option
- AGF International Stock Class Index Interest Option
- AIM International Growth Class Index Interest Option
- Mackenzie Cundill Value Index Interest Option
- Fidelity North Star® Index Interest Option

each as described in section 9 of this policy, or any substitution for any of the foregoing made by Transamerica in accordance with this policy, and Index Interest Options means all of the foregoing collectively.

Interest Options means the interest options specified in section 9 of this policy, as amended by Transamerica by written notice to the Owner from time to time.

Interest Option Fee in respect of an Index Interest Option has a meaning specified in section 9 of this policy.

Issue Date means the date specified as being the "Issue Date" in the Policy Data.

Life Insured means a Primary Life Insured or any person designated as a "Life Insured" in the Policy Data, or as changed in accordance with this policy. Lives Insured means more than one Life Insured.

Loan means a loan made by Transamerica to the Owner on the security of this policy.

Market Value Adjustment has the meaning specified in section 11 of this policy.

Monthly Deduction has the meaning specified in section 7 of this policy, and Monthly Deductions means more than one Monthly Deduction.

Net Amount at Risk for a Coverage is an amount of insurance coverage calculated by subtracting the Proportionate Fund Value attributable to such Coverage from the Death Benefit for such Coverage.

Net Cash Surrender Value at any time means the Cash Surrender Value at such time less any Market Value Adjustment, which is or would be applicable at such time on a full surrender of this policy.

Net Fund Value means the amount by which the Total Fund Value exceeds all principal, accrued interest and other amounts then outstanding in respect of any Loans.

Optimization means the actual process of reducing the applicable Face Amount as a result of the exercise of the Optimizer Option.

Optimizer Option means the option described in section 14 of this policy.

Optimizer Start Date means the policy anniversary that falls in the Optimizer Start Year as specified in the Application or as changed in accordance with the provisions of this policy. Optimizer Start Year is the first year that this policy will be eligible for Optimization.

Optimizer Minimum Face Amount means the amount chosen by the Owner below which the applicable Face Amount cannot be reduced pursuant to the Optimizer Option.

Owner means the owner or owners of this policy, as named in the Policy Data or as changed in accordance with the provisions of this policy.

Policy Data means the information with respect to this policy or the Riders, as applicable, set out in the pages entitled "POLICY DATA" attached to this policy or to any Rider.

Policy Date means the date specified in the Policy Data as being the "Policy Date" and is the date used to determine the monthly dates, policy anniversaries and policy years in respect of this policy.

Premium means the premium(s) received by Transamerica from time to time in respect of this policy.

Primary Life Insured means a person named as such in the Policy Data, or as changed in accordance with this policy.

Proportionate Fund Value or any reference in this policy to "**the portion of the Total Fund Value attributable to such Coverage**" at any time, means the amount obtained when the Total Fund Value at such time is multiplied by a fraction, the numerator of which is the Face Amount at such time applicable to such Coverage, and the denominator of which is the sum of the Face Amounts at such time for each and every Coverage.

Rider means an attachment to this policy approved by Transamerica at the Head Office which provides additional benefits and any instrument entitled "Rider" which is issued and approved by Transamerica at the Head Office following the Effective Date which provides additional benefits.

Side Account means the deferred annuity contract, issued by Transamerica to the Owner in connection with this policy.

Total Fund Value at any time means the amount by which the sum at such time of all Premiums and all accrued and credited (or debited) interest, exceeds the aggregate of the following amounts:

- (a) any Premium refunds;
- (b) any Partial Surrender Amount (as specified in Section 16);
- (c) the sum of all Monthly Deductions made in accordance with this policy;
- (d) any Death Benefit paid;
- (e) any Living Benefit paid; and
- (f) any fund value payout benefit.

Valuation Day means each Business Day on which the applicable Designated Index reports a net asset value.

Transamerica means Transamerica Life Canada.

2. COVERAGE TYPES

The coverage type describes the combination of Death Benefit and cost of insurance option in respect of a Coverage. A description of the Death Benefit options is set out in section 12 of this policy. A description of the cost of insurance options is set out in section 3 of this policy.

The coverage type is specified in the Policy Data as one of the following:

Coverage Type	Death Benefit Option	Cost of Insurance Option
Level with ART to 85/20	Level	ART to 85/20
Level with ART to 100	Level	ART to 100
Increasing with ART to 85/20	Increasing	ART to 85/20
Increasing with ART to 100	Increasing	ART to 100
Increasing with Level Cost	Increasing	Level Cost
Increasing with LifePlus	Increasing	LifePlus
Increasing with 20Plus	Increasing	20Plus

Option to Change Coverage Types: The Owner may submit to Head Office a written request to change the coverage type in respect of a Primary Life Insured:

From	To
Increasing with ART to 85/20	Increasing with Level Cost or Increasing with LifePlus or Increasing with 20Plus
Increasing with ART to 100	Increasing with Level Cost or Increasing with LifePlus or Increasing with 20Plus
Level with ART to 85/20	Increasing with Level Cost or Increasing with LifePlus or Increasing with 20Plus
Level with ART to 100	Increasing with Level Cost or Increasing with LifePlus or Increasing with 20Plus

Subject to all of the following conditions being satisfied:

- (a) the request must be received and approved by Transamerica at the Head Office prior to such Primary Life Insured's Age 80;
- (b) on the date that the request is received at the Head Office, this policy must be in force and such Primary Life Insured must be living;
- (c) the annual cost of insurance rates for the new coverage will be Transamerica's annual cost of insurance rates in effect for such coverage for such Primary Life Insured's Age as of the effective date of the change;
- (d) the Owner must pay Transamerica's charges then in effect for such change;
- (e) in the case of a change from Level with ART to 85/20 or Level with ART to 100 to Increasing with Level Cost, Increasing with LifePlus or Increasing with 20Plus and before the change is implemented, Transamerica reserves the right to adjust the Face Amount in order to maintain the Net Amount at Risk at the effective date of the change; and
- (f) such other conditions as Transamerica may now or hereafter impose to the extent that the same do not conflict with any of the provisions of this section.

Such changes in coverage type will not require evidence of good health or insurability.

Other changes in coverage type may be allowed in Transamerica's discretion subject to Transamerica's then current requirements and other conditions.

3. COST OF INSURANCE OPTIONS

General: The coverage in respect of a Primary Life Insured is issued with either a Level Cost or an Annual Renewable Term (ART) *LifePlus* or *20Plus* cost of insurance option.

ART is a cost of insurance option available with either a Level or Increasing Death Benefit option and provides a cost of insurance that changes (increases) on an annual basis during the Cost of Insurance Period. For **ART to 85/20** the Cost of Insurance Period for the applicable coverage ends on the later of the policy anniversary following the applicable Primary Life Insured's Age 85 and the 20th anniversary of the coverage for such Primary Life Insured. For **ART to 100** the Cost of Insurance Period for the applicable coverage ends on the policy anniversary following the applicable Primary Life Insured's Age 100.

The Guaranteed Surrender Value provisions do not apply when the ART cost of insurance applies.

Level Cost is a cost of insurance option available with the Increasing Death Benefit option only. The Level Cost option provides a cost of insurance that does not change during the Cost of Insurance Period for the applicable Coverages, providing coverages for such Primary Life Insureds has not changed during this period. The Cost of Insurance Period for the applicable Coverage ends at the policy anniversary following the applicable Primary Life Insured's Age 100.

The Guaranteed Surrender Value provisions do not apply when the Level Cost option applies.

LifePlus is a level cost of insurance option available with Increasing Death Benefit option only. The *LifePlus* option provides a cost of insurance that does not change during the Cost of Insurance Period for the applicable Coverages, providing coverages for such Primary Life Insureds has not changed during this period. The Cost of Insurance Period for the applicable Coverage ends at the policy anniversary following the applicable Primary Life Insured's Age 100.

The Guaranteed Surrender Value provisions apply when the *LifePlus* cost of insurance applies.

20Plus is a level cost of insurance option available with Increasing Death Benefit option only. The *20Plus* option provides a cost of insurance that does not change during the Cost of Insurance Period for the applicable Coverages, providing Coverages for such Primary Life Insureds has not changed during this period. The Cost of Insurance Period for the applicable Coverage ends at the 20th policy anniversary.

The Guaranteed Surrender Value provisions apply when the *20Plus* cost of insurance applies.

4. EFFECTIVE DATE

This policy does not take effect unless all of the following conditions are satisfied:

- (a) this policy is delivered to the Owner during the lifetime of all Lives Insured;
- (b) the full amount of the first Premium is received by Transamerica during the lifetime of all Lives Insured; and
- (c) no change has taken place in the insurability of any Life Insured between the time the Application was completed and the time this policy was delivered to the Owner as provided above.

Provided that all of the foregoing conditions are satisfied, this policy will take effect on the later of the following dates, such date being referred to as the "Effective Date":

- (i) the date that the full amount of the first Premium is received by Transamerica; and
- (ii) the Issue Date.

5. TAX STATUS

It is the intention of Transamerica that tax-exempt status be maintained through the life of this policy. Therefore this policy will be monitored at every policy anniversary.

Tax-exempt test and related policy anniversary processing: In order to maintain tax-exempt status, policies must pass a tax-exempt test. At each policy anniversary Transamerica will test to make sure that the accumulating fund of the policy is less than the accumulating funds of the applicable exemption test policies.

Starting at the tenth policy anniversary, Transamerica will ensure that this policy passes the 250 percent (anti dump-in rule) test at each policy anniversary.

Except for Coverages with *LifePlus* or *20Plus* cost of insurance types, if this policy fails an applicable test on a policy anniversary, then, subject to certain limitations, Transamerica may, on that policy anniversary

- (a) without evidence of insurability, first increase each and every Face Amount including additional coverage and term rider face amounts, by an amount as determined by Transamerica, not to exceed the amount allowed by law and yet retain tax-exempt status of the policy (the net aggregate amount of such increases in a Face Amount being referred to as the "Exempt Test Face Increase"), and
- (b) then process a partial surrender, without surrender charges but with any applicable Market Value Adjustment,

as necessary to maintain the tax-exempt status of this policy.

Transamerica will not process Exempt Test Face Increases for Coverages with *20Plus* and *LifePlus* cost of insurance.

Transamerica reserves the right to decline application of an Exempt Test Face Increase to a policy

under certain circumstances.

The proceeds of any partial surrender made pursuant to this provision will be deposited in the Side Account on behalf of the Owner and will no longer constitute a part of this policy.

If this policy has failed an applicable test on any policy anniversary and Transamerica has increased a Face Amount in accordance with this section, then on any policy anniversary on which the applicable test shows that the accumulating fund of the policy is less than the accumulating funds of the applicable exemption test policies, Transamerica will reduce such Face Amount by an amount determined by it, but not in excess of the Exempt Test Face Increase unless the exercise of the Optimizer Option indicates a further reduction. If the Optimizer Option has been elected in accordance with the provisions of this policy, then Transamerica will administer this policy so that the Exempt Test Face Increase must be reduced to nil before Optimization is applied.

The provisions in this section are based upon the current provisions of the Income Tax Act (Canada), the Regulations thereto, all proposed amendments thereto publicly released by the Department of Finance (Canada) prior to the Issue Date and on the understanding of Transamerica of the current administrative practices and policies of Canada Revenue Agency, Taxation. For the purpose of this paragraph, "current" means current to the Issue Date. The Owner is cautioned that the law may change at any time and from time to time whether by legislative, governmental or judicial action in such a way as to adversely affect the tax status of this policy.

Transamerica reserves the right to refund Premium(s) paid and to amend this policy (including, without limitation, the administration of the tax-exempt tests) in order to reflect changes in applicable income tax laws or Canada Revenue Agency requirements including the requirements for tax-exempt status.

Maximum premium estimate: At the beginning of each policy year and at such other times as Transamerica deems appropriate, a maximum premium estimate is calculated for the policy year, or remainder thereof, based on the then current tax exempt testing requirements, the policy status and the projected accumulation rate for the Total Fund Value. If a Premium payment exceeds the maximum premium estimate, then Transamerica will accept the Premium up to the maximum premium estimate, and the balance will be deposited in the Side Account on behalf of the Owner and will not constitute a Premium or other part of this policy.

The maximum premium estimate is based on projected values for variable factors, including the amount of insurance in force, the premium payments made during the policy year and the Total Fund Value. At the end of each policy year, this policy may fail the applicable tax-exempt test if the actual experience of the variable factors on the testing date is other than as projected. If the policy fails the applicable test, Transamerica will make the appropriate adjustments described above. For example, if the Total Fund Value increases faster than assumed Transamerica may have to transfer excess funds to the Side Account to maintain the tax-exempt status of the policy.

6. PREMIUMS

Premiums: The first Premium, being equal to the amount shown in the Policy Data as the "Planned Periodic Premium", is payable on the Policy Date. The first Premium and all subsequent Premiums may be paid at the Head Office or through an agent or cashier authorized by Transamerica and shall be in Canadian dollars. Premiums may be paid at any time while this policy is in force.

Minimum Premium: The Minimum Premium is the minimum annual amount payable to Transamerica in respect of the policy in each of the first three policy years as shown in the Policy Data.

The Monthly Minimum Premium is equal to the Minimum Premium divided by 12.

Transamerica will accept any amount in excess of \$49.99 submitted to Transamerica as a Premium while this policy is in force, subject to the provisions of this section and such other limits, restrictions and conditions as Transamerica from time to time determines to be appropriate. Transamerica will accept as a Premium the maximum portion of any payment which will allow this policy to remain tax-exempt. If any payment is in excess of this maximum amount, then such excess will be dealt with in the manner described in section 5 of this policy.

All amounts received by Transamerica under this policy will be deposited in the general funds of Transamerica.

Refund of Premiums: Transamerica reserves the right to refund Premium(s) paid. If Transamerica refunds any Premium(s), then any such refund will be made no later than 30 days after receipt by Transamerica at the Head Office of the Premium(s) being refunded.

Shortage: On a date that Monthly Deductions become due, this policy will be said to be "in shortage" if either of the following Shortage Conditions are satisfied.

Shortage Conditions:

- (a) the Net Fund Value is less than the then current Monthly Deduction; or
- (b) (i) the Net Fund Value, less half of the applicable surrender charges, is less than \$0, and
 - (ii) the sum of all Premiums received by Transamerica prior to such time, less any partial surrenders and all principal, accrued interest and other amounts then outstanding in respect of any Loans, is less than
 - (1) For the first three policy years the sum of all Monthly Minimum Premiums calculated from the Policy Date to such time, and
 - (2) Beginning in the fourth policy year the sum of all Monthly Deductions calculated from the Policy Date to such time.

Shortage Amount: The Shortage Amount, in respect of a particular incidence of shortage, is the amount that is required to ensure that the policy no longer meets either of the Shortage Conditions as calculated by Transamerica.

Shortage Notice: In the event that the policy meets either of the Shortage Conditions and providing the policy is not already in shortage, Transamerica will send a shortage notice to the Owner.

Grace Period for Payment of Premiums: After the payment of the first Premium, Transamerica allows a period of 31 days after each Monthly Deduction becomes payable ("Grace Period"). During the Grace Period, the policy remains in force and no interest will be charged for Monthly Deduction payable but not yet paid. The first day of the Grace Period is the day (i) a Monthly Deduction becomes due and (ii) the policy has met either of the Shortage Conditions. The policy will lapse and our liability will cease effective the first day of the Grace Period, unless the Shortage Amount is paid within the Grace Period.

Guaranteed Surrender Value: For a Coverage with *LifePlus* or *20Plus* cost of insurance, Guaranteed Surrender Values may be available. If this policy lapses while Guaranteed Surrender Values are available, then a lapse will be treated as a full surrender and the applicable Guaranteed Surrender Values will be payable to the Owner in accordance with section 16, "Guaranteed Surrender Values".

Death Benefit Payable During Grace Period: If a Primary Life Insured dies while the policy is in shortage, but within the Grace Period, then the portion of any overdue Monthly Deduction applicable to any insurance coverages on such Primary Life Insured will be deducted from the Death Benefit otherwise payable on the death of such Primary Life Insured.

Reinstatement of Lapsed Policy: If this policy has lapsed, then it may be reinstated (unless it has been fully

surrendered) upon written application made by the Owner within two years from the effective date of the lapse subject to all of the following conditions being satisfied:

- (a) all Lives Insured must continue to be in good health and otherwise insurable by the standards of Transamerica; and
- (b) within such two-year period and while all Lives Insured are alive
 - (i) Transamerica must receive evidence satisfactory to it of such good health and insurability of all Lives Insured,
 - (ii) any Loans which existed at the time of lapse must be paid or reinstated with interest and all other amounts outstanding in respect thereof,
 - (iii) the Guaranteed Surrender Value paid upon the lapse, if any, must be paid together with interest at the rate set by Transamerica for such purposes;
 - (iv) a premium sufficient to provide enough Total Fund Value (after deducting all principal, accrued interest and other amounts outstanding in respect of any Loans) to cover all Minimum Premiums payable between the effective date of the lapse and the date of reinstatement, with interest at a rate set by Transamerica from time to time, compounded annually, and the three Monthly Minimum Premiums payable after the reinstatement, must be received by Transamerica at the Head Office, and
 - (v) the policy must not have been fully surrendered or cancelled.

7. MONTHLY DEDUCTIONS

On each monthly date, the Total Fund Value will be reduced by an amount (such amount being referred to as a "Monthly Deduction") determined according to the following formula:

$$MD = \frac{1}{12} (A + B + C)$$

- WHERE: MD** is the Monthly Deduction at any monthly date;
- A** is the sum of the Annual Cost of Insurance as of such monthly date for each and every Coverage, such amount being calculated for the coverage year in which such monthly date occurs;
 - B** is the Guaranteed Annual Policy Fee specified in the Policy Data; and
 - C** is the total of all annual deductions as of such monthly date for any Riders applicable to this policy, as described in the Policy Data, such amount being calculated for the coverage year in which such monthly date occurs.

The Annual Cost of Insurance for a Primary Life Insured is determined, in turn, according to the following formula:

$$COI = D \times 0.001 \times E$$

- WHERE: COI** is the Annual Cost of Insurance as of such monthly date for a Coverage;
- D** is the Annual Cost of Insurance Rate specified in the Policy Data for such Coverage, being the rate specified for the coverage year in which such monthly date occurs; and
 - E** is the Net Amount at Risk* for such Coverage.

(* The amounts marked with an asterisk will be calculated as of the date that the Monthly Deduction is calculated.)

The withdrawal order for Monthly Deductions will be as set out in the "Withdrawal Order" provisions in section 22 of this policy.

The Cost of Insurance Rates specified in the Policy Data for a Primary Life Insured are guaranteed for the life of this policy unless there is a change in the type of coverage, a substitution for such Primary Life Insured or a change in the Face Amount including, without limitation, a decrease resulting from the Optimizer Option, in respect of such Primary Life Insured. The provincial premium tax levied in respect of the policy is included in the guaranteed Cost of Insurance Rates.

The Guaranteed Annual Policy Fee will cease to be included in the calculation of the Monthly Deduction when the sum of the Annual Cost of Insurance as of a monthly date for each and every Primary Life Insured (A in the above formula) is nil.

The Annual Cost of Insurance Rates specified in the Policy Data for a Life Insured have been calculated based on the total face amount for all coverages having the same Life Insured. If a decrease is made to the total face amount, including, without limitation, a decrease resulting from the Optimizer Option, for such Life Insured, then the Annual Cost of Insurance Rates for all coverages for such Life Insured will change, based upon the new total face amount, but such Annual Cost of Insurance Rates will continue to be based upon

- (a) the Age of the applicable Life Insured, and
 - (b) the applicable Annual Cost of Insurance Rates for such Life Insured,
- in effect on the Coverage Date for all coverages for such Life Insured.

8. INTEREST ON THE TOTAL FUND VALUE

Commencing on the later of the Policy Date and the date upon which Transamerica receives the first Premium at the Head Office, the Total Fund Value will bear interest in accordance with the Interest Options chosen by the Owner in the Application or as otherwise selected by the Owner in accordance with the provisions of this policy. If the Owner fails to select an Interest Option, or if the amount of a Premium received fails to meet the required minimum, then the Floating Interest Option will apply. Monthly Deductions will be deducted for the period beginning on the Policy Date.

Except as indicated in the "Fixed Rate Interest Option" provision appearing in section 9 of this policy, Transamerica does not guarantee any rate of interest for the Interest Options.

9. INTEREST OPTIONS

Security Account Interest Option: In the event that there is a Loan outstanding, a portion of the Total Fund Value that is equal to the outstanding Loan amount, will be held within the Security Account Interest Option. The portion of the Total Fund Value held in the Security Account Interest Option is Transamerica's security for the Loan. The amounts held in the Security Account Interest Option cannot be transferred to another Interest Option, surrendered from this policy or otherwise paid to the Owner or Beneficiary until the Loan is repaid. Interest on amounts held within the Security Account Interest Option will be calculated daily and credited to the Floating Interest Option at the interest rate of eight (8) per cent per annum on each Business Day.

Interest Options for Net Fund Value Allocation: The following Interest Options are available under this policy for the allocation of Premiums and the Net Fund Value:

(a) **Floating Interest Option:** In the event that the Floating Interest Option applies, interest accrues and is calculated daily at Transamerica's interest rate in effect from time to time for such purpose on the portion of the Total Fund Value allocated to such Interest Option; such interest is credited on each Business Day.

The per annum interest rate to be employed in accruing and calculating such interest is guaranteed to be no less than the greater of

(i) the rate of interest determined according to the following formula:

$$I = A - 2.50\%$$

WHERE: I is the per annum interest rate;

A is the prevailing floating 3-month Canadian Deposit Offering Rate (CDOR) , such rate being obtained from such internationally recognized quotation service as Transamerica may choose from time to time; and

(ii) zero (0) percent per annum.

(b) **Fixed Rate Interest Option:** The Owner may choose one or more Fixed Rate Interest Option Terms of one, two, three, four, five, ten, or twenty-five years. If the Owner wishes to select a Fixed Rate Interest Option Term at any time and from time to time, then each allocation to a Fixed Rate Interest Option Term is subject to a minimum of \$500.00.

Interest on the portion of the Total Fund Value allocated to a particular Fixed Rate Interest Option Term accrues and is calculated daily at the Transamerica interest rate for such Fixed Rate Interest Option Term at the time it is chosen subject to the following interest rate guarantee:

For the One, Two, Three or Four Year Fixed Rate Interest Option Terms, the per annum interest rate is guaranteed to be no less than the greater of:

(i) the rate of interest determined according to the following formula:

$$I = (90\% \times A) - 2.00\%$$

WHERE: I is the per annum interest rate;

A is the then prevailing yield at the commencement of such term for Government of Canada Bonds having a similar term; and

(ii) the (0) percent per annum.

For the Five, 10 and 25 Year Fixed Rate Interest Option Terms, the per annum interest rate is guaranteed to be no less than the greater of:

(i) the rate of interest determined according to the following formula:

$$I = (90\% \times A) - 2.00\%$$

WHERE: I is the per annum interest rate;

A is the then prevailing yield at the commencement of such term for Government of Canada Bonds having a similar term; and

(ii)

Fixed Rate Interest Option Term (years)	% per annum
Five (5)	1.75
Ten (10)	2.50
Twenty Five(25)	3.00

Upon the date that any particular Fixed Rate Interest Option Term matures, the portion of the Total Fund Value allocated to it (including accrued interest thereon) may, at the option of the Owner, be

- (A) re-allocated to any Fixed Rate Interest Option Term then offered by Transamerica, or
- (B) transferred to any other Interest Option then offered by Transamerica,

provided that Transamerica receives, at the Head Office, written request therefor from the Owner prior to such maturity date. In the absence of such notice, Transamerica will automatically re-allocate such amount to the same Fixed Rate Interest Option Term as that just matured or, if that term is not then offered by Transamerica, for the next shortest term then offered by Transamerica.

- (c) **Passive Index Interest Options:** The Owner may choose one or more Passive Index Interest Options. The interest rate for such Index Interest Option varies with the performance of the applicable Designated Index, as indicated in the Passive Index Interest Option Table below.
- (d) **Passive Currency Neutral Index Interest Options:** The Owner may choose one or more Passive Currency Neutral Index Interest Options. The interest rate for such Index Interest Option varies with the performance of the applicable Designated Index, as indicated in the Passive Currency Neutral Index Interest Option Table below.
- (e) **Managed Index Interest Options:** The Owner may choose one or more Managed Index Interest Options. The interest rate for such Index Interest Option varies with the performance of the applicable Designated Index, as further described in the Managed Index Interest Option Table below.
- (f) **National Bank Portfolio Index Interest Options:** The Owner may choose one or more National Bank Portfolio Index Interest Options. The interest rate for such Index Interest Option varies with the performance of the applicable Designated Index, as further described in the National Bank Portfolio Index Interest Option Table below.

Provisions Applicable to Index Interest Options:

The Owner acknowledges and agrees that the interest rate applicable to the Index Interest Options may be either positive or negative, depending on the performance of the particular Designated Index. A negative interest rate will reduce the Total Fund Value, the Cash Surrender Value, the Net Cash Surrender Value, the maximum Benefit Amount for a Living Benefit and the Death Benefit.

Interest Rate Calculation: The interest rate to be employed in accruing and calculating daily interest on the portion of the Total Fund Value allocated to an Index Interest Option is the Rate of Return of the Designated Index on the Valuation Day, less the then current Interest Option Fee in respect of the applicable Index Interest Option compounded by the number of days elapsed between the then current Valuation Day and the previous Valuation Day, calculated each Business Day.

Designated Index: The credited interest rate for each Index Interest Option is related to the performance of an underlying financial instrument or index, such as units of a mutual fund or segregated fund, equity shares, a particular stock, bond or other financial index, and/or a combination of such instruments or indices, each such financial instrument, index or combination thereof, is referred to as a Designated Index. Transamerica reserves the right to substitute one Designated Index, or component thereof, for another Designated Index with similar investment objectives, and adjust the percentage weightings of particular components of any composite Designated Index, in accordance with market conditions. This shall not be construed to require Transamerica to make a substitution or adjust the percentage weightings of any Designated Index. Designated Indices means more than one Designated Index.

Rate of Return: The Rate of Return in respect of a Designated Index means the percentage change in the value of the applicable Designated Index between the then current Valuation Day and the preceding Valuation Day. A Rate of Return is net of the management fees, taxes and expenses applicable to a Designated Index and may include an indexed dividend or foreign exchange rate conversion to Canadian Dollars, as specified in the applicable Index Interest Option Table.

Interest Option Fee: The Interest Option Fee means, the daily fee for a particular Index Interest Option stated in the applicable Index Interest Option Table or as calculated below. The Interest Option Fee is the fee charged by Transamerica in addition to any fee charged by the Designated Index. The Interest Option Fee is guaranteed not to change for the Managed Index Interest Options and Passive Index Interest Options. Transamerica reserves the right to change the Interest Option Fee applicable to any Passive Currency Neutral Index Interest Option and National Bank Portfolio Index Interest Option, from time to time, subject to the Guaranteed Total Fee maximum. The Guaranteed Total Fee is the daily fee stated in the applicable Index Interest Option Table as the Guaranteed Total Fee for a particular Passive Currency Neutral Index Interest Option and National Bank Portfolio Index Interest Option. This amount is guaranteed not to change.

The Interest Option Fee, for a particular Passive Currency Neutral Index Interest Option and National Bank Portfolio Index Interest Option, shall be equal to or less than:

- (a) the Guaranteed Total Fee for such Index Interest Option, less
- (b) an amount equal to the Management Expense Ratio, not including taxes, of the corresponding Designated Index, as applicable.

Index Interest Option Tables: The Index Interest Option Tables indicate, for each Index Interest Option, the applicable Designated Index, and whether an indexed dividend or foreign exchange rate is applicable. The tables also indicate the Interest Option Fee or the Guaranteed Total Fee, as applicable, in respect of each of the Index Interest Options:

INDEX INTEREST OPTION TABLES

Managed Index Interest Options		
Index Interest Option	Designated Index	Interest Option Fee (annual equivalent)
imaxx Canadian Fixed Pay	imaxx Canadian Fixed Pay Fund	0.00340349% (1.25%)
imaxx Canadian Bond	imaxx Canadian Bond Fund	0.00340349% (1.25%)
imaxx Canadian Equity Growth	imaxx Canadian Equity Growth Fund	0.00340349% (1.25%)
imaxx Canadian Equity Value	imaxx Canadian Equity Value Fund	0.00340349% (1.25%)
imaxx U.S. Equity Growth	imaxx U.S. Equity Growth Fund	0.00340349% (1.25%)
imaxx U.S. Equity Value	imaxx U.S. Equity Value Fund	0.00340349% (1.25%)
imaxx Global Equity Value	imaxx Global Equity Value Fund	0.00340349% (1.25%)
imaxx Global Equity Growth	imaxx Global Equity Growth Fund	0.00340349% (1.25%)
imaxx TOP Conservative Portfolio	imaxx TOP Conservative Portfolio	0.00340349% (1.25%)
imaxx TOP Balanced Portfolio	imaxx TOP Balanced Portfolio	0.00340349% (1.25%)
imaxx TOP Growth Portfolio	imaxx TOP Growth Portfolio	0.00340349% (1.25%)
imaxx TOP Aggressive Growth Portfolio	imaxx TOP Aggressive Growth Portfolio	0.00340349% (1.25%)
Mackenzie Cundill Canadian Balanced	Mackenzie Cundill Canadian Balanced Fund**	0.00407916% (1.50%)
Fidelity Canadian Balanced	Fidelity Canadian Balanced Fund**	0.00407916% (1.50%)
TD Dividend Growth	TD Dividend Growth Fund**	0.00407916% (1.50%)
CI Signature Select Canadian	CI Signature Select Canadian Fund**	0.00407916% (1.50%)
Fidelity Canadian Disciplined Equity®	Fidelity Canadian Disciplined Equity® Fund**	0.00407916% (1.50%)
CI Canadian Small/Mid Cap	CI Canadian Small/Mid Cap Fund**	0.00407916% (1.50%)
Mutual Beacon	Mutual Beacon Fund**	0.00407916% (1.50%)

Managed Index Interest Options		
Index Interest Option	Designated Index	Interest Option Fee (annual equivalent)
CI Value Trust Corporate Class	CI Value Trust Corporate Class Fund**	0.00407916% (1.50%)
AGF International Stock Class	AGF International Stock Class Fund**	0.00407916% (1.50%)
AIM International Growth Class	AIM International Growth Class Fund**	0.00407916% (1.50%)
Mackenzie Cundill Value	Mackenzie Cundill Value Fund**	0.00407916% (1.50%)
Fidelity North Star®	Fidelity North Star® Fund**	0.00407916% (1.50%)

® Fidelity Canadian Disciplined Equity and Fidelity North Star are registered trademarks of FMR Corp.

Passive Index Interest Options				
Index Interest Option	Designated Index	Indexed Dividend ¹	Foreign Currency Exchange ²	Interest Option Fee (annual equivalent)
Canadian Equity Total Return	S&P/TSX 60 Composite Stock Price Index**	Yes	Not applicable	0.00809863% (3.00%)
U.S. Large Capitalization Total Return	Standard & Poor's 500 Composite Stock Price Index**	Yes	Yes	0.00809863% (3.00%)
U.S. New Technologies Total Return	NASDAQ 100 Stock Index**	Yes	Yes	0.00809863% (3.00%)
European Equity Total Return	75% Dow Jones EURO STOXX 50 Price Index** 25% Financial Times Stock Exchange (FTSE) 100 Share Index**	Yes	Yes	0.00809863% (3.00%)
Japanese Equity Total Return	Nikkei 225 Stock Average**	Yes	Yes	0.00809863% (3.00%)
Canadian Bond II	Scotia Capital Markets Universe Bond Index**	No	Not applicable	0.00809863% (3.00%)

- ¹ The indexed dividend is an index number that represents the dividend distribution on securities comprising the applicable index, and such number will be obtained from such internationally recognized quotation service as Transamerica may choose from time to time.
- ² The applicable exchange rate on any day will be calculated by Transamerica on the basis of the end-of-day value of the Canadian dollar as compared to the relevant foreign currency as determined by Transamerica. Such end-of-day value of the Canadian dollar will be the rate obtained from such internationally recognized quotation service as Transamerica may choose from time to time.

With respect to each Passive Index Interest Option which is based on a foreign index, the Owner acknowledges and agrees that notwithstanding anything contained in this policy or elsewhere to the contrary, the Owner will bear the total amount of the losses or gains resulting from changes in the relevant foreign currency relative to the Canadian dollar.

- ** Transamerica's universal life policies and contracts are not issued, sponsored, endorsed, sold or promoted by: Toronto Stock Exchange, Standard & Poor's (The McGraw-Hill Companies, Inc.), The Nasdaq Stock Market, Inc., STOXX Limited (Dow Jones & Company, Inc.), FT-SE International Limited, Nihon Keizai Shimbun, Inc., Scotia Capital Inc., AGF Funds Inc., AIM Funds Management Inc., CI Investments Inc., Fidelity Investments, Franklin Templeton Investments Corp., TD Mutual Funds and Mackenzie Financial Corporation. None of such entities, or their affiliates (including, but not limited to, funds managed by such entities), makes any representation or warranty, express or implied, whatsoever regarding the advisability of selecting any interest option, making any investment or acquiring the policy or contract, and none of such entities bears any liability with respect to the policy or contract.

Passive Currency Neutral Index Interest Options		
Index Interest Option	Designated Index	Guaranteed Total Fee (annual equivalent)
Can-U.S. Large Capitalization	Can-Am Fund (Variable Investment Option)	0.00809863% (3.00%)
Can-U.S. 21st Century	Can-Daq 100 Fund (Variable Investment Option)	0.00809863% (3.00%)
Can-European	Can-Euro Fund (Variable Investment Option)	0.00809863% (3.00%)
Can-Asian	Can-Asian Fund (Variable Investment Option)	0.00809863% (3.00%)

National Bank Portfolio Index Interest Options		
Index Interest Option	Designated Index	Guaranteed Total Fee (annual equivalent)
National Bank Trust Conservative Portfolio	National Bank Trust Conservative Portfolio	0.01179782% (4.40%)
National Bank Trust Balanced Portfolio	National Bank Trust Balanced Portfolio	0.01179782% (4.40%)
National Bank Trust Growth Portfolio	National Bank Trust Growth Portfolio	0.01179782% (4.40%)

Provisions Applicable to All Interest Options:

Selection of Interest Options: The Owner may select Interest Options in the Application or the Allocation Form, in accordance with Transamerica's then current administrative rules. The Owner may also transfer all or any portion of the Total Fund Value or change the allocation instructions for new Premiums by written notice to Transamerica on its approved form. Any such written notice shall be effective only upon receipt by Transamerica at the Head Office.

Credited Interest: The interest accrued and calculated for each Interest Option, other than the Security Account Interest Option, is credited or debited, as applicable, to the Total Fund Value on each Business Day and re-allocated to the Interest Option in respect of which the credit or debit arose.

Transfers: The Owner is entitled to a maximum of four transfers between Interest Options at no charge during any policy year, subject to any applicable Market Value Adjustment. Any transfer from a Fixed Rate Interest Option will cause a Market Value Adjustment. Transamerica reserves the right to charge the then current administrative fee for any transfers between Interest Options after the fourth transfer. The administrative fee and Market Value Adjustment, if applicable, will be deducted from the Interest Option being transferred and the amount of the transfer request.

Processing Transaction Requests: All transactions related to amounts to which an Interest Option applies will be processed on the applicable Business Day coinciding with or next following:

- (a) in respect of the first Premium, the later of the Policy Date and the date upon which Transamerica receives the first Premium at the Head Office,
- (b) in respect of all other Premiums, on the date of receipt of the Premium at the Head Office, or

- (c) in respect of any change from one Interest Option to another, on the day of receipt of instructions regarding the change at the Head Office, as applicable.

Discontinuance of an Interest Option: Transamerica reserves the right to discontinue any of the Interest Options at any time by giving the Owner written notice of the intention of Transamerica to discontinue such Interest Option at least thirty (30) days in advance, provided, however, that Transamerica shall:

- (a) not terminate any particular Fixed Rate Interest Option Term prior to its maturity date,
- (b) offer at least one Fixed Rate Interest Option with a minimum per annum interest rate of 3.00%,
- (c) offer at least one Index Interest Option with a guaranteed Interest Option Fee or Guaranteed Total Fee of 0.00809863% (3.00% annual equivalent), and
- (d) offer at least four Index Interest Options, provided that Designated Indices are available for trading by Transamerica.

Such notice will specify the Interest Option(s) being discontinued and the effective date of such discontinuance and will specify the Interest Option(s) into which all amounts allocated to the Interest Option(s) being discontinued will be transferred unless some other Interest Option is elected by the Owner in writing before the effective date of such discontinuance.

If any of the S&P/TSX 60 Composite Stock Price Index, the Standard & Poor's 500 Composite Stock Price Index, the NASDAQ 100 Stock Index, the Dow Jones EURO STOXX 50 Price Index, the Financial Times Stock Exchange (FTSE) 100 Share Index, the Nikkei 225 Stock Average, or the Scotia Capital Markets Universe Bond Index** (or any substitution or addition made to any of the foregoing from time to time by Transamerica) should, at some future time, no longer be available, then Transamerica reserves the right to substitute a similar stock or bond index, as the case may be, to replace the index which is no longer available or, if in the opinion of Transamerica there is no similar stock or bond index, as the case may be, to substitute the Floating Interest Option to replace the index which is no longer available.

10. ACCUMULATION BONUS

At the beginning of each policy year commencing with the second policy year, Transamerica will credit to the Total Fund Value, an amount (the "Accumulation Bonus Amount") determined according to the following formula:

$$C = D \times 1.25\%$$

WHERE: C is the Accumulation Bonus Amount in respect of a policy year;

D is the sum of the Total Fund Value less Loans (including principal and accrued interest) on each monthly date in the previous policy year divided by 12;

Each amount credited to the Total Fund Value pursuant to this section will be allocated in accordance with the Owner's Premium allocation instructions then in effect. The amount credited to the Total Fund Value pursuant to this section does not constitute a Premium.

11. MARKET VALUE ADJUSTMENT

A Market Value Adjustment will apply to all amounts withdrawn for any reason from any Fixed Rate Interest Option Term, whether for a change in the applicable Interest Option, a change in the applicable Fixed Rate Interest Option Term, a partial surrender, a full surrender, a Benefit Amount for a Living Benefit or a Loan (but not for Monthly Deductions or for payment of a Death Benefit), according to the following formula:

$$MVA = A \times B$$

WHERE: **MVA** is the Market Value Adjustment;

A is the requested transfer, surrender or withdrawal amount;

B the greater of,

(i) zero (0), and

(ii) $1 - [(1 + C) / (1 + D)]^{\frac{E}{365}}$

C is the per annum interest rate for the applicable Fixed Rate Interest Option Term, the funds allocated to which are to be transferred, surrendered or withdrawn;

D is 1% per annum plus Transamerica's then current per annum interest rate on the effective date of the transfer, surrender or withdrawal for the closest term to E below; and

E is the number of full days remaining to the maturity date of the applicable Fixed Rate Interest Option Term, the funds allocated to which are to be transferred, surrendered or withdrawn.

12. DEATH BENEFIT OPTION

If a Primary Life Insured dies while this policy is in force, then Transamerica will pay the Death Benefit applicable to the corresponding Coverage to the Beneficiary designated in respect of such Coverage.

The Death Benefit is subject to provisions of this policy, which may have an effect on the policy benefit payable, for example, Loans, Optimization, surrenders and misstatement of age or sex. The Proportionate Fund Value attributable to a Death Benefit of a Primary Life Insured is deducted from any remaining Total Fund Value for the policy.

The Death Benefit applicable to a Coverage is expressed with the applicable Cost of Insurance as the Coverage Type, which is indicated on the Policy Data page issued with this policy. The Coverage Types are described in section 2 of this policy entitled "Coverage Types".

Level Death Benefit Option: If a Level Death Benefit is applicable for a Primary Life Insured who dies:

- (a) **during the Cost of Insurance Period**, then the Death Benefit applicable to such Primary Life Insured for such Coverage is equal to the greater of the Face Amount applicable to such Coverage; and the Proportionate Fund Value applicable to such Coverage, both as of the date of death of such Primary Life Insured.

- (b) **after the Cost of Insurance Period**, then the Death Benefit applicable to such Primary Life Insured for such Coverage is determined according to the following formula:

$$DB = A + B$$

- WHERE:** **DB** is the Death Benefit;
- A** is the Net Amount at Risk attributable to such Coverage on the last day of the Cost of Insurance Period; and
- B** is the Proportionate Fund Value attributable to such Coverage at the date of death of such Primary Life Insured.

After the end of the Cost of Insurance Period, the Level Death Benefit is affected by the performance of the applicable Interest Options. A negative interest rate will reduce the Total Fund Value, the Cash Surrender Value, the Net Cash Surrender Value, the Living Benefit Amount and the Death Benefit.

Increasing Death Benefit Option: If an Increasing Death Benefit is applicable for a Coverage then the Death Benefit applicable to such Primary Life Insured for such Coverage is equal to the sum of the Face Amount applicable to such Coverage as of the date of death of such Primary Life Insured and the Proportionate Fund Value attributable to such Coverage as of the date of death of such Primary Life Insured.

The Death Benefit is affected by the performance of the applicable Interest Options. A negative interest rate will reduce the Total Fund Value, the Cash Surrender Value, the Net Cash Surrender Value, the Living Benefit Amount and the Death Benefit.

Provisions Applicable to all Death Benefit Options: In respect of any settlement under this policy, the following amounts will be deducted from any Death Benefit otherwise payable under this policy in respect of a Coverage:

- (a) the amount obtained when the amount of all principal, accrued interest and other amounts outstanding in respect of any Loans under this policy is multiplied by a fraction, the numerator of which is the Face Amount at such time applicable to such Coverage, and the denominator of which is the sum of the Face Amounts at such time for each and every Coverage; and
- (b) the amount obtained when the amount of any Monthly Deductions due but not then paid is multiplied by a fraction, the numerator of which is the Face Amount at such time applicable to such Coverage, and the denominator of which is the sum of the Face Amounts at such time for each and every Coverage.

If the Owner has exercised the Optimizer Option and if the applicable Cost of Insurance Option is ART, then the Death Benefit will be affected by any Optimization that occurs, in that, the applicable Face Amount will be decreased in the manner described in section 14 of this policy.

In order to maintain tax-exempt status, Transamerica may change a Face Amount in the manner described in section 5 of this policy.

13. OPTION TO CHANGE THE FACE AMOUNT

In addition to a request made to decrease a Face Amount pursuant to the Optimizer Option, the Owner may request an increase or decrease of a Face Amount for a particular Coverage. Any such request is subject to all of the following conditions:

- (a) the Owner must make written application for such change;
- (b) the request must be received and approved by Transamerica at the Head Office;
- (c) on the date that such request is received at the Head Office, this policy must be in force and such Primary Life Insured must be living;
- (d) if there is to be an increase in a Face Amount, then such Primary Life Insured must continue to be in good health and otherwise insurable by the standards of Transamerica and Transamerica must receive evidence satisfactory to it of such good health and insurability;
- (e) the amount requested must be not less than \$25,000.00;
- (f) any increase or decrease of a Face Amount may cause a change in the Monthly Deductions;
- (g) any increase or decrease of a Face Amount may result in an administrative charge;
- (h) during the surrender charge period and for Coverages with either ART or Level cost insurance, a surrender charge will result from any decrease in a Face Amount made pursuant to this section in accordance with the section 16 of this policy;
- (i) any decrease in Face Amount for a Coverage with a *LifePlus* or *20Plus* cost of insurance, shall cause an automatic partial surrender of the Guaranteed Surrender Value, if any, then available in accordance with section 16 of this policy;
- (j) any increase in a Face Amount will be contestable for two years from the effective date of the increase but only with respect to the answers given in the request for that increase and will renew the suicide limitation of this policy for two years from the effective date of the increase but only as to the increased portion of the Face Amount; and
- (k) such other conditions as Transamerica may now or hereafter impose to the extent that the same do not conflict with any of the foregoing provisions of this section.

In order to maintain tax-exempt status, Transamerica may change a Face Amount in the manner described in section 5 of this policy.

14. OPTIMIZER OPTION (OPTION TO AUTOMATICALLY DECREASE A FACE AMOUNT)

Subject to the limitations, restrictions and other conditions set forth in this section and elsewhere in this policy, the Owner will have the option to automatically have a Face Amount decreased on each policy anniversary on and after the Optimizer Start Date, if on such anniversary the applicable tax-exempt test shows that the accumulating fund of this policy is less than the accumulating funds of the applicable exemption test policies. Subject to those same limitations, restrictions and conditions, Optimization will occur in respect of the Coverage and Primary Life Insured designated in respect of this option in the Policy Data.

Eligibility and General Conditions: the Owner may exercise such option, and Optimization may only occur, subject to each of the following conditions:

- (a) the Owner must make written application to Transamerica at the Head Office and must specify the Optimizer Start Year and the Optimizer Minimum Face Amount;
- (b) if such option is exercised after the Issue Date, then for this option to be effective on a particular policy anniversary, Transamerica must receive the written application at the Head Office at least 30 days prior to such policy anniversary;
- (c) the applicable Cost of Insurance option in respect of the Coverage must be ART;
- (d) the applicable Face Amount in respect of the Coverage must be at least \$250,000.00 both at the time such option is exercised and on the Optimizer Start Date;
- (e) the Optimizer Start Date may not be prior to the sixth policy anniversary;
- (f) the Optimizer Minimum Face Amount may not be less than \$100,000.00; and
- (g) Transamerica may restrict the Coverages, including, without limitation, the number thereof, to which this option is available or may be exercised.

Making Changes to Optimizer Option: The Owner may, on written application to Transamerica at the Head Office, change

- (a) the Optimizer Start Date, provided that such application is received by Transamerica at the Head Office at least 30 days prior to the then current Optimizer Start Date;
- (b) the Optimizer Minimum Face Amount, provided that such application is received by Transamerica at the Head Office at least 30 days prior to the applicable policy anniversary and, provided further, that the Owner may not specify an amount that is greater than the applicable Face Amount immediately prior to the effective date of the change in respect of the Coverage.

For greater certainty, the conditions set forth in this section under "Eligibility and General Conditions" will apply to, and will continue to apply following, such changes to the Optimizer Option.

Amount of Face Amount Decreases: If the Optimizer Option has been exercised, Transamerica will automatically decrease the applicable Face Amount on each policy anniversary on and after the Optimizer Start Date, subject to the following:

- (a) the Optimizer Minimum Face Amount and clauses (b) and (c) immediately below, the amount of the decrease in a Face Amount resulting from Optimization in respect of the applicable policy anniversary, will be the maximum decrease that may be made and yet maintain the tax-exempt status of this policy;
- (b) in respect of each of the applicable sixth, seventh, eighth, ninth and tenth policy anniversaries, the reduction in a Face Amount as a result of Optimization may not be more than 15 percent of such Face Amount immediately prior to Optimization in respect of the applicable policy anniversary; thereafter, no such restriction will apply. Each such reduction will be calculated, without regard to reductions of Exempt-Test Face Increases made by Transamerica pursuant to section 5 of this policy; and
- (c) reductions in a Face Amount will occur in decrements of \$1,000.00 only, rounding down to the nearest \$1,000.00.

Transamerica will administer this policy so that the Exempt-Test Face Increase must be reduced to nil before Optimization is applied.

Subject to section 7 of this policy, a decrease in a Face Amount in respect of a Coverage may result in a change

to the Annual Cost of Insurance Rates for such Coverage.

When Optimization Will Otherwise Not Occur: Optimization will not otherwise occur on a particular policy anniversary if at that time

- (a) there are funds in the Side Account in excess of the minimum as determined by Transamerica from time to time, or
- (b) the portion of the Annual Cost of Insurance for the applicable Coverage for the month immediately prior to such policy anniversary is nil. Optimization will occur on the applicable policy anniversary even if Premiums and/or Annual Cost of Insurance in respect of the applicable Coverage are then being waived for any reason or Transamerica has received a claim for such waiver benefits.

Termination of Optimizer Option: The Optimizer Option will terminate in respect of the applicable Coverage on the earliest of

- (a) the date that Annual Cost of Insurance is no longer charged in respect of such Coverage,
- (b) the effective date of a change, from ART to Level Cost of Insurance option,
- (c) the date of lapse of this policy due to the failure of the Owner to pay a premium within the Grace Period specified in section 6 of this policy, and
- (d) subject to the provisions regarding changes to the Optimizer Option by the Owner, the thirtieth day following the date that Transamerica receives at the Head Office the Owner's written request to cancel or terminate this option.

Once terminated, this option cannot be reinstated.

Miscellaneous: Optimization and the exercise of the Optimizer Option is subject to such other conditions as Transamerica may now or hereafter impose to the extent that the same do not conflict with any of the foregoing provisions of this section.

If the Owner has exercised the Optimizer Option, then the applicable Death Benefit will be reduced by any Optimization that occurs, in that the applicable Face Amount will be decreased in the manner described in this section. The Owner is cautioned that any significant decrease in the Total Fund Value due to, but not limited to, partial surrenders (including partial surrender charges), Monthly Deductions, Fund Value Death Benefit payments, Living Benefit Amount payments and negative interest earnings, may, through Optimization precipitate a significant decrease in a Face Amount and, accordingly, in the corresponding Death Benefit.

15. LIVING BENEFIT

Transamerica will pay a Benefit Amount to the Owner in accordance with the qualification and claims requirements described in this section and the terms of this policy, while the policy is in force and provided that all premiums due in respect of this policy have been paid.

Qualification for Living Benefits: To qualify for the Living Benefit the Life Insured must not be excluded by amendment, and at least one of the following Critical Conditions must exist for the applicable Life Insured when the claim is made and must continue to exist up to the time each Benefit Amount is paid:

- (a) the Life Insured becomes Disabled and continues to be Disabled without interruption until the Waiting Period has expired; or

- (b) the Life Insured is Diagnosed with a Critical Condition and the Survival Period has expired.

The **Benefit Amount** is an amount requested by the Owner to be paid by Transamerica in respect of a Living Benefit for a particular Life Insured. A Benefit Amount may not exceed the Total Fund Value less the aggregate of:

- (a) the sum of all principal, accrued interest and other amounts outstanding in respect of any Loans under the policy,
- (b) the sum of all Monthly Deductions due but not then paid, and
- (c) the sum of three (3) Monthly Minimum Premiums.

Payment Options: A Benefit Amount may be requested up to two times each year for each and every Life Insured. A Benefit Amount is payable as a lump sum or by regular instalments of not less than \$500. Regular instalments are available on a quarterly, semi-annual or annual basis.

The amount payable to the Owner will be the Benefit Amount less the Market Value Adjustment (if applicable). The Benefit Amount and Market Value Adjustment (if applicable) will be deducted from the Total Fund Value based on the Owner's instructions. If the Owner does not provide such instructions, then the Benefit Amount will be deducted in accordance with the "Default Withdrawal Order" provisions in section 22 of this policy.

Claims for Living Benefits:

A Claim for Living Benefits may be made by written request to the Head Office and shall include the Benefit Amount and payment option requested (and installment amount, if applicable), together with the evidence described below.

- A. **Disability Claim:** A claim for a Living Benefit resulting from a Disability must be received within one year from the date the Disability occurred. Transamerica must receive, at the Head Office, evidence satisfactory to it of:
 - (a) the Life Insured experiencing or Diagnosed with the Disability;
 - (b) the date(s) on which the Disability began;
 - (c) the Life Insured remaining under the normal and customary care of a Doctor such Doctor being competent to provide appropriate care for the condition causing Disability; and
 - (d) such supplementary evidence as required by Transamerica, from time to time, including without limitation an examination of the Life Insured by a Doctor or Doctors designated by Transamerica.
- B. **Critical Condition Claim:** A claim for a Living Benefit resulting from a Critical Condition must be received within 90 days from the Diagnosis of the Critical Condition. Transamerica must receive, at the Head Office, evidence satisfactory to it of:
 - (a) the Life Insured experiencing or Diagnosed with the Critical Condition;
 - (b) the date(s) on which the Critical Condition was Diagnosed; and
 - (c) such supplementary evidence as required by Transamerica, from time, including without limitation an examination of the Life Insured by a Doctor or Doctors designated by Transamerica.

Continuous Disability or Critical Condition: Transamerica will waive the applicable Waiting Period or Survival Period for a Living Benefit claim when:

- (a) such claim is made within 12 months of a previous claim, and both claims are for the same or a related cause for which the Waiting Period or Survival Period has expired, such determination to be made by Transamerica, and
- (b) such Disability or Critical Condition begins within 12 months of the date on which the previous Disability or Critical Condition has ceased.

Living Benefits Definitions

Basic Activities of Daily Living include:

- (a) Bathing, which means the ability to maintain a reasonable level of personal hygiene;
- (b) Dressing, which means the ability to put on or take off necessary clothing, braces, fasteners or artificial limbs;
- (c) Toileting, which means the ability to get to and from the toilet, to get on and off the toilet and to perform the associated personal hygiene;
- (d) Transferring, which means the ability to move in and out of a bed, chair or wheelchair;
- (e) Continence, which means the ability to control bladder and bowels, or if unable to maintain such control, the ability still to maintain a reasonable level of personal hygiene; and
- (f) Eating, which means the ability to receive nourishment into the body by any means, once it has been prepared and made available.

Cognitively Impaired means the inability to have short or long-term memory, orientation as to person, place and time and the inability for deductive and abstract reasoning without another person's assistance or verbal cueing to protect themselves or others as measured by clinical evidence and standardized tests.

Critical Condition means any condition that has been Diagnosed as terminal and death is expected within 24 months of the Diagnosis, or any of the following conditions, as defined:

- a) **Alzheimer's Disease** means the clinical Diagnosis, supported by evidence of progressive deterioration of memory and the ability to reason and perceive, understand, express and give effect to ideas. The severity of the condition must be sufficient to warrant supervision on a daily basis. Exclusions: All other dementing organic brain disorders and psychiatric illnesses are excluded under this condition.
- b) **Blindness** means the Diagnosis, as confirmed by an ophthalmologist, of the total and irreversible loss of vision in both eyes, with the corrected visual acuity being 20/200 or less in both eyes.
- c) **Cancer (Life-Threatening)** means the Diagnosis of a tumor characterized by the uncontrolled growth and spread of malignant cells and the invasion of tissue. This includes Leukemia and Hodgkin's disease.

Exclusions:

- (i) carcinoma in situ;
- (ii) stage 1A malignant melanoma (melanoma less than or equal to 1.0 mm in thickness, not ulcerated and without level IV or V invasion);

- (iii) any non-melanoma skin cancer that has not become metastatic (spread to distant organs);
 - (iv) stage A (T1a or T1b) prostate cancer; and
 - (v) any tumor in the presence of HIV.
- (d) **Coma** means the Diagnosis of a state of unconsciousness with no reaction to external stimuli or response to internal needs for a continuous period of seven days. The use of life support systems must be required throughout the period of unconsciousness. Exclusions: A Coma which results directly from alcohol or drug abuse.
- (e) **Coronary Artery Bypass Surgery** means the Diagnosis by a Doctor of having to undergo heart surgery to correct narrowing or blockage of one or more coronary arteries with bypass grafts. Exclusions: Non-surgical techniques, such as balloon angioplasty, laser embolectomy or any other intra-arterial technique that relieves obstructions are excluded.
- (f) **Deafness** means the Diagnosis, as confirmed by an otolaryngologist, of the total and irreversible loss of hearing in both ears, with an auditory threshold of more than 90 decibels.
- (g) **Heart Attack** means a Heart Attack or Myocardial Infarction diagnosed as the death of a portion of heart muscle as a result of inadequate blood supply as evidenced by: new electrocardiographic changes indicative of a Myocardial Infarction, and the elevation of cardiac enzyme levels. Exclusions: An incidental finding of electrocardiogram changes suggesting a prior Myocardial Infarction, in the absence of a corroborating event, is not covered.
- (h) **Kidney Failure (End Stage Renal Disease)** means the Diagnosis of end stage renal disease presenting as chronic irreversible failure of both kidneys to function, as a result of which either regular hemodialysis, peritoneal dialysis or renal transplantation is initiated. Exclusions: For medical treatment outside Canada regular hemodialysis and peritoneal dialysis are only covered when a Life Insured has left Canada for a preauthorized kidney transplant.
- (i) **Loss of Limbs** means the Diagnosis of the irreversible severance of two or more limbs from above the wrist or ankle joint as the result of an accident or medically necessary amputation.
- (j) **Loss of Speech** means the Diagnosis of the total and irreversible loss of the ability to speak as the result of physical Injury or disease that must be established for a continuous period of at least 180 days. The Survival Period is 180 days from the onset of loss of speech. Exclusions: All psychiatric related causes resulting in loss of speech are specifically excluded.
- (k) **Major Burns** means the Diagnosis of having third degree burns over at least 20% of the body surface.
- (l) **Major Organ Transplant and Major Organ Failure on Waiting List** means the Diagnosis of the irreversible failure of the heart, both lungs, liver, entire pancreas, both kidneys or bone marrow. Transplantation must be medically necessary. To qualify under Major Organ Transplant or Major Organ Failure on Waiting List a Life Insured must become enrolled as the recipient in a recognized organ or bone marrow transplant program in Canada, for one or more of the organs or bone marrow specified in this provision. The date of Diagnosis is the date the Life Insured's enrollment in such a transplant program takes effect. Exclusions: Islet cell transplant is excluded.
- (m) **Aortic Surgery** means the Diagnosis by a cardiologist or cardiovascular surgeon of having to undergo surgery to replace the diseased aorta with a graft. Aorta refers to the thoracic and abdominal aorta but not its branches.

- (n) **Heart Valve Replacement** means the Diagnosis by a cardiologist or cardiovascular surgeon of having to undergo surgery for the replacement of any heart valve with either a natural or mechanical valve. Exclusions: Heart valve repair is specifically excluded.
- (o) **Benign Brain Tumour** means the Diagnosis by a neurologist of a non-malignant tumour in the brain or meninges. Imaging techniques usually used to diagnose such conditions, i.e. magnetic resonance imaging (MRI) or Computed Tomography (CT) Scan, must confirm the existence of the tumour. Exclusions: Tumours of bony cranium and pituitary microadenomas (less than 10mm in diameter) are excluded.
- (p) **Multiple Sclerosis** means the Diagnosis by a neurologist of definite Multiple Sclerosis, characterized by well-defined neurological abnormalities persisting for a continuous period of at least 6 months and with 2 separate clinically documented episodes. Neurological abnormalities in this context must be evidenced by the typical symptoms of demyelination of the brain or the spinal cord with resultant impairment and must be confirmed by imaging techniques usually used to diagnose Multiple Sclerosis i.e. magnetic resonance imaging (MRI) scanning.
- (q) **Motor Neuron Disease** means the Diagnosis by a Doctor specializing in one of the following: Amyotrophic Lateral Sclerosis (ALS or Lou Gehrig's disease), primary lateral sclerosis, progressive spinal muscular atrophy, progressive bulbar palsy, or pseudo bulbar palsy, and limited to these entities.
- (r) **Parkinson's Disease** means the Diagnosis by a Doctor specializing in primary idiopathic Parkinson's Disease, which is characterized by a minimum of 2 or more of the following clinical manifestations: muscle rigidity, tremor, or bradykinesia (abnormal slowness of movement, sluggishness of physical and mental responses). Exclusions: All other types of Parkinsonism are specifically excluded.
- (s) **HIV** means the Diagnosis of an infection by any Human Immunodeficiency Virus (HIV) acquired during the course of the Life Insured's occupation in Canada or the United States of America. The occupations covered include but are not limited to: any occupation that provides accident and emergency, medical, dental or nursing services, police services, or prison service.

A Diagnosis of Occupational HIV requires satisfactory evidence of the following:

- (i) the infection arose from an Injury during the normal course of duties for an occupation that has established reporting procedures for such events;
- (ii) the Injury leading to the infection was reported, investigated, and documented according to the relevant occupation's reporting procedures;
- (iii) the Injury leading to the infection was reported to Transamerica within 30 days from the date of the Injury and is accompanied with confirmation of an HIV negative status;
- (iv) the infection was acquired as a result of contact with an HIV infected person or with an HIV infected object; and
- (v) the Injury leading to the infection occurred after the Effective Date of the Policy and the Policy is in force.
- (vi) for the purpose of the Survival Period, the date of Diagnosis will be deemed to be the date when all the relevant procedures have been satisfied and satisfactory evidence has been provided to Transamerica, and an HIV positive status has been confirmed.

Occupational HIV will be excluded under the following:

1. an HIV infection resulted from or was transmitted by any other means, including but not limited to sexual activity or recreational drug use;
 2. the Life Insured elected not to take any vaccine offering protection against HIV that may have become available prior to the Injury leading to the infection; or
 3. a cure against HIV virus became available prior to the infection.
- (t) **Paralysis** means the Diagnosis of complete and permanent loss of use of two or more limbs for a continuous period of 90 days following the precipitating event, during which time there has been no sign of improvement. The Survival Period is 90 days from the onset of Paralysis.
- (u) **Stroke or Cerebrovascular Accident** means the Diagnosis of a cerebrovascular event producing neurological sequelae lasting 30 days or more and caused by intracranial thrombosis or hemorrhage or embolism from an extra-cranial source. There must be evidence of measurable, objective neurological deficit. The determination of the Survival Period commences with the occurrence of the stroke. Exclusions: Transient Ischemic Attacks are excluded.

Diagnosed or Diagnosis means the first unequivocal diagnosis of a Critical Condition made by a Doctor whose practice is limited to the particular branch of medicine relating to the applicable Disability or Critical Condition.

Disability means either an Occupational Disability or a Severe Disability that

- (a) results from a disease that first appears or a bodily Injury that first occurs after the Issue Date, while this policy is in force;
- (b) results from a cause not described under the Exclusions provision of this section; and
- (c) continues without interruption during the applicable Waiting Period.

Doctor means a physician or surgeon licensed to practice medicine in Canada, or any other region as we may approve, and who is not related by blood or marriage to any Owner or Life Insured.

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

Loss of Basic Activities of Daily Living means that the Life Insured is unable to perform two (2) or more of the six (6) specifically defined Basic Activities of Daily Living without receiving substantial daily physical assistance from another person. If modifications and/or adaptive devices or equipment enables the Life Insured to perform a Basic Activity of Daily Living, then the Life Insured will not be considered to have lost that Basic Activity of Daily Living. Modifications and/or adaptive devices or equipment may include (but are not limited to) ramps, lifts, grab bars, canes, walkers, crutches, diapers, catheters, colostomy bags and adapted chairs, beds and wheelchairs.

Occupation means,

- (a) during the first 24 months of Occupational Disability, the Life Insured's regular occupation for remuneration or profit immediately prior to the Occupational Disability; and
- (b) after the first 24 months of Occupational Disability, any occupation for which the Life Insured is, or may be, reasonably suited by reason of education, training, or experience.

During the first 24 months of Occupational Disability, if the Life Insured is, or becomes a student, then Occupation will include attending school.

Occupational Disability means the inability of the Life Insured to perform substantially all of the material duties of his or her Occupation.

Severe Disability means,

- (a) the total and irrecoverable loss of sight in both eyes, loss of the use of both hands, or of both feet, or of one hand and one foot sustained by the Life Insured;
- (b) the Life Insured is terminally ill and the condition is expected to result in death within 24 months;
- (c) the Life Insured is experiencing the Loss of Basic Activities of Daily Living; or
- (d) the Life Insured Diagnosed as being Cognitively Impaired.

Survival Period means the 30-day period following the date on which the Diagnosis has been made, unless otherwise stated in this section.

Waiting Period means,

- (a) the 90-day period following the date on which the Occupational Disability first occurs, as provided under the terms of this policy; or
- (b) the 30-day period following the date on which the Severe Disability first occurs, as provided under the terms of this policy.

General Exclusions for Disability and Critical Condition Claims:

Transamerica will pay no Benefit Amount if the Disability or Critical Condition in respect of the Life Insured resulted directly or indirectly from:

- (a) any bodily Injury that occurs while a Life Insured has been determined to be legally intoxicated, under the influence of any alcohol, non-prescription drugs, including, but not limited to, narcotics or sedatives, or using or taking any prescription drugs other than as prescribed by a Doctor and in accordance with a Doctor's instructions when the use of such substances was a proximate cause for the Disability;
- (b) the voluntary taking of poison, inhalation of gas, or taking of a drug or chemical;
- (c) the Life Insured's commission of or attempted commission of a criminal act, or any loss sustained while incarcerated for a criminal act;
- (d) the Life Insured's engaging in an illegal occupation;
- (e) the operation of any vehicle, however powered, while the Life Insured has alcohol in the blood in excess of the legal limit;
- (f) declared or undeclared war, invasion, hostility, acts of a foreign enemy or any act incident to war or any armed conflict, including service in the armed forces;
- (g) the Life Insured's participating in any riot, civil commotion, revolution, rebellion, insurrection, explosion of war weapons or terrorist activities;
- (h) the Life Insured's intentional self-inflicted Injury or any act of, or attempt to commit suicide regardless of whether the Life Insured is sane or insane; or
- (i) service, travel, flight in, or descent from any kind of aircraft if the Life Insured acted in any capacity other than as a fare-paying passenger.

Face Amount Adjustment: If a Living Benefit has been paid, Transamerica reserves the right to adjust the Face Amount(s) for the policy to preserve the Net Amount at Risk that is in effect on the date the Benefit Amount is paid.

The Owner is cautioned that a payment of the Living Benefit will reduce the Death Benefit(s) and the Total Fund Value of the policy by the total of all Benefit Amounts (and MVA, if applicable) paid.

16. SURRENDER OF POLICY

Surrender: The Owner may request (i) a reduction of the Face Amount of a particular Coverage, the surrender of a particular Coverage or all Coverages then in force under this policy (each referred to as a "Coverage Surrender") or (ii) a withdrawal from the Total Fund Value ("Partial Surrender"). The effective date of the request will be the date coinciding with or next following the date on which Transamerica receives a written request for the surrender at the Head Office. This policy will terminate upon the surrender of all Coverages then in force, being a full surrender.

Coverage Surrender Charge (all types of cost of insurance)

For the surrender of all Coverages then in force under this policy the full Coverage Surrender Charge is equal to the sum of the Coverage Surrender Charges applicable to each and every Coverage then in force.

The surrender charge amount will be deducted from the Total Fund Value based on the Owner's instructions. If the Owner does not provide instructions or such instructions are insufficient to complete the deduction of surrender charges, then the surrender charges will be deducted in accordance with the "Default Withdrawal Order" provisions in section 22 of this policy.

Coverage Surrender Charge (ART and Level of cost of insurance only):

The surrender charge for a particular Coverage Surrender is equal to the surrender factor for such Coverage multiplied by 0.001 multiplied by the Face Amount (or portion thereof being surrendered) for such Coverage. The surrender factor for a particular Coverage is shown in the Table of Surrender Factors contained in this Section for the issue age of the applicable Primary Life Insured (which is shown in the Policy Data as "age") and duration of the Coverage applicable to such Primary Life Insured at the date of request for the surrender. If a Face Amount has been increased for the applicable Coverage, then a separate surrender factor will apply to each increased portion of Face Amount.

Coverage Surrender Charge (LifePlus and 20Plus types of cost of insurance only): The surrender charge for a particular Coverage Surrender is equal to the applicable partial surrender factor, as indicated in the Table of Partial Surrender Factors for the applicable Coverage year multiplied by the Partial Surrender Amount. The Partial Surrender Amount for a Coverage Surrender is equal to the Proportionate Fund Value attributable to such Coverage immediately prior to the surrender request. There are no surrender charges applicable for a reduction in Face Amount for Coverages with LifePlus or 20Plus cost of insurance.

TABLE OF SURRENDER FACTORS

Issue Age*	Coverage Year							
	1	2	3	4	5	6	7	8+
0	9	14	18	23	18	11	7	0
1	9	14	18	23	18	11	7	0
2	9	14	18	23	18	11	7	0
3	9	14	18	23	18	11	7	0
4	9	14	18	23	18	11	7	0
5	9	14	18	23	18	11	7	0
6	9	14	18	23	18	11	7	0
7	9	14	18	23	18	11	7	0
8	9	14	18	23	18	11	7	0
9	9	14	18	23	18	11	7	0
10	9	14	18	23	18	11	7	0
11	9	14	18	23	18	11	7	0
12	9	14	18	23	18	11	7	0
13	9	14	18	23	18	11	7	0
14	9	14	18	23	18	11	7	0
15	9	14	18	23	18	11	7	0
16	9	14	18	23	18	11	7	0
17	9	14	18	23	18	11	7	0
18	9	14	18	23	18	11	7	0
19	9	14	18	23	18	11	7	0
20	9	14	18	23	18	11	7	0
21	10	15	20	25	21	12	8	0
22	10	15	20	25	21	12	8	0
23	11	17	22	28	23	14	8	0
24	12	18	24	30	25	15	9	0
25	12	18	24	30	25	15	9	0
26	12	18	24	30	25	15	9	0
27	13	20	26	33	27	16	10	0
28	13	20	26	33	27	16	10	0
29	13	20	26	33	27	16	10	0
30	14	21	28	35	29	17	10	0
31	14	21	28	35	29	17	10	0
32	15	23	30	38	31	18	11	0
33	16	24	32	40	33	20	12	0
34	17	26	34	43	35	21	12	0
35	17	26	34	43	35	21	12	0
36	18	27	36	45	37	22	13	0
37	18	27	36	45	37	22	13	0
38	19	29	38	48	39	23	14	0
39	20	30	40	50	41	24	14	0
40	21	32	42	53	45	26	15	0
41	22	33	44	55	45	27	16	0
42	22	33	44	55	45	27	16	0
43	23	35	46	58	47	28	16	0
44	25	38	50	63	51	31	18	0
45	27	41	54	68	55	33	19	0
46	28	42	56	70	57	34	20	0
47	30	45	60	75	62	36	22	0
48	31	47	62	78	63	38	22	0
49	32	48	64	80	65	39	23	0

TABLE OF SURRENDER FACTORS

Issue Age*	Coverage Year							
	1	2	3	4	5	6	7	8+
50	33	50	66	83	67	40	24	0
51	34	51	68	85	70	41	24	0
52	34	51	68	85	70	41	24	0
53	35	53	70	88	72	42	25	0
54	36	54	72	90	73	44	26	0
55	37	56	74	93	75	45	26	0
56	38	57	76	95	78	46	27	0
57	39	59	78	98	80	47	28	0
58	40	60	80	100	81	48	28	0
59	41	62	82	103	83	50	29	0
60	42	63	84	105	86	51	30	0
61	43	65	86	108	88	52	30	0
62	44	66	88	110	90	53	31	0
63	45	68	90	113	91	55	32	0
64	46	69	92	115	94	56	33	0
65	47	71	94	118	96	57	33	0
66	48	72	96	120	98	58	34	0
67	49	74	98	123	99	59	35	0
68	50	75	100	125	102	61	36	0
69	51	77	102	128	104	62	36	0
70	52	78	104	130	106	63	37	0
71	53	80	106	133	108	64	38	0
72	54	81	108	135	110	65	38	0
73	55	83	110	138	112	66	39	0
74	56	84	112	140	114	68	40	0
75	57	86	114	143	116	69	40	0
76	58	87	116	145	118	70	41	0
77	59	89	118	148	120	71	42	0
78	60	90	120	150	122	72	42	0
79	61	92	122	153	124	74	43	0
80	62	93	124	155	126	75	44	0

* determined in respect of the applicable coverage

Free Partial Surrender (All cost of insurance types): In each policy year after the second policy anniversary the Owner may request one Free Partial Surrender Amount to which surrender charges will not apply ("Free Partial Surrender"). The maximum amount available for a Free Partial Surrender, is equal to the lesser of:

- i) 10% of the Net Fund Value, and
- ii) A - B - C

WHERE:

- A** is the Net Fund Value;
- B** is an amount equal to the sum of three (3) Monthly Deductions based on the then current Monthly Deduction; and
- C** is an amount equal to the sum of half of the applicable surrender charges as defined in this section, for each and every Coverage.

(such aggregate amount being referred to as the "Free Partial Surrender Amount")

The written request for a Free Partial Surrender must specifically indicate that the right of Free Partial Surrender is being exercised; failure to do so will result in the forfeiture of that right for the applicable partial surrender

request; the right may be used for a subsequent partial surrender request within that policy year.

The right of Free Partial Surrender may be used for any partial surrender request in each policy year.

All provisions that apply to Partial Surrender requests apply equally to the Free Partial Surrender requests, unless otherwise specified, except that the surrender charge shall be waived for a Free Partial Surrender.

Tax Status Partial Surrender: In order to maintain tax-exempt status, Transamerica may process a Partial Surrender in the manner described in section 5 of this policy, without surrender charges but with any applicable Market Value Adjustment.

Partial Surrenders (all cost of insurance types): All partial surrenders must be for an amount of at least \$500.00 and no greater than the amount by which the Net Cash Surrender Value exceeds an amount equal to the sum of the three Monthly Deductions due after the Partial Surrender ("Partial Surrender Amount"). Any request for an amount that would exceed the maximum Partial Surrender amount will be treated as a request for a full surrender and shall be subject to the full surrender charge.

The amount payable to the Owner for a Partial Surrender will be the Partial Surrender Amount less an amount equal to the aggregate of the partial surrender charge, if applicable, (except when the Free Partial Surrender applies), and the Market Value Adjustment (if applicable). The Partial Surrender Amount (including applicable surrender charges and MVA) will be deducted from the Total Fund Value based on the Owner's instructions. If the Owner does not provide such instructions or such instructions are insufficient to complete the Partial Surrender or Free Partial Surrender, then the Partial Surrender Amount will be deducted in accordance with the "Default Withdrawal Order" provisions in section 22 of this policy.

If the Death Benefit type in respect of the policy is Level, then the Face Amount in respect of each and every Coverage will be reduced by a proportionate Partial Surrender Amount. A proportionate Partial Surrender Amount is calculated by multiplying the Partial Surrender Amount by a fraction, the numerator of which is the Face Amount at such time applicable to such Coverage, and the denominator of which is the sum of the Face Amounts at such time for each and every Coverage.

Partial Surrender Charge (all cost of insurance types): The partial surrender charge is determined according to the following formula:

$$PSC = A \times B$$

WHERE: **PSC** is the Partial Surrender Charge;

A is the Partial Surrender Amount;

B is the partial surrender factor, as indicated in the Table of Partial Surrender Factors for the applicable Coverage year.

TABLE OF PARTIAL SURRENDER FACTORS

Coverage year							
	1	2	3	4	5	6	7
%	18.0	12.0	10.0	9.0	8.0	7.0	6.0

Guaranteed Surrender Values

This section applies only to the Coverages with a cost of insurance type specified in the Data Pages as *LifePlus* or *20Plus*, as described in section 3 of this policy. The Guaranteed Surrender Value does not form a part of the Death Benefit nor does it form a part of the available policy loan amount. For the purposes of this section only the term "anniversary" shall refer to the Guaranteed Surrender Value Start Date, as specified in the Data Page.

Guaranteed Surrender Values become available on the 6th anniversary, after which date the Owner may access the Guaranteed Surrender Values by submitting a written request for a Coverage Surrender for a Coverage with a *LifePlus* or *20Plus* cost of insurance. The request will be processed on the effective date of the request. The effective date of the request will be the date coinciding with or next following the date on which Transamerica receives written request for the surrender at the Head Office. Transamerica shall pay the Owner the Guaranteed Surrender Value in accordance with the formula set out below.

The Guaranteed Surrender Values are available on the applicable anniversary and remain fixed until the next anniversary using the following formula, except that in no event shall the Guaranteed Surrender Value exceed the then current Face Amount:

A. Upon full surrender of the applicable Coverage:

Guaranteed Surrender Value (6th - 20th anniversary) = X% x (Annual Cost of Insurance deducted for the Face Amount then in-force for the applicable Coverage)

Where % varies by year according to the following table:

Anniversary	%
6 - 14	25%
15 - 19	50%
20+	100%

Guaranteed Surrender Value (21st anniversary and after) = (Guaranteed Surrender Value for the previous year + Annual Cost of Insurance for the applicable Coverage deducted for the current year) x 1.02

B. Upon decrease reduction in Face Amount:

Guaranteed Surrender Value = (Amount of Face Amount reduction / original Face Amount) x Guaranteed Surrender Value determined in A. above

For the purpose of calculating the Guaranteed Surrender Value, Annual Cost of Insurance means only the amounts actually deducted in respect of the applicable Coverage up to the amount payable for the Life Insured at a rate for a standard risk, as determined by us at the Issue Date for the applicable coverage. Specifically excluded from the Annual Cost of Insurance for this calculation are

- (i) deductions due to ratings;
- (ii) premiums paid for any other coverages, Riders or other benefits;
- (iii) premiums paid in excess of the Annual Cost of Insurance, and (iv) any other fees or administrative charges.

17. POLICY LOANS

Requesting a Loan: The Owner may enter into a loan and security agreement with Transamerica at the Head Office by providing a written request for a loan not exceeding the Maximum Loan Amount as specified below. Subject to the terms of the policy and the Maximum Loan Amount provision Transamerica shall make a cheque payable to the Owner for the amount of the Loan requested.

Security: The Loan will be secured by that portion of the Total Fund Value equal to the amount of the Loan and such amount will be held within the Security Account Interest Option. The security for the Loan constitutes a first lien on this policy in favour of Transamerica.

In the event that the Owner requests a Loan or an increase in a Loan or has an existing Loan, that exceeds the Total Fund Value in the Security Account Interest Option, Transamerica will transfer the required amount from another Interest Option to the Security Account Interest Option without any request for such transfer by the Owner. Transamerica will not charge any administrative fee in respect of such transfer, other than to deduct any applicable Market Value Adjustment for any transfer made from a Fixed Rate Interest Option. Any such transfer shall be made in accordance with the "Default Withdrawal Order" provisions in section 22 of this policy.

Maximum Loan Amount: The Maximum Loan Amount available is equal to the following:

$$MLA = \frac{A - (B + C + D)}{1.005}$$

- WHERE:** **MLA** is the Maximum Loan Amount;
- A** is the Total Fund Value, less any applicable Market Value Adjustment;
- B** is an amount equal to any outstanding Loans x 1.005 plus any outstanding interest accrued since the last policy anniversary;
- C** is an amount equal to the sum of three (3) Monthly Deductions based on the then current Monthly Deduction; and
- D** is an amount equal to the sum of half of the applicable surrender charges as defined in section 16, for each and every Primary Life Insured.

Minimum Loan Amount: The Minimum Loan Amount is \$500.00. Transamerica reserves the right to reject a Loan request under \$500.00.

Interest on Loans: Interest, calculated at the rate of ten (10) per cent per annum, will be charged on all Loans. Interest accrues from the date on which the Loan is made.

Loan Repayment: Any part of a Loan, together with interest accrued thereon and other amounts outstanding in respect thereof, may be repaid at any time while this policy is in force. For a payment to be treated as a Loan repayment, it must be clearly specified as such. Otherwise, it will be treated as a Premium payment and will be allocated in accordance with the Owner's then current premium allocation instructions.

Loan repayments will be applied to reduce the amount of the Loan on the date such repayments are received by Transamerica at the Head Office.

When a Loan repayment eliminates any part of the outstanding Loan, an amount equal to the repayment in respect of the then current Loan amount is transferred from the Security Account Interest Option to the Floating Interest Option, unless the Owner provides written instructions otherwise.

Internal Loan Repayment: At any time after the 15th policy anniversary, the Owner may request the repayment of the Loan or any portion thereof, together with interest accrued thereon and other amounts outstanding in respect thereof, by internal loan repayment, meaning the amount of the repayment requested will be deducted from the Total Fund Value: first, from the portion of the Total Fund Value then allocated to the Security Account Interest Option, and then from any other Interest Option in accordance with the Owner's instructions.

If the Death Benefit type in respect of the policy is Level, then upon the exercise of the internal loan repayment option the Face Amount in respect of each and every Coverage will be reduced by an amount equal to the portion of the internal loan repayment amount attributable to such coverage which shall be calculated by multiplying the percentage of the portion of the Total Fund Value attributable to such Coverage by the total amount of the internal loan repayment deducted from the Total Fund Value.

On the policy anniversary, if interest accrued since the last policy anniversary is not repaid for an outstanding Loan:

- (i) Transamerica will transfer an amount equal to the outstanding interest accrued since the last policy anniversary from another Interest Option to the Security Account Interest Option without any request for such transfer by the Owner. Transamerica will not charge any administrative fee in respect of such transfer, other than to deduct any applicable Market Value Adjustment for any transfer made from a Fixed Rate Interest Option. Any such transfer shall be made in accordance with the "Default Withdrawal Order" provisions in section 22 of this policy; and
- (ii) the outstanding Loan amount will be replaced by a new Loan amount without any request for such change by the Owner. The new Loan amount will be comprised of the original Loan amount plus the outstanding interest accrued since the last policy anniversary.

Failure to repay the Loan and / or the accrued interest in respect of such Loan may result in a policy lapse as described in section 6 of this policy.

The Death Benefit will be decreased by any outstanding Loan amount until it is repaid.

18. BENEFICIARY PROVISIONS

Who Receives the Proceeds: Any proceeds payable because of the death of a Primary Life Insured will be paid to the Beneficiary designated in respect of the applicable Coverage. Unless changed as provided in this policy, the Beneficiary in respect of a Coverage will be as designated in the Application. If the Beneficiary in respect of a Coverage is a partnership, then any proceeds will be paid to the partnership as it existed at the time of the death of the corresponding Primary Life Insured.

If the Beneficiary Dies: The interest of any Beneficiary who dies before the Primary Life Insured in respect of whom such Beneficiary is designated, will terminate at the death of such Beneficiary. The interest of any Beneficiary who dies at the time of, or within 30 days after, the death of the Primary Life Insured in respect of whom such Beneficiary is designated, will also terminate if no proceeds have been paid to such Beneficiary. If the interest of a designated Beneficiary has terminated, any proceeds payable will be paid to the Owner. If the Owner is not living at that time, any proceeds payable will be paid to the executor or administrator of the Owner.

Change of Beneficiary: The Owner may change a Beneficiary by filing with Transamerica a written notice satisfactory to Transamerica. A change of Beneficiary will not be effective until recorded by Transamerica at the Head Office. When recorded, even if the Primary Life Insured in respect of whom such Beneficiary is

designated, is not then living, the change will take effect on the date the notice was signed, except that any proceeds paid before Transamerica records a change of Beneficiary will not be subject to the change. A Beneficiary designated irrevocably may not be changed without the written consent of such Beneficiary.

19. PAYMENT OF THE PROCEEDS

Proof of Death: Any proceeds payable because of the death of a Primary Life Insured will be paid when Transamerica receives proof of the death of such Primary Life Insured, the birth date of such Primary Life Insured and the right of the claimant to the proceeds, all in such form and substance satisfactory to Transamerica. Such proof must be submitted to Transamerica at the Head Office. Appropriate forms will be made available to the appropriate Beneficiary upon request. All payments by Transamerica are payable at the Head Office in Canadian dollars.

Deductions from Death Benefit: As provided in section 12 above, the outstanding amount of any Loans, together with all accrued and unpaid interest and other amounts due in respect thereof, and any outstanding Monthly Deductions will be deducted from the Death Benefit in any settlement under this policy.

20. SEVERANCE OPTION

At any time while this policy is in force, an insurance Coverage in respect of a Primary Life Insured may, at the option of the Owner, be severed from this policy and continued within another Transamerica life insurance policy, under the same plan of insurance, without providing evidence of insurability, subject to all of the following conditions:

- (a) the request to exercise this option must be made in writing to Transamerica at its Head Office; and
- (b) immediately following the date this option is exercised, there must remain at least one Coverage under this policy.

The severed Coverage in respect of a Primary Life Insured will be established as follows:

- (a) the life insured must remain the same as for the original Coverage;
- (b) the Owner must be the same as for the original Coverage;
- (c) the face amount applicable to such severed Coverage must be the same as the Face Amount applicable to original Coverage;
- (d) the type of Coverage must remain the same as for the original Coverage;
- (e) the date used to determine the policy anniversaries, policy years and policy months in respect of the severed Coverage will be the same as the Coverage Date applicable to such the original Coverage;
- (f) the annual cost of insurance rates for the severed Coverage will be based on the original Age and class of risk of such Primary Life Insured under the original Coverage;
- (g) a one-time administrative fee will be payable to Transamerica in respect of exercising this Severance Option. Such administrative fee will be equal to the administrative fee then charged by Transamerica for similar transactions;
- (h) an annual policy fee may also apply. Such policy fee will be equal to the Guaranteed Annual Policy Fee specified in the Policy Data;
- (i) the Optimizer Option will not be applicable to the severed Coverage unless Transamerica then offers such option in respect of the Coverage and Transamerica receives at the Head Office a specific written request from the Owner to exercise such option for such policy;

- (j) The Guaranteed Surrender Value for the severed Coverage will be transferred from the original Coverage to the severed Coverage, and Guaranteed Surrender Value Start Date will remain the same;
- (k) the Proportionate Fund Value will be transferred from this policy to the policy with the severed Coverage without incurring surrender charges; and
- (l) such other conditions or restrictions as Transamerica may now or hereafter impose to the extent that the same do not conflict with any of the foregoing provisions of this section.

Transamerica may be required to make adjustments to this policy to maintain the tax-exempt status and to ensure that the Net Amount at Risk has not increased.

21. SETTLEMENT OPTIONS

All policy proceeds will be paid when due in a lump sum, unless the Owner or appropriate Beneficiary, as applicable, requests in writing that the proceeds be deposited. If the recipient requests this deposit option, then Transamerica will hold the proceeds on deposit with interest earned at the annual interest rate in effect as of the date of death or surrender. In no event will Transamerica pay less than two (2) per cent annual interest. Earned interest may be paid annually, semi-annually, quarterly, or monthly, as selected by the Owner or appropriate Beneficiary, as applicable. The proceeds and accumulated interest may be withdrawn in whole or in part at any time.

Other Options: Any other method of settlement may be arranged subject to the agreement of Transamerica.

Limitations: The payee under any settlement option must be an individual receiving payment in his or her own right.

22. GENERAL PROVISIONS

Policy Statements: At least once a year, Transamerica will send the Owner a statement showing the Face Amount, Total Fund Value, Loan amounts, partial surrenders, Premiums paid, Monthly Deductions, Net Cash Surrender Value and Guaranteed Cash Surrender Value, if applicable, as of the statement date.

Proof: Transamerica may request proof satisfactory to it in respect of (a) the right of any claimant to payment under this policy, (b) the signature of any notice, request or consent delivered to Transamerica under this policy by the proper person, or (c) any other matter provided for in this policy or permitted by law; provided that Transamerica shall not be obligated to do so. Transamerica shall not be liable to any person (including a corporation, trust, partnership, individual or other legal entity) for failure to request proof related to any matter dealt with in this policy or for any error made in reviewing such proof.

Incontestability: In the absence of fraud, this policy and any insurance coverage under this policy applicable to a Primary Life Insured will be incontestable after this policy has been in force during such Primary Life Insured's lifetime for two years from the later of the Effective Date and the date of the latest reinstatement or change.

If a Face Amount is increased as provided in this policy, the Contract will be contestable to the extent of the increase for two years from the effective date of the increase.

The provisions of the foregoing two paragraphs do not apply to misstatements of age or sex or to any Rider or

endorsement providing benefits specifically for disability or death by accident.

Amount Payable is Limited in the Event of Suicide: If within two years from the later of the Effective Date and the date of the latest reinstatement or change, a Primary Life Insured:

- (a) dies by suicide while sane or insane, or
- (b) attempts or commits an act of suicide while sane or insane and, as a result of which, such person dies following such two-year period,

then no Death Benefit will be payable in respect of the applicable Coverage and the liability of Transamerica under this policy shall be limited to refunding an amount equal to the amount determined according to the following formula:

$$R = A \times B$$

- WHERE:**
- R** is the amount of such refund;
 - A** is the fraction, the numerator of which is the Face Amount applicable to such Coverage at the date of death of such Coverage, and the denominator of which is the sum of the Face Amounts at such time for each and every Coverage;
 - B** is the lesser of
 - (a) the amount by which the Total Fund Value at such time, exceeds the amount of all principal, accrued interest and other amounts outstanding in respect of any Loans under this policy, and
 - (b) the amount by which the total of all Premiums received by Transamerica prior to such time in respect of this policy, exceeds the aggregate of
 - (i) any Premium refunds made prior to such time in respect of this policy, and
 - (ii) any partial surrenders made prior to such time in respect of this policy.

Misstatement of Age or Sex in the Application: If a Life Insured's age or sex has been misstated, Transamerica will adjust the benefit to the amount payable had such Life Insured's age and sex been correctly stated.

Contract: The entire contract between the Owner and Transamerica consists of this policy together with any endorsements, Riders and other documents attached to it by Transamerica on the Issue Date, the Application and any application for reinstatement or policy change approved by Transamerica at the Head Office, including any medical evidence form and any written statements and answers furnished as evidence of insurability, and any amendments made in accordance with this policy after it is issued (the "Contract"). The contract does not include, however, any temporary insurance agreement which Transamerica may have with any person. Transamerica has issued this policy in consideration of the Application and payment of the Premiums. All statements made by or for a Life Insured will be deemed to have been relied upon by Transamerica.

Catastrophic Events: If Transamerica's performance of any of its obligations under the Contract is delayed or otherwise made impractical by reason of any flood, riot, fire, acts of nature, labour unrest, acts of war, terrorism, power outage or any other causes beyond its control, such obligations may be postponed until the earlier of such time as the cause ceases to preclude or make impractical Transamerica's performance of such obligations and 7 Business Days.

Payment Deferral: Transamerica may defer the payment of proceeds of a Loan, a Partial Surrender, a Free Partial Surrender and a Coverage Surrender for a period of not more than three months after Transamerica receives a written request for transaction at the Head Office.

Who is Authorized to Make Changes in the Contract: Only the President or a Vice-president of Transamerica together with the Secretary of Transamerica has the authority to bind Transamerica or to make any change in the Contract, and then only in writing. Transamerica will not be bound by any promise or representation made by any other person. For greater certainty, and without limiting the generality of the foregoing, no broker or agent is authorized to waive, amend or modify any of the terms or provisions of the Contract.

Change of Primary Life Insured Option: Subject to the provisions of this option, the Owner may change a Primary Life Insured under this policy.

Any such change will be subject to all of the following conditions:

- (a) the Owner must make written application for the change to Transamerica on its form prior to the person to be insured's Age 70;
- (b) the Owner of this policy must have an insurable interest in the life of the person to be insured;
- (c) the person to be insured must submit evidence of insurability satisfactory to Transamerica;
- (d) at the date of the change, this policy must be in force. The Monthly Deductions on this policy must be paid to the date of the change;
- (e) a one-time administrative fee will be payable to Transamerica. Such administrative fee will be equal to the administrative fee then charged by Transamerica for similar transactions;
- (f) the change will renew the incontestability and the suicide limitation provisions; and
- (g) if the cost of insurance type for a coverage is specified in the Data Page as *LifePlus* or *20Plus* and the date of the change is on or after the 6th coverage anniversary, then the exercise of this option will cause a full surrender of the Guaranteed Surrender Value then available in accordance with section 16 of this policy. A new Guaranteed Surrender Value will be calculated beginning on the Issue Date of the coverage for the person to be insured; and
- (h) the date of the change will be the next monthly date of this policy following the date of approval of the application for the change, but only if the person to be insured is living on that date and no change has taken place in the insurability of such person between the time that such application is completed and the time the amendment is delivered to the Owner.

This option will terminate upon lapse or surrender of this policy.

If the policy is reinstated within six months of the date of lapse, then this option will also be reinstated.

Except as otherwise provided in this option, this option is subject to the provisions of this policy.

Owner of this Policy: Before the death of the last surviving Primary Life Insured, only the Owner is entitled to the rights granted by this policy. If the Owner is a partnership, then the rights belong to the partnership as it exists when a right is exercised. If there is more than one Owner the consent of all owners is required to exercise an option under the policy.

If an Owner dies before the last surviving Primary Life Insured and

- (a) the Owner is an individual, then the rights of the Owner belong to the executor or administrator of the estate of the Owner unless otherwise provided in this policy.

- (b) the Owners are two or more individuals and the form of ownership selected is "Tenants in Common", then the rights of the deceased Owner belong to the executor or administrator of the estate of such Owner unless otherwise provided in this policy.
- (c) the Owners are two or more individuals and the form of ownership selected is "Joint Tenants with Right of Survivorship", then the rights of the deceased Owner automatically belong to the surviving Owner(s) unless otherwise provided in this policy.

Assignment of this Policy: An assignment will not be binding on Transamerica unless it is filed with Transamerica and recorded by Transamerica at the Head Office. Transamerica is not responsible for the adequacy or legal effect of any assignment.

Protection Against Creditors: To the extent permitted by law, benefits payable under this policy and the rights and interests in this policy will be exempt from seizure and from the claims of creditors.

Non-Participating Policy: This policy does not participate in the profits or surplus of Transamerica and, accordingly, the Owner does not have the rights of a participating policyholder including eligibility for dividends and the right to notice of and to vote at annual meetings of Transamerica.

Notice: Any notice or statement to be given by Transamerica under any provision of the Contract will be sent to the last address of the Owner shown on the records of Transamerica.

Withdrawal Order: Monthly Deductions will be withdrawn according to one of the following methods:

- (a) Default Withdrawal Order, as follows:
 - (i) first, from the Floating Interest Option;
 - (ii) second, from each applicable Index Interest Option in proportion to the value of each such Index Interest Option relative to the Total Fund Value allocated to all Index Interest Options; and
 - (iii) third, from each succeeding Fixed Rate Interest Option Term closest to maturity; or
- (b) Monthly Deduction Interest Option, as follows:
 - (i) first, from the Interest Option selected by the Owner as the Interest Option from which Monthly Deductions are to be withdrawn (the "Monthly Deduction Interest Option");
 - (ii) second, in accordance with the Default Withdrawal Order, as described above.

The Owner may provide Transamerica, at its Head Office, with written instructions to withdraw Monthly Deductions from one selected Interest Option (the "Monthly Deduction Interest Option"). Until Transamerica receives such instructions, the Default Withdrawal Order shall apply to Monthly Deductions. The applicable Monthly Deduction withdrawal order is as specified in the Policy Data or as changed in accordance with this section.

The Owner may select a Monthly Deduction Interest Option once each policy year at no charge. Transamerica reserves the right to charge a fee for any additional changes to the Monthly Deduction Interest Option. No fee will be charged when the Monthly Deductions are withdrawn in accordance with the Default Withdrawal Order as a result of insufficient amounts in the Monthly Deduction Interest Option.

In the event that a Monthly Deduction Interest Option is selected and the amount held in the Monthly Deduction Interest Option is insufficient to withdraw the entire Monthly Deduction, Transamerica will first deplete the Monthly Deduction Interest Option and then withdraw the balance of the Monthly Deduction in accordance with

the Default Withdrawal Order. All further Monthly Deductions will be withdrawn in accordance with the Default Withdrawal Order until additional amounts are transferred in to the Monthly Deduction Interest Option.

The Owner may select a different withdrawal or transfer order by written notice delivered to Transamerica at its Head Office with any request for a partial surrender or Loan, as appropriate.

Additional Coverage Riders: Additional insurance coverages are available on the life of a Primary Life Insured or on any other lives. The minimum issue amount for each additional insurance coverage is subject to the minimum then applicable under the particular Additional Coverage Rider. The monthly deduction for each additional insurance coverage will be equal to one-twelfth of the Annual Cost of Insurance Rate specified in the Policy Data for such Rider multiplied by 0.001 multiplied by the face amount for such Rider.

23. TERMINATION

This policy will terminate on the earliest of:

- (a) the date that Transamerica receives at the Head Office the Owner's written request to surrender this policy;
- (b) the date of lapse of this policy due to the failure of the Owner to pay a premium within the grace period specified in section 6 of this policy; and
- (c) the date of the death of the last surviving Primary Life Insured.

If this policy is terminated due to the failure of the Owner to pay a premium within the Grace Period specified in section 6 of this policy, then it is subject to reinstatement as specified in that same section.

If this policy lapses and the cost of insurance type for any Coverage is specified in the Data Page as *LifePlus* or *20Plus*, the then available Guaranteed Surrender Value for that Coverage shall be paid to the Owner as a full surrender in accordance with section 16 of the policy.

Policy Endorsement
issued by Transamerica Life Canada

SIDE ACCOUNT (A Deferred Annuity)

1. INTERPRETATION

In this Agreement (hereinafter referred to as the "Side Account Contract"):

All capitalized terms used in the Side Account Contract and not otherwise defined herein shall be deemed to have the respective meanings that are ascribed to them in the Linked UL Policy

Account Value at any time means the dollar amount then on deposit under the Side Account Contract, plus any accrued interest;

Annuitant will be deemed to mean, if the primary coverage applicable under the Linked UL Policy is a single life coverage, then the life insured under such coverage. In all other cases, **Annuitant** will be deemed to mean the youngest Primary Life Insured under the Linked UL Policy. However, if such life insured predeceases any of the remaining Primary Lives Insured under such policy, then the youngest surviving Primary Life Insured under such policy, or if such last-mentioned life insured predeceases any of the remaining Primary Lives Insured under such policy, then the youngest surviving Primary Life Insured under such policy, and so on, until there are no more Primary Lives Insured remaining under such policy;

Beneficiary will be deemed to mean, unless otherwise designated by the Owner in accordance with the Linked UL Policy, if the primary Coverage applicable under the Linked UL Policy is a single life coverage, then the Beneficiary in respect of such Coverage. In all other cases, Beneficiary will be deemed to mean the beneficiary designated in respect of the youngest Primary Life Insured under the Linked UL Policy. However, if such life insured predeceases any of the remaining Primary Lives Insured under such policy, then the beneficiary designated in respect of the youngest surviving Primary Life Insured under such policy, or if such last-mentioned life insured predeceases any of the remaining Primary Lives Insured under such policy, then the beneficiary designated in respect of the youngest surviving Primary Life Insured under such policy, and so on, until there are no more Primary Lives Insured remaining under such policy;

Deposit means the premium received from time to time by Transamerica in respect of the Side Account Contract;

Linked UL Policy means the universal life insurance policy issued by Transamerica to the Owner, to which the Side Account Contract relates;

Maturity Date means the Side Account Contract anniversary date nearest to the 100th birthday of the last surviving Primary Life Insured under the Linked UL Policy. In the event there is any dispute as to the Maturity Date, Transamerica's determination will be conclusive;

Owner means the Owner as defined in the Linked UL Policy.

The Side Account Contract is neither a part of the Linked UL Policy nor does it form a part of the contract of which the Linked UL Policy forms a part.

2. EFFECTIVE DATE

The Side Account Contract shall take effect immediately upon the Linked UL Policy taking effect.

3. DEPOSITS

Subject to Transamerica's then current deposit and other administrative rules, the Owner may make a Deposit or Deposits under the Side Account Contract at any time prior to termination of this contract. Deposits may be made by Transamerica on the Owner's behalf pursuant to "Tax Status" section of the Linked UL Policy.

Subject to Transamerica's then current deposit and other administrative rules, each Deposit will be credited to the Side Account Contract on the date it is received by Transamerica at the Head Office, such date being the effective date of that Deposit. Deposits received by Transamerica pursuant to the Side Account Contract will be combined with Transamerica's general assets.

4. INTEREST

Interest accrues and is calculated on the Account Value on a daily basis at Transamerica's interest rate in effect from time to time for such purpose. The per annum interest rate to be employed in accruing and calculating such interest is guaranteed to be no less than the greater of

(i) the rate of interest determined according to the following formula:

$$I = A - 2.50\%$$

WHERE: I is the per annum interest rate;

A is the prevailing floating 3-month Canadian Deposit Offering Rate (CDOR), such rate being obtained from such internationally recognized quotation service as Transamerica may choose from time to time; and

(ii) zero (0) percent per annum.

The Interest credited to the Account Value will be deemed to be fully taxable. Transamerica will report this amount on an annual basis to the Owner.

5. SURRENDER

Full Surrender: The Account Value may be surrendered at any time prior to the Maturity Date, calculated as at the effective date of the request.

Partial Surrender: Subject to Transamerica's then-current rules regarding minimum amounts for withdrawal, partial surrenders from the Account Value will be allowed at any time prior to the Maturity Date. Upon a partial surrender, Transamerica will pay to the Owner the portion of the Account Value calculated as at the effective date of the request, to effect the requested surrender.

Withdrawal Request: If the Owner requests a withdrawal from the Linked UL Policy, then all amounts to be surrendered or otherwise withdrawn, will be withdrawn in the order and from the sources set forth as follows:

- (a) first, from the Side Account Contract; and
- (b) second, from the Linked UL Policy, as provided therein.

Provisions Applicable to all Surrenders: A surrender may only be effected if the Annuitant is living at the

effective date of the request. The effective date of a request for a full or partial surrender will be the date on which Transamerica receives a valid written request for surrender at the Head Office. Transamerica reserves the right to delay the payment for a period of not more than six (6) months following such effective date.

6. AUTOMATIC TRANSFER TO LINKED UL POLICY

If, under the "Tax Status" section of the Linked UL Policy, the Linked UL Policy passes the applicable tax-exempt test, then Transamerica will, to the extent possible, pay on behalf of the Owner and from the Account Value, the maximum premium that may be paid to the Linked UL Policy.

If the Linked UL Policy would otherwise lapse at the end of the grace period as a result of the non-payment of premiums, then Transamerica will, to the extent possible, pay on behalf of the Owner and from the Account Value, the maximum premium that may be paid to the Linked UL Policy.

7. MATURITY BENEFIT

On the Maturity Date, and provided that the Side Account Contract is still in force and the Annuitant is then still living, the Account Value will be applied by Transamerica to provide an annuity on the life of the Annuitant. At the Maturity Date, the Owner may choose the type of annuity from those which Transamerica is then offering for such purpose. If the Owner fails to notify Transamerica of its election prior to the Maturity Date, then the Owner will be deemed to have elected an immediate monthly annuity on the life of the Annuitant for a ten (10) year term certain period and life thereafter, based on the Account Value as of the Maturity Date. Instalments will be based on purchase rates Transamerica then declares for such purpose.

Any annuity payment becoming due after the death of the Annuitant will be payable to the Beneficiary, if living, otherwise to the Annuitant's estate. In the event that the Beneficiary dies after the Annuitant, any remaining payments will be paid to the Beneficiary's estate.

On the Maturity Date, Transamerica will have the right to pay the Account Value of the Side Account Contract in one lump sum to the Annuitant, in lieu of the annuity payments, in the event that the monthly annuity payments would be less than \$50.00 per month.

Payment of the annuity or lump sum described in this section will discharge Transamerica from all its obligations and liabilities under the Side Account Contract.

8. DEATH BENEFIT

If the Annuitant dies prior to the Maturity Date, then Transamerica will pay a death benefit to the Beneficiary following receipt by Transamerica of proof satisfactory to it of the Annuitant's death and the claimant's right to the proceeds. Such death benefit will be equal to the Account Value as of the date of death of the Annuitant. Payment of this death benefit will discharge Transamerica from all of its obligations and liabilities under the Side Account Contract.

9. TERMINATION

In addition to the other events that will result in a termination of the Side Account Contract, if the Linked UL Policy terminates for any reason, then the Side Account Contract will automatically terminate following the payment of any applicable death benefit hereunder. If no death benefit is payable in such circumstances, then the Account Value, if any, will be refunded to the Owner.

10. GENERAL PROVISIONS

Who is Authorized to Make Changes to the Contract: Only the President or a Vice-president of Transamerica together with the Secretary of Transamerica has the authority to bind Transamerica or to make any change in the Side Account Contract, and then only in writing. Transamerica will not be bound by any

promise or representation made by any other person. For greater certainty, and without limiting the generality of the foregoing, no broker or agent is authorized to waive, amend or modify any of the terms or provisions of the Side Account Contract.

Owner of the Side Account Contract: Prior to the death of the Annuitant, the Owner alone is entitled to all rights granted or allowed by Transamerica under the Side Account Contract.

Notices: Any notice, statement or other communication which is required or permitted to be given to the Owner or other applicable person under any provision of the Side Account Contract will be deemed to be sufficiently given if it is sent to the last address of the Owner or other applicable person shown on the records of Transamerica.

Protection Against Creditors: To the extent permitted by law, benefits payable under the Side Account Contract and the rights and interests in the Side Account Contract will be exempt from seizure and from the claims of creditors.

Non-Participating: The Side Account Contract does not participate in the profits or surplus of Transamerica and, accordingly, the Owner does not have the rights of a participating policyholder including eligibility for dividends and the right to notice of and to vote at annual meetings of Transamerica.

Currency: All payments to or by Transamerica will be in Canadian dollars.

Assignment: No assignment of the rights under the Side Account Contract may be made except in an assignment of the Linked UL Policy. Any assignment of the Linked UL Policy will include the rights under the Side Account Contract unless specifically excluded in such assignment. An assignment will not be binding on Transamerica unless it is filed with Transamerica and recorded by Transamerica at the Head Office. Transamerica is not responsible for the adequacy or legal effect of any assignment.

Signed for Transamerica Life Canada at Toronto, Ontario, on the Issue Date.



Paul Reaburn
President and Chief Executive Officer



James Falle
Executive Vice President,
and Chief Financial Officer

Policy Endorsement
issued by Transamerica Life Canada

INDEX ALLOCATION INTEREST OPTIONS

The above-noted policy is hereby endorsed and amended as follows:

1. INTERPRETATION

For the purposes of this Endorsement:

All capitalized terms used in this Endorsement and not otherwise defined in this Endorsement shall have the respective meanings ascribed to them in the Policy.

Index Allocation Interest Option means an Interest Option based upon two or more other Passive Index Interest Options including the Floating Interest Option, for accruing and calculating interest on the Total Fund Value in connection with the Policy.

Policy means the insurance policy identified above to which this Endorsement relates.

Subject to the provisions of this Endorsement, each Index Allocation Interest Option shall be deemed to be a Passive Index Interest Option under the Policy.

Transamerica has issued this Endorsement as part of the Policy.

2. INDEX ALLOCATION INTEREST OPTIONS

If the Owner has chosen an Index Allocation Interest Option, then the portion of the Total Fund Value allocated to such Index Allocation Interest Option will bear interest and be charged an Interest Option Fee in accordance with the applicable underlying Passive Index Interest Options and Floating Interest Option and the respective percentage allocations set forth in the following table, or as amended from time to time:

Index Allocation Interest Options	Total Return Index Interest Options					Canadian Bond II Index Interest Option	Floating Interest Option	Total
	Canadian Equity	U.S. Large Capitalization	U.S. New Technologies	European Equity	Japanese Equity			
Aggressive Growth	35%	35%	5%	20%	5%	0%	0%	100%
Growth	30%	30%	0%	15%	5%	20%	0%	100%
Balanced	25%	25%	0%	10%	0%	35%	5%	100%
Conservative	20%	15%	0%	5%	0%	50%	10%	100%

Notwithstanding the foregoing, Transamerica may at any time and from time to time without notice, and in its sole discretion, change the then current percentage allocations among the various Passive Index Interest Options including the Floating Interest Option within any particular Index Allocation Interest Option. Such change may affect the applicable Interest Option Fee. However, Transamerica shall not be obliged to make any such changes.

In addition to its rights in respect of the Interest Options generally, and notwithstanding anything contained in the Policy to the contrary, Transamerica may at any time and from time to time without notice, and in its sole discretion:

- (a) delete any Interest Option(s) within an Index Allocation Interest Option; and/or
- (b) add any Interest Option(s) within an Index Allocation Interest Option; and/or
- (c) substitute any Interest Option(s) within an Index Allocation Interest Option.

Notwithstanding anything contained in the Policy to the contrary, and although the Owner shall have the right to switch between Index Allocation Interest Options in accordance with the provisions of the Policy, the Owner shall not have the right to select or change the Interest Options which are applicable to an Index Allocation Interest Option.

Under the Policy, interest may accrue and be calculated only in connection with one Index Allocation Interest Option at any one time, unless otherwise permitted under Transamerica's then current administrative rules. Provisions of the Policy applicable to Index Interest Options and Interest Options are equally applicable to Index Allocation Interest Options, except as specifically set out in this Endorsement.

With respect to each Index Allocation Interest Option which is based, in whole or in part, on a foreign index or indices, the Owner acknowledges and agrees that notwithstanding anything contained in the Policy or elsewhere to the contrary, the Owner will bear the total amount of the losses or gains resulting from changes in the relevant foreign currency relative to the Canadian dollar.

The interest rate applicable to any Index Interest Option and, accordingly, any Index Allocation Interest Option, may be either positive or negative, depending on the performance of the applicable index or indices. A negative interest rate will reduce the Total Fund Value, the Cash Surrender Value and the Death Benefit.

The Owner acknowledges and agrees that, in so far as Transamerica is concerned, if the Owner elects to use an Index Allocation Interest Option, then the Owner does so at the Owner's own risk.

Signed for Transamerica Life Canada at Toronto, Ontario, on the Issue Date.



Paul Reaburn
President and Chief Executive Officer



James Falle
Executive Vice President,
and Chief Financial Officer