

Limited Pay UL Sample contract

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

This sample contract describes the investments accounts that are available to you as part of this product. If you would like to see profiles and the monthly performance history of the investment accounts, visit our website at www.manulife.ca/ul and select “How are my investments doing?”

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See Section 17 for definitions of the terms we use in this policy document.

2 Understanding your insurance policy

In this policy document, we use many terms in a specific and definite way. We want you to know what we mean by those terms, and that those meanings are different for you and us in this policy document than they might be if you read them in another type of document (for example, a bank statement).

In Section 17, you will find a list of terms that have specific meaning in this policy document.

Here's a summary of our guarantees in your policy

We guarantee the following features of your Limited Pay UL policy:

1. The cost of insurance rates and rider cost rates for your coverages will never exceed the rates we describe in Appendix 1 of this policy document, unless you make a change to your insurance or rider coverages, or reinstate your policy.
2. The cost of insurance charges for each insurance coverage will never continue past the number of years indicated by the Cost Type you have chosen for that coverage.
3. Each insurance coverage on your policy will have a Guaranteed Cash Value. The Guaranteed Cash Value for each coverage is shown in Appendix 2.
4. The Deposit Tax Charge percentage on your policy will never increase, even if there's a change in the taxes charged on deposits made into insurance policies in your province.
5. The Policy Fee on your policy will never increase and will only be charged for 10 years from the Policy Date.
6. There will always be an investment account that offers a minimum annual interest rate of 2%.
7. If the Account Value is positive when the last death benefit is payable under your policy, the Account Value used to determine that death benefit will be no less than the amount calculated in Section 9 under the subheading *What is the Guaranteed Account Value when the last death benefit is payable*.
8. If you apply for a change in Cost Type and are approved, the new rates and values that apply to that insurance coverage will be the same as if that coverage had been originally issued with the new Cost Type, but will be based on the new evidence of insurability that you provide.

Here's how you can ensure you will not need to make additional deposits above your Minimum Monthly Deposit

If you follow the steps listed below, you will not need to make additional deposits into your policy above the amount required to cover your Minimum Monthly Deposit.

- Do make your deposits on a monthly basis.
- Do make those monthly deposits equal to at least the Minimum Monthly Deposit shown in Section 3.
- Do invest your deposits only in the Savings Account, Average GIA Account or one of the simple interest Guaranteed Investment Accounts.
- Do not make withdrawals from your policy.
- Do not make Disability Benefit claims on your policy.
- Do not assign your policy to a lender as collateral.

Here's a summary of how your policy works

When you bought this Limited Pay UL policy, we agreed to provide you with insurance protection according to the terms of this policy document if you keep enough value in the policy to cover the monthly deductions.

Here's how your policy works:

1. You mail or deliver your deposits to us or arrange to have your deposits made automatically from a bank account. Your deposits must be in Canadian dollars and drawn from a Canadian financial institution.
2. We deduct a Deposit Tax Charge from which we pay all or part of the taxes charged on deposits made into insurance policies.
3. We put the rest of your deposit into the investment account or accounts you have chosen.
4. Once a month, we deduct the cost of insurance, rider costs, and the Policy Fee from your investment accounts. This is called your monthly deduction.
5. Any money that remains in your investment accounts becomes your Account Value, which earns interest. The interest may be positive or negative and this means the Account Value may fluctuate.
6. You can make additional deposits to, or withdraw money from, your investment accounts. We recommend that you keep enough money in your accounts to cover your monthly deductions until your next regularly scheduled deposit.
7. If there isn't enough value in your policy to cover your monthly deductions, you have a 31-day Grace Period to make the deposit needed to keep your policy in effect.
8. You can change existing insurance or rider coverages or add new ones, subject to our administrative rules.
9. You may have purchased additional insurance coverage and benefits through riders offered with your policy. All of your insurance and rider coverages are summarized in Section 3 of this policy document.

4 Understanding your rights as a policy owner

What is your policy

Your policy describes the legal agreement between you and us and commits us to providing life insurance and the other benefits described within it. Your policy is described in a collection of documents, including this policy document.

What is this policy document

This policy document is part of your policy and includes pages describing:

- your insurance coverages,
- any rider coverages that you have purchased, and
- any endorsements or amendments that apply.

You will use this policy document:

- when you want to understand the benefits your policy provides,
- when you want to make a change, and
- when you want to make a claim.

What documents form the agreement between you and us

Your policy includes:

- the application form(s) for your insurance and rider coverages
- any information you provided to us for evidence of insurability, including but not limited to:
 - a) the medical evidence form(s); and,
 - b) the statements and answers you gave us
- this policy document
- all information you provide if you change your insurance or rider coverages or reinstate your policy, including but not limited to:
 - a) the application form(s) for those changes or reinstatement;
 - b) any amendments or endorsements issued to reflect those changes or reinstatement; and
 - c) any updated Policy summary pages or any tables of rates or values issued to reflect those changes or reinstatement
- any other amendments or endorsements agreed on in writing by us and signed by our President or one of our vice-presidents after your policy is issued.

Your policy contains our entire agreement with you.

What are your rights as a policy owner

Your rights as a policy owner include the right to:

- name and change any beneficiary (as described in this section);
- name a successor owner, called a subrogated policyholder in Quebec (as described in this section);
- use your policy as security for a loan (as described in this section);
- split a policy that insures two or more people (as described in this section);
- transfer ownership of your policy (as described in this section);
- vary the frequency or amount of your deposits, within our administrative limits (as described in Section 10);
- change or cancel one or more insurance or rider coverages (as described in Section 12), subject to our administrative rules; and,
- cancel your entire policy (as described in Section 6).

You must follow the terms and conditions of your policy when you exercise these rights. Your rights may also be limited by any laws that apply to your policy.

We refer to one policy owner throughout this policy document. If there is more than one owner on your policy, all owners must agree on any decisions they make about your policy.

What is your right to name or change beneficiaries

A beneficiary is the person you name who receives all or part of the death benefit payable when an insured person dies. If you do not name a beneficiary, any death benefit payable is paid to you or your estate.

You have the right to:

- name one or more beneficiaries,
- decide how any death benefit is to be divided among your beneficiaries, and
- change any beneficiary you've named, if that change is allowed under laws that apply.

If you have used your policy as security for a loan, the rights of:

- a collateral assignee, or
- a hypothecary creditor under the Quebec Civil Code

may take precedence over the rights of a beneficiary. For more information on collateral assignee rights, see the subheading in this section called *What is your right to use your policy as security for a loan*.

What are primary and secondary beneficiaries

Beneficiaries can be primary or secondary. We pay the death benefit to the primary beneficiary. If you have named more than one primary beneficiary, you can tell us how to divide the death benefit payable among them. If you do not give us specific instructions, we will divide the death benefit equally among the primary beneficiaries.

If no primary beneficiary is alive when the insured person dies, we pay the death benefit to a secondary beneficiary. We follow the same rules as stated above for primary beneficiaries.

A beneficiary who has not reached the age of majority is called a minor beneficiary. If the beneficiary you have named is a minor beneficiary, we must pay the death benefit according to the laws that apply.

What are revocable and irrevocable beneficiaries

Beneficiaries can be revocable or irrevocable. If you name an irrevocable beneficiary, you cannot:

- make changes to your policy,
- assign its benefits or Cancellation Cash Value,
- withdraw money from your policy,
- change the beneficiary designation, or
- transfer ownership of your policy

without written approval of the beneficiary. Approval must come directly from the irrevocable beneficiary, and a minor beneficiary cannot give consent. Parents or guardians of irrevocable minor beneficiaries cannot give approval on behalf of those children.

What is your right to change a beneficiary

You may change any beneficiary for any insurance or rider coverage at any time before the insured person dies, if that change is allowed under laws that apply. To change a beneficiary on your policy, you must make your request in writing.

See Section 17 for definitions of the terms we use in this policy document.

What is your right to transfer ownership of your policy

You can transfer ownership of your policy to another person. This transfer is called an absolute assignment. These rules apply for transfers of ownership:

1. You can only assign the entire policy, not the individual coverages.
2. The Side Account must be assigned with your policy, unless restricted by law.

We are bound by the assignment when we receive written notice of it at our Canadian Head Office.

Transferring ownership of your policy may have tax implications, which could include an increase in your taxable income. You should discuss your plans with your advisor before you request a transfer.

We are not responsible for the validity of any transfer of ownership.

What is your right to name a successor owner

If your policy is owned by an individual, you can name a successor owner, called a subrogated policyholder in Quebec, who will assume the rights and obligations of your policy when you die. Your successor owner or subrogated policyholder will not assume the rights and obligations of the Side Account. Those rights and obligations pass to your estate.

If you do not name a successor owner, your rights and obligations for your policy pass to your estate.

We are not responsible for the validity of any successor owner or subrogated policyholder nomination.

What is your right to use your policy as security for a loan

You can use your policy as security for a loan by assigning it to a lender. This type of security is called a collateral assignment or, under the Quebec Civil Code, a hypothec. These rules apply when you assign a policy:

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

What is your right to split your policy

You have the right to split your policy if it insures two or more people and the business or personal relationship of these insured people is changing. When the policy is split, insurance can continue on these insured people. You also have the right to split a coverage. These rights are subject to our administrative rules.

Splitting your policy or coverages under your policy may have tax implications, including increasing your taxable income. You should discuss your plans with your advisor.

What happens if we split a policy

If we split a policy, the existing policy will continue as:

- the original policy, and
- a new policy or policies.

The total of the benefits and values provided in those separate policies will equal the benefits and values provided in your original policy before the split occurred. Each new policy will have the same Policy Date as the original policy. Each new coverage on each new policy will have the same Coverage Date and Coverage Issue Date as it did on the original policy.

Each new policy will have an Account Value equal to the sum, immediately before the split, of the allocated Account Values for the insurance coverages that were split to that policy.

The allocated Account Value is described in Section 9 under the subheading *Your policy's Account Value*.

After the policy split, the sum of the Account Values of the original policy and the new policy or policies will equal the Account Value of the original policy before the split occurred.

What happens if we split a coverage

If you ask us to split a single-life coverage, we will decrease the amount of insurance for that coverage. We will then issue one or more new single-life coverages, each with the same Coverage Date as the original coverage.

If you ask us to split a joint coverage, we will cancel that coverage and issue separate single-life coverages with new Coverage Dates for each insured person under the joint coverage. For a joint last-to-die coverage, you must provide us with evidence of insurability satisfactory to us for all people insured under the coverage.

After any joint or single-life coverages have been split, the Account Value will be allocated as described in Section 9 under the subheading *Your policy's Account Value*. Then, policy splitting will occur on the separate single-life coverages subject to our administrative rules and the provisions described under the subheading above called *What happens if we split a policy*.

5 Understanding our rights as your insurer

What is our right to question the validity of your policy or any coverages under your policy

We have the right to question the validity of your policy or any coverages under your policy and deny any claim if a material fact is misrepresented or is not disclosed.

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

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

In this section, a material fact does not include any statements you made about your age or sex.

What is our right to question the validity of your policy or any coverages on your policy in the Contestability Periods

The Contestability Periods for any insurance or rider coverage on your policy are the **first two years** from:

- the Policy Issue Date,
- the Coverage Issue Date,
- the effective date you made a change that required updated evidence of insurability on any coverage on your policy, and
- the date your policy was last reinstated.

We have the right during the Contestability Periods, or if an insured person on your policy dies during the Contestability Periods, to question the validity of your policy, or any insurance or rider coverage under it if:

- in any application, or
- on any medical examination, or
- in any other evidence of insurability

you or one of the insured people under your policy has misrepresented (whether fraudulently or not) a material fact by not fully disclosing it or by stating it incorrectly.

What is our right to question, at any time, the validity of your policy or any coverages on your policy

We have the right **at any time** to question the validity of:

- a) your policy, or
- b) any insurance or rider coverage under it

if:

- in any application,
- on any medical examination, or
- in any other evidence of insurability

you or one of the insured people under your policy has **fraudulently** misrepresented a material fact by not fully disclosing it or by stating it incorrectly.

We also have the right **at any time** to question the validity of a Total Disability Waiver Rider if:

- in any application,
- on any medical examination, or
- in any other evidence of insurability

you or one of the insured people under your policy has misrepresented (whether fraudulently or not) a material fact by not fully disclosing it or by stating it incorrectly.

What we will do if an insured person's age or sex has been stated incorrectly

If the age or sex of any insured person has been stated incorrectly, any death benefit payable on any insurance or rider coverage for that insured person will be increased or decreased to the amount that we would have paid based on:

- the last cost of insurance charge that was greater than zero which we deducted or waived for that coverage, and
- the amount of insurance it would have purchased according to this person's correct age or sex.

However, if we would not have issued the coverage because the correct age would not have met our rules regarding the minimum and maximum age, we can declare the coverage invalid, within the period permitted by law.

What happens if an insured person commits suicide

For single-life and joint first-to-die coverages

If an insured person under a single-life or a joint first-to-die insurance coverage commits suicide, whether sane or not, within two years after the Coverage Issue Date, we will not pay the death benefit as described in Section 7 under the subheading *Death benefit*.

Instead, we will pay a reduced death benefit to the beneficiary. The reduced death benefit will equal the cost of insurance we deducted for that coverage since the later of the Coverage Date and the date of the last reinstatement.

When an insured person commits suicide, the reduced death benefit payable for that coverage, and your policy's Account Value, will be adjusted as described in Section 9 under the subheading *What happens when an insured person dies*.

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

For joint last-to-die coverages

If the insured person who commits suicide is not the last insured person on the coverage

If an insured person under a joint last-to-die insurance coverage commits suicide, whether sane or not, within two years after the Coverage Issue Date, and that person is not the last insured person under that coverage, we will not pay the death benefit as described in Section 7 under the subheading *Death benefit*.

Instead, we will refund to you or your estate the cost of insurance we deducted for that coverage since the later of the Coverage Date and the date of the last reinstatement.

When an insured person commits suicide, the refund payable to you or your estate for that coverage, and your policy's Account Value, will be adjusted as described in Section 9 under the subheading *What happens when an insured person dies*. Wherever we make reference to a death benefit in that section, we will apply the same provisions to the refund payable to you or your estate.

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

If the insured person who commits suicide is the last insured person on the coverage

If the last insured person under a joint last-to-die insurance coverage commits suicide, whether sane or not, within two years after the Coverage Issue Date, we will not pay the death benefit as described in Section 7 under the subheading *Death benefit*.

Instead, we will pay a reduced death benefit, adjust the reduced death benefit payable and adjust your policy's Account Value as described above for single-life and joint first-to-die insurance coverages.

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

What we will pay if two or more insured people on a joint coverage die at the same time

For joint last-to-die coverages

If two or more insured people die at the same time on a joint last-to-die coverage, or if it is impossible to determine who died first, we will divide the death benefit payable into equal portions, one for each insured person. We will consider each person to have survived the other when determining who will be paid each portion of the death benefit.

The only time we will not follow the above rules is if the beneficiary designation specifies otherwise or unless we are prohibited by law to make the decision on who we should pay.

For joint first-to-die coverages

For joint first-to-die coverages, we follow the process described above for joint last-to-die coverages. An additional death benefit may be payable under the Automatic Temporary Term Insurance provision of the Survivor's Benefit. For more information on the Survivor's Benefit, see Section 7 under the subheading *What is the Survivor's Benefit*.

When we can delay the effective date of transactions

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

- crediting of deposits, and
- processing of transfer or withdrawal requests

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

We also have the right to:

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

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

When we can withdraw or change investment accounts within your policy and within the Side Account

We have the right to introduce, change or discontinue any account or term period that we offer.

If we change or discontinue an investment account or an account in the Side Account you have money in, we will notify you before we make the change. You can choose to transfer any money you have in the account being discontinued or changed to another account that we offer at the time. If you do not inform us of your choice within the time period we state, we will transfer the balance to the account we identify when we notify you of the change.

6 Understanding your insurance and rider coverages

What is an insurance coverage

Insurance coverage is life insurance protection provided by your policy. Each insurance coverage provides a death benefit. The amount of insurance for each of your coverages is shown in Section 3. When we refer to insurance coverages in this policy document, we are not referring to any rider coverages that you may have added to your policy.

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

- single-life,
- joint first-to-die, and
- joint last-to-die.

A single-life coverage is an insurance coverage that insures the life of one person.

A joint first-to-die coverage insures the lives of two or more people under the same coverage. Any death benefit payable will be paid when the first person insured by this coverage dies.

A joint last-to-die coverage also insures the lives of two or more people under the same coverage, but any death benefit payable will be paid when the last person insured by this coverage dies.

You can have several insurance coverages under your policy, each insuring one person on a single-life coverage or two or more people on a joint coverage. You can also have a combination of two or more types of insurance coverage under your policy.

What are a rider and a rider coverage

A rider is an optional benefit you can purchase to protect against a variety of losses. Each rider provides a rider coverage for one or more people. The amount of benefit provided by each of your rider coverages is shown in Section 3.

When does an insurance coverage end

An insurance coverage ends on the earliest of the following dates:

- the Monthly Processing Day coinciding with or next following the day we receive your written request to cancel the coverage; or
- the day an insured person under the coverage dies if a death benefit is payable for that coverage; or
- the day an insured person under a joint last-to-die coverage other than the last insured person under that coverage commits suicide, if the suicide occurs within two years after the Coverage Issue Date; or
- the day your insurance policy ends.

What happens to the Guaranteed Cash Value if you cancel an insurance coverage

For information on what happens to the Guaranteed Cash Value if you cancel an insurance coverage, see Section 9 under the subheading *What happens to the Guaranteed Cash Value if you make a change on your policy*.

See Section 17 for definitions of the terms we use in this policy document.

When does your policy end

Your policy and all coverages under it end on the earliest of the following dates:

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

If you cancel your policy, we will pay the Cancellation Cash Value to you. This may have tax implications; you should discuss your plans with your advisor.

You may not be able to cancel your policy if you have named an irrevocable beneficiary or if you are using your policy as security for a loan. If you use your policy as security for a loan, the rights of any collateral assignee or, under the Quebec Civil Code, hypothecary creditor, may take precedence over your right to receive the Cancellation Cash Value.

We may also cancel your policy, deny coverage, cancel coverage or declare a coverage invalid, if we question the validity of your policy as described in Section 5 under the subheading *What is our right to question the validity of your policy or any coverages under your policy.*

What is the Grace Period

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

We will place all deposits we receive from you during the Grace Period into the Savings Account. If the total of these deposits is not enough to pay the outstanding amounts, your policy and all coverages under it will end on the last day of the Grace Period; we will refund these deposits to you.

How you can reinstate your policy after it lapses

You may apply to reinstate your policy at any time within two years after the start of the Grace Period. To reinstate your policy, we must receive, within those two years:

- a) your application for reinstatement. You must apply for reinstatement of all insurance coverages and riders (if any) on all of the people who were insured at the start of the Grace Period. You must also provide us with evidence of insurability on the people who were insured by your policy as of the first day of the Grace Period;

and

- b) a deposit. The deposit must be:
 - an amount that will bring the negative Account Value balance as of the first day of the Grace Period to \$0; plus,
 - an amount equal to the total of all Minimum Monthly Deposits that were required starting on the first day of the Grace Period until the date of reinstatement; plus,
 - interest on these amounts calculated in accordance with our administrative rules.

The effective date of the reinstatement of your policy will be the later of:

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

7 Understanding the benefits your insurance coverage provides

Death benefit

What is a death benefit

A death benefit is a benefit payable on the death of an insured person.

How we determine the death benefit

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

The death benefit payable for an insurance coverage is the greater of:

- a) the amount of insurance shown in Section 3 for that insurance coverage, and
- b) the Guaranteed Cash Value for that insurance coverage.

The death benefit payable and your policy's Account Value will be adjusted as described in Section 9 under the subheading *What happens when an insured person dies*.

Since the Side Account is outside your policy, we do not pay any portion of the Side Account to any beneficiary on the death of an insured person. For more information on who receives the Side Account balance, see Section 14.

When we will pay a death benefit

We will pay a death benefit if the insured person dies while their insurance coverage is in effect, except in the situations described below.

When we limit the payment of a death benefit

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

- *You can ask us to change your amount of insurance*, in Section 12.
- *What happens if an insured person commits suicide*, in Section 5.
- *What we will do if an insured person's age or sex has been stated incorrectly*, in Section 5.
- *What is the Guaranteed Account Value when the last death benefit is payable*, in Section 9.

See Section 17 for definitions of the terms we use in this policy document.

When we will not pay a death benefit

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

- *What is our right to question the validity of your policy or any coverages under your policy*, in Section 5.
- *What happens if an insured person commits suicide*, in Section 5.
- *When does an insurance coverage end*, in Section 6.
- *When does your policy end*, in Section 6.

How you can make a death benefit claim

For information on making a death benefit claim, see Section 13 under the subheading *How to claim a death benefit*.

Survivor's Benefit on joint first-to-die insurance coverages

What is the Survivor's Benefit

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

What rules apply to the new insurance

- The new insurance may be issued as:
 - an additional insurance coverage under your policy, if your policy does not end as a result of this death;
 - a new coverage on an existing policy with us that allows you to add coverage after issue, subject to our administrative rules; or,
 - a new policy offered by us at that time.
- The new insurance must not have an amount of insurance that increases over time.
- The new insurance you choose must meet our minimum and maximum amount of insurance requirements for the type of policy offered by us, and will be subject to our administrative rules.
- The new insurance takes effect on the Exchange Date. The Exchange Date is:
 - the next Monthly Processing Day following the date of the first death, if you are adding an additional coverage to an existing policy; or,
 - the 31st day following the date of the first death, if you are purchasing a new insurance policy.
- If the survivor dies before the Exchange Date, the new insurance will not go into effect and we will refund any payment you have made for it.
- Any limitations on liability in your original coverage will apply to your new insurance.
- The survivor must be less than 70 years old on the date of death of the insured person.
- We will base the cost for the new insurance on the amount of the new insurance and on the insured person's:
 - age on their birthday nearest the Exchange Date;
 - Healthstyle as shown in Section 3. If the Healthstyle category is 1 or 2, and if the original coverage has been in effect for more than 10 years or if the same category is not available on the new life insurance, then the Healthstyle on the new life insurance will be category 3; and
 - other personal information as shown in Section 3.

- If we apply the provisions that relate to suicide and questioning the validity of your insurance to the new insurance, the dates we use will be those that apply to the original coverage. If the new insurance is reinstated, the dates we use will be those which apply to the new coverage.
- If we question the validity of the new insurance, we can rely on any information provided to us to obtain the original coverage or any additional information provided to us at the time of exchange. If we are relying on information provided to us at the time of exchange, the dates we use will be those of the new coverage.

Automatic Temporary Term Insurance Benefit

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

- the 31st day following the first death; and
- 11:59 P.M. of the day before the effective date of new insurance.

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

We will pay the death benefit to you or your estate, unless you named someone else as the beneficiary for the applicable joint first-to-die insurance coverage.

If both insured people under a joint first-to-die insurance coverage die at the same time or if it is impossible to determine who died first, we will pay the death benefit under the automatic temporary term insurance in the same way and to the same people as we pay the death benefit under your policy, unless prohibited by law. This process is described in Section 5 under the subheading *What we will pay if two or more insured people on a joint coverage die at the same time*.

We will not pay any Automatic Temporary Term Insurance Benefit or issue any coverage under the Survivor's Benefit if:

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

How you can make a Survivor's Benefit claim

For information on making a Survivor's Benefit claim, see Section 13 under the subheading *How to claim a Survivor's Benefit*.

Disability Benefit

What is a Disability Benefit

The following definitions apply only to this Disability Benefit section:

- ‘insured person’ is a person insured under an insurance coverage or a Term Insurance Rider coverage on your policy.
- ‘disability’ and ‘disabled’ are defined below in the section *How we define disability*.
- ‘physician’ is a qualified medical doctor who gives medical care within the scope of his or her licensed authority. The physician cannot be the policy owner or an insured person. We may require that an insured person be treated by a psychiatrist for claims related to a mental disorder, nervous disorder, or claims that are contributed to by the use of alcohol or drugs.
- ‘regular care of a physician’ means consultations and treatment by a physician that are appropriate in nature and frequency for the condition causing the disability of an insured person.
- ‘gainful occupation’ means employment that would generate pay or profit whether or not an insured person received any payment.
- ‘regular occupation’ means the gainful occupation(s) an insured person was engaged in at the onset of their disability.
- ‘you’ and ‘your’ refer to the policy owner, except for the section called *How we define disability* where the terms ‘you’ and ‘your’ refer to the insured person.

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

If we pay a Disability Benefit to you, the Account Value of your policy will be reduced by the amount of the Disability Benefit payment and by any Market Value Adjustments that apply. The Disability Benefit payment will be administered in accordance with the applicable terms and conditions described in Section 11, and subject to our administrative rules.

How we define disability

In this section called *How we define disability*, the terms **you** and **your** mean the insured person. An insured person is considered to be **disabled** or to have a **disability** if that insured person is either totally or catastrophically disabled as described below under the subheadings *Total disability* and *Catastrophic disability*.

1) Total disability

You are **totally disabled** if, due to injury or sickness:

- you are not able to perform:
 - a) the substantial duties of your regular occupation; or
 - b) the regular substantial activities you were engaged in prior to the onset of injury or sickness if you are not engaged in a gainful occupation when your disability begins;

and

- you are under the regular care of a physician and following the recommended appropriate treatment.

You are not **totally disabled** if you are engaged in any gainful occupation despite any injury or sickness.

2) Catastrophic disability

You are **catastrophically disabled** if:

- a) you satisfy the minimum criteria in one of the four categories listed below; and,
- b) you are under the regular care of a physician and following the recommended appropriate treatment.

You are not **catastrophically disabled** if you are engaged in any gainful occupation despite any injury or sickness.

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

The four categories of catastrophic disability are:

1) Assumed disability. You will qualify in this category if you have total and permanent loss of one of the following:

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

2) Loss of independence. You will qualify in this category if you are unable to do one of the following activities:

- a) Feeding – your ability to eat prepared food without assistance.
- b) Bathing – your ability to take a bath or shower or otherwise maintain adequate personal cleanliness.
- c) Dressing – your ability to put on and take off all garments and/or braces or artificial limbs, and secure and unfasten the garments or devices.
- d) Transferring – your ability to move in and out of a chair (including a wheelchair) or bed.
- e) Toileting – your ability to get to and from the toilet, get on and off the toilet, and maintain a reasonable level of personal hygiene.
- f) Continence – your ability to control bowel and bladder function and perform personal hygiene (including care of catheter or colostomy bag).

3) Cognitive loss. You will qualify in this category if you require substantial supervision because of a severe loss in cognitive function. The loss in cognitive function must be confirmed by clinical evidence and standardized tests that show a severe impairment in:

- a) short or long-term memory;
- b) orientation to person, place and time; and,
- c) deductive or abstract reasoning.

4) Terminal illness. You will qualify in this category if you are diagnosed as being terminally ill with a life expectancy of less than one year, as determined by us from the medical information we receive.

When must disability occur

Any total disability must occur:

- on or after the policy anniversary nearest the insured person's 18th birthday,
- but
- on or before the policy anniversary nearest the insured person's 65th birthday.

Any catastrophic disability must occur:

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

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

What exclusions apply to a Disability Benefit claim

General exclusions

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

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

Exclusions for pre-existing conditions

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

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

- the insured person or the insured person's physician notices or is aware of on the date the application is signed for the insurance coverage with the earliest Coverage Issue Date for that insured person;
- may or may not be diagnosed by a physician; and,
- may or may not be treated by a physician.

How you can make a Disability Benefit claim

For information on making a Disability Benefit claim, see Section 13 under the subheading *How to claim a Disability Benefit*.

What benefits are included in rider coverages under your policy

Descriptions of the benefits provided by each rider you purchased on your policy are at the end of this policy document.

8 Understanding your policy costs

What is a deposit

A deposit is any amount that you pay to us for your policy, including amounts withdrawn from the Side Account and deposited into your policy. Money that is placed by either you or us in the Side Account is not considered a deposit.

Each time a deposit is made to your policy, we deduct a Deposit Tax Charge. Then, on each Monthly Processing Day, we deduct your monthly deduction as described below.

For more information on how we process your deposit, see Section 10 under the subheading *How we process your deposit*.

What is a Deposit Tax Charge

The Deposit Tax Charge is a percentage we deduct from each deposit made to your policy. We use the amounts we deduct to pay taxes that are charged on deposits made into insurance policies.

The percentage deducted for the Deposit Tax Charge is shown in Section 3. The percentage is guaranteed not to increase, even if there is a change in the taxes charged on deposits made into insurance policies in your province.

For more information on how Deposit Tax Charges apply to money moving in and out of the Side Account, see Section 14 under the subheading *How the Side Account is used*.

What makes up your monthly deduction

Your monthly deduction includes:

- the Policy Fee,
- the cost of insurance that applies to the insurance coverages, and
- rider costs, if any.

We deduct Policy Fees, cost of insurance and rider costs from your investment accounts on each Monthly Processing Day. The Monthly Processing Day for your policy is shown in Section 3.

The subheading under Section 11 called *What is the order of withdrawal* shows the order we use when we withdraw your monthly deduction from your investment accounts.

If the balance in your investment accounts is not enough to pay your monthly deductions and if there is money in the Side Account, we will withdraw money from the Side Account and deposit it into the matching investment account in your policy. The amount we transfer will be the maximum amount that we estimate can be put into your policy without causing it to lose its tax exempt status. After this deposit, we will repeat the order of withdrawal to deduct any monthly deduction amount that is still outstanding from your investment accounts.

If the balance in all of your investment accounts has been reduced to \$0, we will withdraw any remaining deductions from the Savings Account. At this point, the Savings Account will have a negative balance. For more information on your policy's Account Value, see Section 9.

What is the Policy Fee

We charge a monthly Policy Fee for administering your policy. The Policy Fee is shown in Section 3.

The Policy Fee is guaranteed never to increase and will be charged for 10 years from the Policy Date. The Policy Fee becomes \$0 on the 10th policy anniversary and remains at \$0 for all subsequent Monthly Processing Days.

What is cost of insurance

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

What is the Cost Type for an insurance coverage

The Cost Type for an insurance coverage describes the cost of insurance rate structure and the length of time the cost of insurance is charged on that insurance coverage. The Cost Type for each insurance coverage is shown in Section 3.

How we determine the cost of insurance on your insurance coverages

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

- the Cost Type you selected,
- the type of coverage you selected,
- insurance ratings,
- the amount of insurance the coverage provides, and
- the personal information shown in Section 3 that applies to the person or people insured by that coverage.

The cost of insurance is equal to zero on the 10th, 15th or 20th coverage anniversary, depending on the Cost Type you selected. No cost of insurance charges will be deducted for that coverage after that date. The guaranteed cost of insurance rates for each insurance coverage and the date on which those rates become zero are shown in Appendix 1.

What we guarantee about the cost of insurance on your policy

We guarantee that your cost of insurance rates for each insurance coverage will never:

- exceed the rates shown in the tables in Appendix 1, unless you make a change to that coverage or your policy is reinstated; or,
- continue past the number of years indicated by the Cost Type you have chosen as shown in Section 3 for that insurance coverage.

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

What are rider costs and rider cost rates

Rider costs are the dollar amounts we charge you for the additional benefits we provide under each rider coverage on your policy.

Rider cost rates are the rates we charge for rider coverages as shown in the tables in Appendix 1, if applicable. We guarantee your rider cost rates for rider coverages unless you make a change to your rider coverage or reinstate your policy.

Information about the benefits, features and costs of any riders you have chosen appears at the end of this policy document.

9 Understanding your investment accounts and your policy values

What investment accounts do we offer

We offer the following investment accounts:

- Savings Account
- Average GIA Account
- Guaranteed Investment Accounts
 - Simple Interest
 - Compound Interest
- Managed Accounts

Any amounts credited to the investment accounts we offer under your policy will be invested in our general funds. You do not acquire any interest in any specific fund or security. Your policy statement or your advisor can tell you where you can find more detailed information on the performance and composition of the investment accounts we offer.

Subject to our administrative rules, you can:

- select different investment accounts or change the percentage of each deposit that is allocated to an account, or both;
- request that some or all of the balance of any investment account be transferred to another investment account. Market Value Adjustments may apply to the transfer.

If we introduce, change or discontinue an investment account, we guarantee that we will always have an investment account that offers a minimum annual interest rate of 2%.

Savings Account

Your policy has a Savings Account. Unless you choose to deposit money into other investment accounts, your deposits will be credited to this account. Interest for this account is earned and compounded daily at a rate we determine.

The rate credited to your Savings Account is set at least once a week. If the balance in your Savings Account is positive, the effective annual interest rate for this account will be at least:

- 90 per cent of the current yield on Government of Canada 91-day Treasury Bills, minus the guaranteed management fee for this account;

or

- the guaranteed minimum interest rate for this account,

whichever is greater.

Both the guaranteed management fee and the guaranteed minimum interest rate for this account are shown in Section 16.

If the balance in your Savings Account is negative, we may apply a higher effective annual interest rate as determined by us on that negative balance.

When interest accumulates on a negative balance in your Savings Account, the balance of that account will decrease. This will result in a corresponding reduction in the Account Value and Cancellation Cash Value of your policy.

See Section 17 for definitions of the terms we use in this policy document.

Average GIA Account

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

The rate credited to your Average GIA Account is set at least once a week. We guarantee that the effective annual interest rate for this account will be at least:

- 90 per cent of the weighted average yield on current coupon Government of Canada bonds with terms to maturity of 10 years or more, minus the guaranteed management fee for this account;

or

- the guaranteed minimum interest rate for this account, whichever is greater.

Both the guaranteed management fee and the guaranteed minimum interest rate for this account are shown in Section 16.

We weight the average yield over one of two time periods, either:

- a) since we started offering Average GIA Accounts on our Canadian policies,

or

- b) the past 15 years,

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

A Market Value Adjustment may apply to the Average GIA Account if money is withdrawn from it. For more information, see the subheading *Market Value Adjustments* in this section.

Guaranteed Investment Accounts

A Guaranteed Investment Account (GIA) offers a guaranteed interest rate for a fixed term.

We offer:

- Simple Interest Guaranteed Investment Accounts for terms of 1, 3, and 5 years, and
- Compound Interest Guaranteed Investment Accounts for terms of 3 and 5 years.

The interest rate that applies to both Simple Interest and Compound Interest GIAs is set on the day the account goes into effect, and remains the same for the term period of the account. The account matures on the Monthly Processing Day that coincides with or immediately follows the end of the term period.

What happens at the end of the term period

If we receive notification from you at least seven days before the end of the term period, we will transfer the balance to an account you specify that is offered by us on the date the GIA matures.

If we do not receive notification from you at least seven days before the end of the term period, we will automatically reinvest the balance in another GIA for the same term period as the one just ended or, if that term period is no longer available, the next shortest available term period.

See Section 17 for definitions of the terms we use in this policy document.

Simple Interest GIAs

A Simple Interest GIA earns interest daily. The interest is credited monthly to the daily interest account you choose. A specified daily interest account could be the Savings Account, the Average GIA Account or any of the Managed Accounts. You can change your specified daily interest account at any time. If you did not choose a specified daily interest account, we will credit interest earned in a Simple Interest GIA to the Savings Account.

The nominal annual interest rate that applies to a Simple Interest GIA will be at least:

- 90 per cent of the interest rate representing the nominal annual yield on current coupon Government of Canada bonds with the same term period and effective date as the Guaranteed Investment Account minus the guaranteed management fee for this account;

or

- the guaranteed minimum interest rate for this account,

whichever is greater.

Both the guaranteed management fee and the guaranteed minimum interest rate for this account are shown in Section 16.

A Market Value Adjustment may apply to a Simple Interest GIA when money is withdrawn from it. For more information, see the subheading *Market Value Adjustments* in this section.

Compound Interest GIAs

A Compound Interest GIA earns interest daily on the balance in the account. The interest accrues within the account until its maturity date.

The effective annual interest rate that applies to a Compound Interest GIA will be at least:

- 90 per cent of the interest rate representing the effective annual yield on current coupon Government of Canada bonds with the same term period and effective date as the Guaranteed Investment Account minus the guaranteed management fee for this account;

or

- the guaranteed minimum interest rate for this account,

whichever is greater.

Both the guaranteed management fee and the guaranteed minimum interest rate for this account are shown in Section 16.

A Market Value Adjustment may apply to a Compound Interest GIA when money is withdrawn from it. For more information, see the subheading *Market Value Adjustments* in this section.

Managed Accounts

The Managed Accounts are variable investment accounts that offer returns linked to the performance of designated funds we select.

How we determine the daily interest rate on a Managed Account

The daily interest rate on a Managed Account is determined on each business day. When our Canadian Head Office is not open for business, the daily interest rate is 0%.

On each business day, the daily interest rate that applies to each Managed Account is:

- the percentage daily change in the Canadian dollar value of its designated fund,
- minus
- the management fee for this account as shown in Section 16.

The daily interest rate that applies to a Managed Account can be either positive or negative, depending on changes in:

- the unit value of its designated fund, and
- the Canadian dollar exchange rate, for those accounts with a foreign component.

If the daily interest rate is negative, the balance of the account will decrease. This will result in a corresponding reduction in the Account Value and Cancellation Cash Value of your policy.

How we calculate the daily interest adjustment of a Managed Account

We calculate the daily interest adjustment of a Managed Account by multiplying the Managed Account's balance at the end of the previous day by the daily interest rate we determine.

The daily interest adjustment can be positive or negative, depending on the performance of the designated fund.

Market Value Adjustments

What is a Market Value Adjustment

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

Currently, Market Value Adjustments apply to the following:

a) investment accounts:

- Average GIA Account
- Simple Interest GIA
- Compound Interest GIA

and

b) accounts in the Side Account:

- Average GIA Side Account
- Simple Interest Guaranteed Investment Side Account
- Compound Interest Guaranteed Investment Side Account

We will only allow you to withdraw money out of the investment account or the account in the Side Account if there is enough money in this account to cover the amount withdrawn plus any Market Value Adjustment that applies.

When Market Value Adjustments apply

The following table shows when we deduct Market Value Adjustments from investment accounts and accounts in the Side Account:

| Investment account or Side Account | To keep your policy exempt from taxation* | To form part of a death benefit payment | To transfer money to a matching investment account or Side Account | To pay monthly deductions | To withdraw money in cash or To pay a Disability Benefit | To transfer money to a non-matching investment account or Side Account |
|---|--|--|---|----------------------------------|---|---|
| Average GIA Account | No | No | No | No | Yes | Yes |
| Simple Interest GIA | No | No | No | No | Yes | Yes |
| Compound Interest GIA | No | No | No | Yes | Yes | Yes |

*Market Value Adjustments do not apply to withdrawals made to keep your policy exempt from taxation if the amount withdrawn is placed in the matching Side Account.

See Section 17 for definitions of the terms we use in this policy document.

How are Market Value Adjustments calculated***a) For the Average GIA Account***

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

b) For Guaranteed Investment Accounts

A Market Value Adjustment is calculated by multiplying the amount withdrawn by a Market Value Adjustment factor. The Market Value Adjustment factor is based in part on the current interest rate for a GIA of the same type and with a similar term to that remaining to maturity for the GIA we are calculating the adjustment on. Our administrative rules will apply in calculating the Market Value Adjustment factor.

How we calculate your investment account balance

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

- the sum of:
 - all net deposits applied to the account,
 - all amounts of decreases in Guaranteed Cash Value applied to the account,
 - all interest earned (positive and negative), and
 - all amounts transferred into the account from other investment accounts
- minus the sum of:
 - all amounts transferred from the account to other investment accounts,
 - all cash withdrawals,
 - all money withdrawn from the account and paid as part of a death benefit on your policy,
 - all Disability Benefit payments on your policy,
 - all amounts we automatically withdraw to pay your monthly deduction or to keep your policy's tax exempt status, and
 - all Market Value Adjustments and charges that apply.

What other accounts are available that are not investment accounts

There is a Side Account that is set up outside of your policy. For more information on the Side Account, see Section 14.

What is included in your policy values

Your policy values include:

- your Account Value, and
- your Guaranteed Cash Value.

We also calculate your Cancellation Cash Value using these policy values.

Your policy's Account Value

The Account Value of your policy on any specific day is the total of the balances of all your investment accounts, and does not include any balance in your policy's Side Account.

If the total of the balances of all your investment accounts is less than \$0, this means there is no money left in your policy accounts to cover your monthly deductions, and a negative balance will be carried in your Savings Account. The result is a negative Account Value.

What is an allocated Account Value

We allocate a portion of the Account Value to each insurance coverage in effect on your policy. The amount we allocate to an insurance coverage is called its allocated Account Value.

How we determine the allocated Account Value for an insurance coverage

If your policy's Account Value is positive, the allocated Account Value for an insurance coverage is based on the ratio of the amount of insurance provided by that coverage to the total amount of insurance provided by all insurance coverages in effect at that time. The allocated Account Value will be positive.

If your policy's Account Value is negative and there is Guaranteed Cash Value in your policy, the allocated Account Value for an insurance coverage is based on the ratio of Guaranteed Cash Value for that coverage to the total Guaranteed Cash Value for your policy at that time. The allocated Account Value will be negative.

If your policy's Account Value is negative and the total Guaranteed Cash Value for your policy is \$0, the allocated Account Value for an insurance coverage is based on the ratio of the amount of insurance provided by that coverage to the total amount of insurance provided by all insurance coverages in effect at that time. The allocated Account Value will be negative.

What happens when an insured person dies

How the death benefit is adjusted

When an insured person dies, the death benefit payable for a coverage is adjusted by an amount called the Benefit Adjustment.

If, on the day an insured person dies, your policy's Account Value is positive or \$0, the Benefit Adjustment for each coverage for which a death benefit is payable is equal to the allocated Account Value for the coverage. The Total Benefit Adjustment is equal to the sum of the Benefit Adjustments for all coverages for which a death benefit is payable. Each Benefit Adjustment and the Total Benefit Adjustment will be positive or \$0.

See Section 17 for definitions of the terms we use in this policy document.

If, on that day, your policy's Account Value is negative and there is Guaranteed Cash Value in your policy, the Benefit Adjustment for each coverage for which a death benefit is payable is equal to the allocated Account Value for the coverage. The Total Benefit Adjustment is equal to the sum of the Benefit Adjustments for all coverages for which a death benefit is payable. Each Benefit Adjustment will be negative or \$0, and the Total Benefit Adjustment will be negative.

If, on that day, your policy's Account Value is negative and the total Guaranteed Cash Value for your policy is \$0, the Total Benefit Adjustment is equal to the Account Value. If a death benefit is payable for only one coverage, the Benefit Adjustment for that coverage will be equal to the Total Benefit Adjustment. If a death benefit is payable for more than one coverage, the Benefit Adjustment for each of those coverages will be determined by splitting the Total Benefit Adjustment in proportion to the death benefit that would have been payable for each coverage if its Benefit Adjustment was \$0. The sum of the Benefit Adjustments will be equal to the Total Benefit Adjustment. Each Benefit Adjustment and the Total Benefit Adjustment will be negative.

If the death benefit for a coverage would be less than \$0 after the Benefit Adjustment, then the Benefit Adjustment for that coverage will not be calculated as described above. Instead, the Benefit Adjustment will be equal to the amount required to reduce the death benefit payable for that coverage to \$0.

How your Account Value is adjusted

If the Total Benefit Adjustment results in an increase to the death benefit, we reduce the value of the investment accounts by the amount that the death benefit was increased. We use the order described in Section 11 under the subheading *What is the order of withdrawal* to reduce the value of the investment accounts.

If the Total Benefit Adjustment results in a reduction to the death benefit, we increase the value of the Savings Account by the amount that the death benefit was reduced.

In all cases, the Account Value becomes \$0 when the last insured person on your policy dies.

What is the Guaranteed Account Value when the last death benefit is payable

If the Account Value is positive when the last death benefit is payable for the last remaining insurance coverage under your policy, we guarantee that the Account Value used to determine that death benefit will be no less than 75 per cent of:

- a) the sum of all net deposits to your policy and all amounts applied to your policy due to decreases in Guaranteed Cash Value

minus

- b) the sum of all automatic withdrawals to pay your monthly deductions or to keep your policy's tax exempt status, cash withdrawals (including but not limited to amounts withdrawn and paid as part of a death benefit on your policy), all Disability Benefit payments on your policy, and all Market Value Adjustments and charges that apply.

Your policy's Guaranteed Cash Value

The Guaranteed Cash Value for each insurance coverage in effect under your policy is shown in a table in Appendix 2. The Guaranteed Cash Value for your entire policy equals the total of the Guaranteed Cash Values for all insurance coverages in effect on your policy.

What happens to the Guaranteed Cash Value if you make a change on your policy

If you make a change to any insurance coverage in effect on your policy by:

- cancelling the coverage,
- decreasing the amount of insurance,
- switching to an improved Healthstyle, or
- changing the Cost Type

the Guaranteed Cash Value for that coverage will be adjusted to reflect that change.

We will increase your policy's Account Value by the amount of the decrease in Guaranteed Cash Value, if any, on that insurance coverage. We will apply that amount to the investment accounts in your policy based on the latest investment instructions you have given us. If you did not choose specific investment accounts, or if your Account Value is negative at the time of the change, we will apply this amount to the Savings Account in your policy.

If you cancel your policy, we will pay the applicable Guaranteed Cash Value as part of the Cancellation Cash Value.

How your policy's Guaranteed Cash Value can keep your policy in effect

If your policy's Account Value becomes negative, then any Guaranteed Cash Value will be used to keep your policy in effect until the Cancellation Cash Value becomes negative.

The Guaranteed Cash Value in your policy will continue to grow.

Your policy's Cancellation Cash Value

Your policy's Cancellation Cash Value on any specific day is the amount of money you would receive from us on that day if you cancel your policy.

Your policy's Cancellation Cash Value equals:

- a) your Account Value (positive or negative), plus
- b) your policy's Guaranteed Cash Value

minus

- c) any Market Value Adjustments that may apply. For more information on Market Value Adjustments, see this section.

If your policy's Cancellation Cash Value becomes negative, your policy will enter the Grace Period. For more information on the Grace Period, see Section 6 under the subheading *What is the Grace Period.*

10 Making deposits

How you make a deposit

You can choose the amount and frequency of your deposits, subject to our administrative rules. Deposits can be made in the following ways:

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

You must make deposits to keep your policy in effect. The effective date for a deposit is the business day we receive it in our Canadian Head Office. If it is received after a time specified in our administrative rules, it will be effective on the next business day.

We have the right to delay the crediting of deposits in certain situations. For more information, see Section 5 under the subheading *When we can delay the effective date of transactions*.

What is the minimum deposit you must make

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

In Section 3, we show the Minimum Monthly Deposit that applies to your policy as of the effective date of *Your policy summary* pages. This amount will change if:

- you change your insurance or rider coverages, or
- your coverages increase in cost over time.

If you change your insurance or rider coverages, we will provide you with new policy summary pages and appendices.

What is the maximum deposit you can make

The maximum deposit you can make is the largest amount we estimate you can pay into your policy that:

- does not cause your policy to lose its tax exempt status, and
- complies with our administrative rules.

For more information on the tax exempt process, see Section 15 under the subheading *How tax law affects your policy*.

How we process your deposit

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

When you applied for your policy, you gave us instructions about which investment accounts you wanted your money deposited to and in what percentage. If you did not choose specific investment accounts, or if your Account Value is negative at the time you make a deposit, we will credit your net deposit to the Savings Account in your policy.

While your policy is in effect, you can make additional deposits at any time, although we can restrict the deposit amount according to our minimum and maximum limits as described in this section.

What happens if you miss making a scheduled deposit

If you miss making a scheduled deposit, the value in your policy may still cover your monthly deduction. For more information on your policy values, see Section 9 under the subheading *What is included in your policy values*.

If there is not enough value in your policy or in the Side Account to cover your monthly deduction, we will send you a notice to let you know that your policy is in a 31-day Grace Period. For more information on the Grace Period, see Section 6 under the subheading *What is the Grace Period*.

11 Making withdrawals

How you make a withdrawal

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

There may be tax implications to making a withdrawal. You should discuss any plans for a withdrawal with your advisor.

How we process a withdrawal

Your withdrawal is effective on the business day we receive your request in our Canadian Head Office, if it is received before the time of day specified in our administrative rules. Requests received after that time will be effective on the next business day.

We have the right to delay the processing of transactions in certain situations. For more information, see Section 5 under the subheading *When we can delay the effective date of transactions*.

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

When the cash has been withdrawn, your Account Value will be immediately reduced by the amount of the cash withdrawal and by any Market Value Adjustments that apply. There is no fee for withdrawing cash from your policy.

What is the order of withdrawal

To fund a cash withdrawal from your policy, we will use the following order to withdraw money from your investment accounts:

1. The Savings Account will be reduced, until the balance is reduced to \$0.
2. The Average GIA Account will be reduced, until the balance is reduced to \$0.
3. The Simple Interest GIAs will be reduced starting with the account with the shortest remaining term to maturity, until the balance in all of the simple interest GIAs is reduced to \$0.
4. The Compound Interest GIAs will be reduced starting with the account with the shortest remaining term to maturity, until the balance in all of the compound interest GIAs is reduced to \$0.
5. The Managed Accounts will be reduced proportionally, based on the balance in each account at the time we reduce it, until the balance in all of the Managed Accounts is reduced to \$0.

If you provide us with different instructions on the order in which we are to withdraw money from your investment accounts, we will follow those instructions instead.

Monthly deductions will follow the order described in steps 1-5 above.

See Section 17 for definitions of the terms we use in this policy document.

12 Making changes to your coverages

You can ask us to change your amount of insurance

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

If you ask us to increase the amount of insurance

If you wish to increase the amount of insurance, we will ask you to provide evidence of insurability satisfactory to us on:

- the insured person or people covered by the increase, and
- any insured person or people covered by a Total Disability Waiver Rider provided by this policy.

Whether or not an increased amount of insurance is available to you is subject to our administrative rules.

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

Our rights as your insurer regarding questioning the validity of your policy and what we will pay if an insured person commits suicide also apply to this new insurance coverage. A reference to the Coverage Issue Date in that section means the Coverage Issue Date of the new insurance. The time limits relating to suicide and questioning the validity of your policy will begin on the Coverage Issue Date of the new insurance. If we question the validity of the new insurance, we can rely upon any information provided to us for the purpose of obtaining the new insurance. For more information on our rights as your insurer, see Section 5.

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

If you ask us to decrease the amount of insurance

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

What happens to the Guaranteed Cash Value if you decrease your amount of insurance

For information on what happens to the Guaranteed Cash Value if you decrease your amount of insurance, see Section 9 under the subheading *What happens to the Guaranteed Cash Value if you make a change on your policy*.

You can ask us to change your Cost Type

You can ask us to change the Cost Type for an insurance coverage to another Cost Type available on this product. We may change your Cost Type subject to the following conditions:

- You must provide evidence of insurability satisfactory to us.
- Your new Cost Type must meet our issue age requirements.
- All people insured under a joint coverage must be living as of the effective date of the change.
- Your new Cost Type must have cost of insurance rates charged for a longer period of time than the current Cost Type for that insurance coverage.

Changes to a Cost Type take effect on the Monthly Processing Day that coincides with or next follows the day we approve the change.

What are the rates for the new Cost Type

If you change the Cost Type of an insurance coverage, then:

- the cost of insurance rates we charge for that insurance coverage,
- the guaranteed cost of insurance rates in Appendix 1, and
- the Guaranteed Cash Values in Appendix 2

will be determined based on the rates and values that would have applied if that coverage had originally been issued with the new Cost Type. These rates and values may be adjusted based on the new evidence of insurability that you provide to us.

What happens to the Guaranteed Cash Value if you change your Cost Type

For information on what happens to the Guaranteed Cash Value if you change your Cost Type, see Section 9 under the subheading *What happens to the Guaranteed Cash Value if you make a change on your policy.*

13 Making a claim

How to claim a death benefit

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

We must receive evidence satisfactory to us of:

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

How to claim a Survivor's Benefit

To claim a Survivor's Benefit, your application for the new insurance, together with the first payment, must be received by us within 31 days after the death of the insured person.

You must apply for the Survivor's Benefit, unless the person who died was the only policy owner and there is no successor policy owner, called a subrogated policyholder in Quebec. In that case, only the surviving insured person on the joint first-to-die coverage can apply.

How to claim a Disability Benefit

You can claim a Disability Benefit if:

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

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

We must receive evidence of disability:

- while the insured person is living and disabled, and
- before the first anniversary of the day the disability occurred.

For more information on how we define disability, see Section 7, under the subheading *Disability Benefit*.

14 Understanding the Side Account

What is the Side Account

We have set up a Side Account that is outside your policy. Any interest earned by money held in the Side Account is taxable. Because the Side Account does not form part of your policy, the money in it will never be paid out as part of a death benefit to a beneficiary. The guaranteed death benefit that applies to the investment accounts within your policy does not apply to the accounts within the Side Account.

The Side Account contains accounts that match the investment accounts available in your policy and are subject to our administrative rules. The accounts within the Side Account that match the Managed Accounts are Managed Holding Side Accounts; these Managed Holding Side Accounts earn interest at the same rate as the Savings Account in your policy. The other accounts within the Side Account earn interest at the same rate as the matching investment accounts in your policy.

If you withdraw money from the Average GIA Side Account or Guaranteed Investment Side Accounts, Market Value Adjustments may apply. We will calculate the Market Value Adjustment in the same way as we do for the matching account in your policy. For more information on Market Value Adjustments, see Section 9 under the subheading *Market Value Adjustments*.

Within the Side Account, we may also introduce new investment accounts in the future and change or discontinue any account we offer. For more information, see Section 5 under the subheading *When we can withdraw or change investment accounts within your policy and within the Side Account*.

How the Side Account is used

How money is placed or transferred into the Side Account

You can place money into the Side Account for:

- a) Pre-paying deposits to your policy. You may pre-pay deposits to your policy by placing amounts in the Side Account, subject to our administrative rules. We will place these amounts into the Side Account based on the latest investment instructions you have given us.

We can transfer money into the Side Account for:

- a) Excess deposits. If a deposit you make to your policy exceeds the amount that may be deposited according to Section 15 under the subheading *How we keep your policy tax exempt*, we will transfer the excess amount into the Side Account based on the latest investment instructions you have given us.
- b) Amounts of money that exceed the limits for tax exemption. We will transfer money from the accounts in your policy to the matching accounts in the Side Account if that is necessary as part of the adjustments described in Section 15 under the subheading *How we keep your policy tax exempt*. If there is no matching account available, the amount will be transferred into the Savings Side Account.

The Deposit Tax Charge does not apply to amounts placed in the Side Account. It does apply to amounts withdrawn from the Side Account and deposited to your policy.

See Section 17 for definitions of the terms we use in this policy document.

How money is transferred within the Side Account

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

How money is transferred out of the Side Account

How and when we automatically transfer money out of the Side Account and deposit it into your policy

On your policy anniversary, if there is a balance in the Side Account, we will determine what portion of the balance, if any, can be deposited into your policy without affecting its tax exempt status. We will automatically withdraw that amount from the Side Account in the order described in Section 14 under the subheading *The Side Account order of withdrawal*, and deposit it into the matching accounts in your policy. A Deposit Tax Charge will apply to the amount of money deposited into your policy from the Side Account.

If, on the date your policy would otherwise enter the Grace Period, the balance in your investment accounts is not enough to pay the required monthly deductions, we will withdraw money from the Side Account and deposit it into the matching accounts in your policy. For more information on the Grace Period, see Section 6 under the subheading *What is the Grace Period*.

How you can withdraw money out of the Side Account

You can withdraw money from the Side Account in two ways:

1. You can ask us to transfer money from the Side Account into your policy, if the amount we transfer does not exceed the amount that may be deposited according to Section 15 under the subheading *How we keep your policy tax exempt*.
2. You can request a cash withdrawal of all or part of the money in the Side Account, subject to our administrative rules.

If you ask us to move money from the Side Account and deposit it into your policy

If you ask us to move an amount from the Side Account and deposit it into your policy, it is deposited to an account that matches the account it was withdrawn from. For example: we would deposit some or all of the money from the Average GIA Side Account into the Average GIA Account in your policy.

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

If you ask us to make a cash withdrawal from the Side Account

If you ask us to make a cash withdrawal from the Side Account, and

- you do not specify the account from which the money should be withdrawn, or
- the balance of the account you specify is not greater than or equal to the total amount you have requested,

we will make the withdrawal in the order described below in *The Side Account order of withdrawal*. A Market Value Adjustment may apply to money withdrawn from the Average GIA Side Account or Guaranteed Investment Side Account unless the money is transferred to the matching Average GIA Account or Guaranteed Investment Account in your policy.

The Side Account order of withdrawal

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

1. The Managed Holding Side Accounts will be reduced proportionally, based on the balance in each account at the time we reduce it, until the balance in all of the Managed Holding Side Accounts is reduced to \$0.
2. The compound interest Guaranteed Investment Side Accounts will be reduced starting with the account with the shortest remaining term to maturity, until the balance in all of the compound interest Guaranteed Investment Side Accounts is reduced to \$0.
3. The simple interest Guaranteed Investment Side Accounts will be reduced starting with the account with the shortest remaining term to maturity, until the balance in all of the simple interest Guaranteed Investment Side Accounts is reduced to \$0.
4. The Average GIA Side Account will be reduced until the balance is reduced to \$0.
5. The Savings Side Account will be reduced until the balance is reduced to \$0.

How we calculate the Side Account balance

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

- all amounts placed into that account,
- all amounts transferred into that account from other accounts, and
- all interest earned

minus

- all amounts withdrawn from that account, including but not limited to all applicable Market Value Adjustments and charges, and
- all amounts transferred or deposited to other accounts from that account.

What happens to the Side Account...

a) if the owner dies

If the owner dies, we will cancel the Side Account and pay the Side Account balance to the people who are entitled to it according to applicable laws. We will not deduct any Market Value Adjustments from the amount payable.

b) if you cancel your policy

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

c) if you use your policy as security for a loan

If you use your policy as security for a loan, you must make the Side Account, and the Side Account will be deemed to be, part of your policy's collateral assignment or hypothec and the lender's rights may take priority over your right, or the right of your estate, to the balance of the Side Account.

d) if you transfer ownership of your policy

If you or your estate transfer ownership of your policy, the Side Account must be transferred with your policy.

e) if you are not a resident of Canada

If you do not reside in Canada, or become a resident of a country other than Canada, while your policy is in effect, non-resident withholding taxes may apply to interest earned in the Side Account.

f) if your policy's tax status is not exempt from accrual taxation

If you chose to make your policy not exempt from accrual taxation, we will provide you with a provision called *Understanding your policy's tax status as not exempt from accrual taxation*. When this provision comes into effect:

- the terms and conditions of this Section 14 will not apply to your policy,
- the Side Account will be cancelled, and
- we will either refund to you the Side Account balance or place the Side Account balance into your policy.

See Section 17 for definitions of the terms we use in this policy document.

15 Understanding other details about your policy

What is the currency of your policy

The value of your policy is calculated in Canadian dollars. All deposits to us must be in Canadian dollars, and all payments by us will be in Canadian dollars.

How we protect the benefits provided by your policy

All of the benefits of your policy and the balance in the Side Account are backed by the general assets of The Manufacturers Life Insurance Company.

How tax law affects your policy

In this section, any reference we make to the Income Tax Act should be considered a reference to any tax legislation that applies to your policy.

What is a tax exempt policy

Your policy has been issued as a tax exempt policy. This means that your policy is treated primarily as insurance protection for tax purposes, rather than as an investment vehicle. This also means that you will not have to pay tax on your policy, except as explained in this section. If rules of the Income Tax Act allow your policy to remain tax exempt, we will make adjustments to your policy to keep it tax exempt.

How we keep your policy tax exempt

We will check each deposit to determine if it exceeds the maximum amount that we estimate can be placed in your policy. Any amount over the maximum will be placed into the Side Account. We will notify you if we do this. The Side Account is described in more detail in Section 14.

We will also examine your policy on each policy anniversary and adjust it when necessary to make sure it remains tax exempt. We will send you a notice to advise you of any adjustments we made.

When you may have to pay tax

Even though we will review your policy's tax exempt status annually, you may make changes that could result in you paying tax. Examples of such changes include:

- withdrawing money,
- changing the owner,
- reducing coverage, or
- cancelling your policy.

You may also have to pay tax on the amount of money we transfer to the Side Account for the purpose of maintaining your policy's tax exempt status. Talk to your advisor about the tax consequences of any planned changes to your policy.

What happens if you change your Canadian residency

If you move out of Canada, non-resident withholding tax rules will apply. You must notify us if you change your country of residence while your policy is in effect so we can calculate and withhold any tax owing on your policy and any tax owing on any interest earned in the Side Account.

See Section 17 for definitions of the terms we use in this policy document.

What does owning a non-participating policy mean

Your Limited Pay UL policy is non-participating. The owner of a non-participating policy is not entitled to any share of the profits or surplus of The Manufacturers Life Insurance Company or to vote at the annual meetings.

How we report to you about your policy

We will send you a policy statement at least once a year to provide important information to you about your policy. You can ask us to change how often we send you a statement.

Please review your statement carefully. If you find any errors or discrepancies, report them to us at the phone number on the statement within 30 days after the date of the statement.

16 Table of investment account management fees and interest rates

Savings, Average GIA and Guaranteed Investment Accounts

| Investment account | Guaranteed management fee | Guaranteed minimum interest rate |
|--------------------------------|---------------------------|----------------------------------|
| Savings Account | 1.75% | 0 % |
| Average GIA Account | 1.75% | 3 % |
| Guaranteed Investment Accounts | | |
| Simple Interest | | |
| 1 & 3 year | 1.25% | 0% |
| 5 year | 1.25% | 2% |
| Compound Interest | | |
| 3 year | 1.25% | 0% |
| 5 year | 1.25% | 2% |

Managed Accounts

| Investment account | Management fee* | Guaranteed minimum interest rate |
|--------------------|-----------------|----------------------------------|
| Managed Accounts | 0 | not applicable |

*In addition to our management fees, the designated funds on which the Managed Accounts are based also charge investment expenses which are already reflected in the unit values for those funds. We will not increase our management fee for any Managed Account unless the investment expenses (commonly referred to as the Management Expense Ratio) of the designated fund for that account decrease.

If the investment expenses of a designated fund (as shown in that fund's annual or semi-annual report) have decreased from the last time we set our management fees, then we may increase our management fee shown above for the Managed Account based on that fund.

17 How we define terms in this policy document

This section defines the terms we use in this policy document.

Account Value is the total of the balances of all your policy's investment accounts, and does not include any balance in your policy's Side Account.

Adjusted Age (or Adjusted Joint Age) is the age we use to recalculate cost of insurance when you make changes to your policy. We show this age in Section 3 of this policy document.

administrative rules are guidelines we set that establish how and in what circumstances you may exercise certain rights under your policy. When you exercise your policy rights you must do so in accordance with the administrative rules in effect at the time you exercise the right. We may change these guidelines from time to time without notice to you. Any changes we make to our administrative rules will not affect the guaranteed benefits provided by your policy.

amount of insurance is the amount of each insurance or rider coverage we show in Section 3 of this policy document.

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

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

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

cancellation is the result of your request or our decision to discontinue your policy or an insurance or rider coverage under it, subject to the terms and conditions of your policy.

Cancellation Cash Value is your policy's Account Value (positive or negative) plus your policy's Guaranteed Cash Value, minus any Market Value Adjustments that apply.

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

Cost Type is the cost of insurance rate structure and the length of time the cost of insurance is charged on an insurance coverage. We show the Cost Type in Section 3 of this policy document.

coverage is an insurance coverage or a rider coverage.

Coverage Date is the day an insurance or rider coverage begins. Coverage years, months and anniversaries are measured from the Coverage Date. We show the Coverage Date in Section 3 of this policy document.

Coverage Issue Date is the day we issue an insurance or rider coverage. If your policy has been reinstated, the Coverage Issue Date is the day your policy was last reinstated. We show the Coverage Issue Date in Section 3 of this policy document.

death benefit is a benefit payable on the death of an insured person.

deposit is any amount that you pay to us for your policy including amounts withdrawn from the Side Account and deposited into your policy. We deduct a Deposit Tax Charge from each deposit made into your policy. Amounts that are placed by you or transferred by us into the Side Account are not considered deposits, and we do not deduct Deposit Tax Charges on these amounts.

Deposit Tax Charge is a percentage we deduct from each deposit made to your policy. We use the amounts we deduct to pay taxes that are charged on deposits made into insurance policies. We show this percentage in Section 3 of this policy document.

Disability Benefit is a benefit described in Section 7 under the subheading *Disability Benefit*.

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

Grace Period is the 31-day period you have to make the required deposit to avoid lapsing your policy. For more information on the Grace Period, see Section 6 under the subheading *What is the Grace Period*.

Guaranteed Cash Value is the amount shown for each insurance coverage in effect on your policy in Appendix 2 of this policy document. The Guaranteed Cash Value for your entire policy equals the total of the Guaranteed Cash Values for all insurance coverages in effect on your policy.

Healthstyles are the broad categories we use to determine the cost of insurance and any rider costs. We determine the insured person's Healthstyle category for each insurance and rider coverage based on their tobacco use, personal and family medical history, recreational risks and an evaluation of health and other personal and lifestyle information. The Healthstyle assigned to each insurance and rider coverage is shown in Section 3 of this policy document. For an insured person who is less than 16 years old on the Coverage Date of the insurance coverage, we show *juvenile* as the Healthstyle in Section 3.

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

insurance rating is used in the calculation of the cost of insurance rates or rider cost rates shown in Appendix 1. We show the insurance ratings, if applicable, in Section 3 of this policy document.

insured person is any person whose life or health we have agreed to insure under your policy. We show the insured people in Section 3 of this policy document.

investment accounts are the accounts we offer in your policy as described in Section 9 under the subheading *What investment accounts do we offer*.

joint first-to-die coverage is a coverage that insures the lives of two or more people under the same coverage and pays out a death benefit when the first person insured by that coverage dies.

joint last-to-die coverage is a coverage that insures the lives of two or more people under the same coverage and pays out a death benefit when the last person insured by that coverage dies.

Market Value Adjustment is an amount we may deduct when money is withdrawn from an investment account in your policy or an account in the Side Account. For more information on Market Value Adjustments see Section 9 under the subheading *Market Value Adjustments*.

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

Minimum Monthly Deposit is an amount we calculate as the minimum deposit that would be required each month to keep your policy in effect. We show this amount in Section 3 of this policy document.

monthly deduction is the Policy Fee, cost of insurance and rider costs we withdraw from your investment accounts on each Monthly Processing Day.

Monthly Processing Day is the day we withdraw the monthly deduction from your investment accounts. The first Monthly Processing Day is on the Policy Date and subsequent ones are on the same day of each month that follows. For example, if your Policy Date is April 12, your Monthly Processing Day will be the 12th of each month. We show this day in Section 3 of this policy document.

net deposit is the amount of a deposit you have made minus the Deposit Tax Change.

policy is described in Section 4 under the subheading *What is your policy*.

Policy Date is the day your policy begins. Policy years, months and anniversaries are measured from the Policy Date. We show this date in Section 3 of this policy document.

policy document is described in Section 4 under the subheading *What is this policy document*.

Policy Issue Date is the day we issue your policy. If your contract was reinstated, the Policy Issue Date is the day the contract was last reinstated. We show this date in Section 3 of this policy document.

Policy Fee is a monthly fee we charge for administering your policy. We show this fee in Section 3 of this policy document.

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

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

rider cost is the dollar amount we charge you for the additional benefit we provide under each rider coverage on your policy.

rider coverage is the benefit provided by a rider. Each rider can provide rider coverage for one or more people.

Side Account is an account we set up outside of your policy which contains accounts that match the investment accounts available in your policy.

single-life coverage is a coverage that insures the life of one person.

Survivor's Benefit is a benefit described in Section 7 under the subheading *Survivor's Benefit on joint first-to-die insurance coverages*.

tax exempt policy is one that is treated primarily as insurance protection for tax purposes, rather than as an investment vehicle. For more information on tax exempt policies, see Section 15 under the subheading *What is a tax exempt policy*.

transfer is the movement of money between investment accounts in your policy, between accounts in the Side Account and from your policy to the Side Account.

we, us and **our** mean The Manufacturers Life Insurance Company.

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