
**THE STANDARD LIFE ASSURANCE COMPANY OF CANADA
INDEX FOR THE PERSPECTA POLICY CONTRACT**

POLICY PROVISIONS

1.0

GENERAL PROVISIONS

- 1.1 Definitions
- 1.2 The Contract
- 1.3 Effective Date
- 1.4 Participation Status
- 1.5 Notices
- 1.6 Insurance Age
- 1.7 Currency
- 1.8 Suicide
- 1.9 Reinstatement
- 1.10 Contingent Owner
- 1.11 Beneficiary
- 1.12 Payment of Claims
- 1.13 Assignment
- 1.14 Substitution of Insured
- 1.15 Policy Loans (Advances)
- 1.16 Taxes
- 1.17 Contract Validity
- 1.18 Enforcement of Policy Provisions
- 1.19 Settlement Options
- 1.20 Splitting of Contract
- 1.21 Service Charges

2.0

PREMIUM PROVISIONS

- 2.1 Selected Premium and Maximum Premium
- 2.2 Payment of Selected Premiums
- 2.3 Required Premium
- 2.4 Additional Deposits
- 2.5 Premium Tax
- 2.6 Lapse Provision
- 2.7 Grace Period
- 2.8 Termination of the Policy

3.0

**DEATH BENEFIT PROVISIONS FOR PERSPECTA
COVERAGES**

- 3.1 Type of Perspecta Coverage
- 3.2 Death Benefit Option
- 3.3 Death Benefit Option Changes
- 3.4 Changes to Amount of Sum Insured
- 3.5 Allocation of Investment Account Value for Multiple Increasing Death Benefit Option

4.0

DISABILITY BENEFIT PAYOUT PROVISIONS

- 4.1 Disability Benefit Payout
- 4.2 Conditions
- 4.3 Amount of Disability Benefit Payout
- 4.4 Order of Withdrawals
- 4.5 Effects on the Policy Values
- 4.6 Disability Benefit Payout Definition
- 4.7 Exclusions
- 4.8 Taxation

5.0

**MONTHLY COST OF INSURANCE PROVISIONS FOR
PERSPECTA COVERAGES**

- 5.1 Net Amount at Risk
- 5.2 Monthly Cost of Insurance Charges
- 5.3 Type of Cost of Insurance Rate
- 5.4 Change from YRT to Level
- 5.5 Juvenile Cost of Insurance

6.0

ACCOUNT PROVISIONS

- 6.1 Deposit Allocations
- 6.2 Investment Accounts
- 6.3 Investment Account Guarantee upon Death of the Insured
- 6.4 Inter-Account Transfers
- 6.5 Monthly Fixed Expense Charge
- 6.6 Monthly Deductions
- 6.7 Client Bonuses
- 6.8 Investment Account Value
- 6.9 Exempt Test
- 6.10 Shelter Optimizer

7.0

SURRENDER PROVISIONS

- 7.1 Request for Full or Partial Surrender
- 7.2 Full Surrender
- 7.3 Surrender Charges
- 7.4 Partial Surrender (Withdrawal)
- 7.5 Market Value Adjustments

8.0**TRANSIT ACCOUNT PROVISIONS**

- 8.1 Transit Account
- 8.2 Transfers to the Transit Account
- 8.3 Deposits
- 8.4 Investment
- 8.5 Automatic Transfers from the Transit Account
- 8.6 Charges
- 8.7 Taxation

APPENDICES

- A Notes on Indexed Accounts
- B Perspecta Annual Guaranteed Cost of Insurance Rates

COVERAGE PROVISIONS**PERSPECTA COVERAGE(S), RIDER COVERAGES & ADDITIONAL BENEFITS**

Perspecta Coverage Pages
Rider Coverage Pages*
Additional Benefit Pages*

*If applicable as indicated on the Policy Data Page

1.0 GENERAL PROVISIONS

1.1 DEFINITIONS

In this policy,

"Account" or "Accounts" means any Investment Accounts and the Transit Account (described in Section 8.0).

"Account Benefit" means a benefit available for joint last to die (JLTD) or joint last to die - paid up on first death (JLTD-PUFD) Perspecta Coverage, and described in the corresponding coverage provisions.

"Additional Benefit" means a coverage providing an optional benefit.

"Attained Age" means the Insurance Age at Issue plus the number of coverage years elapsed from the Coverage Issue Date to the last coverage anniversary.

"Business Day" means a day on which both our Head Office and Canadian chartered banks are open for business.

"Cash Surrender Value" means the Investment Account Value less any applicable market value adjustments, surrender charges, and Outstanding Loan Balance.

"Coverage Data Page" means the page identified as such which personalizes and describes each coverage.

"Coverage Issue Date" means the date when a coverage was issued. For all coverages issued at the same time as the policy, it is equal to the Policy Issue Date. It is used to determine the coverage anniversaries and coverage years in respect of each coverage.

"Death Benefit" means the amount payable on the death of an Insured.

"Deduction Date" means the Policy Issue Date and the same day of the month as the Policy Issue Date in each subsequent month.

"Deposit(s)" means any incoming money to be allocated to the Accounts as a result of regular premium payments, additional deposits and/or transfers from the Transit Account to the Exempt Accounts, for which we have been provided with all necessary investment instructions.

"Exempt Accounts" means the Investment Accounts available under the part of the policy that is exempt from accrual taxation under the provisions of the Income Tax Act (Canada).

"Exempt Test" has the meaning set forth in Section 6.9.

"Initial Sum Insured" is shown on the Policy Data Page and the Coverage Data Page.

"Insurance Age at Issue" means:

- i) for a single life coverage, the age of the Insured on the birthday nearest to the Coverage Issue Date, plus any rating, if applicable;
- ii) for a joint life coverage, the equivalent age at issue, adjusted for any ratings, if applicable.

"Insured" means, according to the context, any or all of the lives insured named on the Coverage Data Page associated with a specific coverage, whether single or joint.

"Investment Account Value" means the sum of all balances in the Investment Accounts as described in Section 6.8.

"Investment Accounts" means all the investment vehicles made available under this policy at issue or subsequently by endorsements to the policy, in which Deposits can be allocated to, except the Transit Account (described in Section 8.0).

"Maximum Premium" has the meaning set forth in Section 2.1.

"Outstanding Loan Balance" means all outstanding policy loans against this policy, including all applicable accrued interest.

"Owner" means the owner(s) as identified on the Policy Data Page of this policy.

"Perspecta Coverage" means an insurance coverage so identified on the Policy Data Page and the Coverage Data Page that insures a single life or a combination of lives on a joint basis.

"Policy Data Page" means the page identified as such which personalizes and describes the specific features and coverages applying to your policy.

"Policy Issue Date" means the date, shown on the Policy Data page, when the first monthly deduction applies.

"Policy Year" means the period starting on the Policy Issue Date, or on any given anniversary of this date, and ending on the day before the next anniversary.

"Profile Class" or "Risk Class" is a broad class grouping of Insureds satisfying underwriting criteria related to specific aspects of family health history, tobacco usage, health, lifestyle and other personal history information, along with the type and the amount of coverage. Insureds with a non-smoker status are classified in either Profile 1, 2 or 3 and those with a smoker status are classified in either Profile 4 or 5. Profiles 1, 2 and 4 are defined as "Preferred" Classes and Profiles 3 and 5 as "Residual" Classes. The Profile Class is used to establish the cost of insurance rate.

"Required Premium" has the meaning set forth in Section 2.3.

"Rider Coverage" means a coverage providing an optional insurance coverage.

"Selected Premium" has the meaning set forth in Section 2.1.

"Selected Premium Due Date" means the date you choose to pay us premiums on a regular basis.

"Sum Insured" means the Initial Sum Insured. The Sum Insured may be changed from time to time in accordance with Section 3.3 (Death Benefit Option Changes) and Section 3.4 (Changes to Amount of Sum Insured). The Sum Insured may also change as a result of an Account Benefit paid, a withdrawal, or application of the option selected under the Shelter Optimizer (as described in Section 6.10).

"Transit Account" as described in section 8.0.

"Us" and "our" is used in the same context as the definition of "we".

"We" means The Standard Life Assurance Company of Canada, also referred to as "Standard Life".

"You" and "your" is used in the same context as the definition of "Owner".

1.2 THE CONTRACT

The entire Contract between Standard Life and you consists of:

- the application(s) and Declaration;
- the Policy Data Page and the Coverage Data Page(s);
- the provisions of this policy, and the provisions of each coverage;
- all written statements made by you and/or the Insured to Standard Life's medical examiners or any other statements accepted by us in lieu.

You can request changes to the existing Contract terms by submitting a written notice to us. All changes to the Contract subsequent to issue must be approved by one of our authorized signing officers in order to be valid.

1.3 EFFECTIVE DATE

The Contract takes effect when all of the following conditions are met:

- a) the policy is delivered to you, and
- b) the full amount of the first monthly Required Premium has been paid to us, and
- c) no change has taken place in the insurability of any of the Insureds between the time the application was completed and the time the policy was delivered to you.

Likewise, any Rider Coverage or Additional Benefit takes effect when all of the following conditions are met:

- a) the provisions pertaining to that coverage are delivered to you; and
- b) the full amount of the first monthly deductions pertaining to this coverage has been paid to us; and
- c) no change has taken place in the insurability of the Insured between the time the application was completed and the time the provisions pertaining to that coverage were delivered to you.

1.4 PARTICIPATION STATUS

This policy is non-participating and, as such, does not participate in any distribution of Standard Life's profits.

1.5 NOTICES

"Notice", "written notification", references to submissions "in writing" or to "instructions" mean signed paper letters or forms received by us from you, which can be authenticated to our satisfaction. In addition, this definition will include any electronic media equivalents of these paper letters or forms if we make available to you any mutually agreed upon form of electronic information submission.

"We receive" and "received by us" mean received at our Head Office or any other office authorized by Standard Life.

**1.6
INSURANCE AGE**

The insurance age, defined in Section 1.1 as "Insurance Age at Issue" or "Attained Age", is used for each coverage under this policy unless otherwise specified in any of the Rider Coverage or Additional Benefit provisions, and is calculated by us for the purpose of determining the cost of insurance rates (as described in Section 5.0) and the monthly deductions of any Rider Coverage or Additional Benefit.

**1.7
CURRENCY**

All payments made to us or by us under this policy will be made in Canada in Canadian currency.

**1.8
SUICIDE**

If an Insured dies by his or her own hand or act (whether at the time sane or insane), within two years from the latest of (a) the date the Contract takes effect, as described in section 1.3, and (b) the date of the latest reinstatement, all coverages associated with that Insured shall be void and terminated. Standard Life's liability to the beneficiary will be restricted to the refund in one sum of the Investment Account Value, plus all deductions taken for this coverage, without interest, from the Coverage Issue Date or since the date of the latest reinstatement, as the case may be. If more than one Perspecta Coverage is in force at the time of suicide, the portion of the Investment Account Value paid will follow the same rules as in Section 3.5.

If there is any loan under this policy, the refund will be applied to reduce or cancel the Outstanding Loan Balance.

This provision also applies to any addition to the policy (e.g., Rider Coverages), or any increase in or addition of coverage, and the period of two years will run from the latest of the effective date of the addition or increase, as described in section 1.3 and the date of the latest reinstatement.

If this policy, or any addition or increase, has been issued in replacement of a previous Standard Life policy under circumstances where evidence of insurability is not required by us, the two-year period referred to herein will run from the date applicable to the Suicide Clause in the previous policy.

**1.9
REINSTATEMENT**

Any request for policy reinstatement must be received by us in writing within two years of the date of lapse. If this policy lapses you can reinstate any or all of your prior coverage(s) by fulfilling the following conditions:

- a) Each Insured must provide satisfactory evidence of insurability according to our then current rules and regulations;
- b) You must pay all monthly deductions of the reinstated coverages, as described in Section 6.6, plus interest from the date of lapse to the date of reinstatement, at an interest rate set by us from time to time, plus three additional monthly deductions;
- c) You must pay any Outstanding Loan Balance under the policy.

We will not reinstate your policy if it has been surrendered for its Cash Surrender Value.

**1.10
CONTINGENT OWNER**

The Owner is entitled to all rights and benefits provided by this policy. In case of joint ownership, on the death of an Owner, all rights under this policy will belong to the surviving Owner.

The Owner may appoint a contingent owner who, on the death of the Owner, will become the Owner provided the policy remains in force. Should no Owner survive and in the absence of the appointment of a contingent owner, all remaining Insureds having a Perspecta Coverage under this policy will become the Owners, jointly and in equal shares, of this policy.

**1.11
BENEFICIARY**

If you designate more than one beneficiary for a coverage, you can stipulate the share of the benefits payable to each beneficiary. At the time a benefit becomes payable, each surviving beneficiary designated for that coverage will be entitled to the stipulated portion of the benefit payments and any other benefits provided under the policy which may be due to them. On the death of one beneficiary, his/her portion of the benefit payments will be shared equally among the surviving beneficiaries of that coverage, unless otherwise stipulated by you.

Standard Life assumes no responsibility for the validity of any beneficiary designations.

(Please see reverse)

1.12**PAYMENT OF CLAIMS**

Before settling any claim we will require proof that is satisfactory to us.

We will deduct any amount owed to us from the policy proceeds before settling any claims.

1.13**ASSIGNMENT**

Notices of assignment of this policy must be received by us in writing, and will apply only to policy values remaining after the repayment of any Outstanding Loan Balance.

We are not responsible for the validity or the legal effect of any assignments of this policy, and will rely solely on the assignee's statements as to his or her interest.

Only the entire policy, not individual coverages, can be assigned. Any assignment of the policy will also apply to the Transit Account.

1.14**SUBSTITUTION OF INSURED**

You may, at any time before the death of any Insured, request in writing the substitution of one or more existing Insureds by one or more new Insureds under a Perspecta Coverage of this policy. The substitution is subject to our then current rules and practices, and to the following conditions:

- a) We must receive satisfactory evidence of insurability for the new Insured;
- b) The monthly deductions will be adjusted to reflect the class of risk and the Insurance Age of the new Insured. The cost of insurance rates used will be the ones, applicable to the new Insured, in effect at the date of the substitution;
- c) The suicide and contract validity provisions of the policy, referred to in Sections 1.8 and 1.17, will apply to the new Insured and, in each case, the period of two years will run from the date of the substitution.

1.15**POLICY LOANS (ADVANCES)**

After the first Policy Year, loans (i.e., advances against the Cash Surrender Value) can be made with respect to this policy, subject to our then current rules and practices as they apply to this policy.

1.16**TAXES**

Any taxes (other than premium taxes) applicable under this policy are to be paid by the Owner when due. We accept no responsibility for any unpaid taxes owed by the Owner in respect of this policy.

1.17**CONTRACT VALIDITY**

The validity of this Contract is conditional upon the accurate representation of the facts needed by us to issue or reinstate the policy.

- *Misrepresentation*

Misrepresentation of, or failure to disclose to our medical examiners, in the application or in any document which forms part of the Contract, any fact that is material to insurance applied for will allow us to contest the validity of the Contract and/or coverage(s) and deny the claim, and may render the Contract and/or coverage(s) voidable by us.

- *Misrepresentation of Smoking Habits*

If a non-smoker class rate has been granted to an Insured under this policy on the basis of incorrect or incomplete evidence, the coverages associated with the Insured shall be void and terminated. If this is the last remaining Perspecta Coverage, the Cash Surrender Value will be recalculated and paid to you.

- *Misstatement of Age or Sex*

Each coverage in this policy is issued using the age of the Insured at the birthday nearest to the Coverage Issue Date.

If the age or sex of an Insured is misstated on the application or the Policy Data Page, we will adjust the Sum Insured of the Coverage, before determining the Death Benefit payable, by multiplying the Sum Insured by the ratio of the last monthly cost of insurance charges or rider deductions, described in section 5.2, that were deducted for that coverage, over those that would have been applicable if age or sex had not been misstated.

However, the true age will be used for the determination of termination of a coverage.

- *Incontestability*

The statements made in the application, and in any other document which forms part of the Contract, will be deemed true and incontestable as of two years from the latest of (a) the date the policy takes effect, as described in section 1.3, and (b) the date of the latest reinstatement. Likewise, statements made for any addition to the policy (e.g., Rider Coverages and Additional Benefits), or any increase in or addition of coverage, will be incontestable after two years from the latest of the effective date of the addition or increase, as described in section 1.3 and the date of the latest reinstatement.

The incontestability provided by this clause does not apply in the case of:

- (i) fraud,
- (ii) fraudulent misrepresentation of smoking habits and/or any information related to Profile Class definition,
- (iii) misstatement of date of birth or sex,
- (iv) failure to disclose or misrepresentation of any fact related to disability insurance provided under this policy, and
- (v) a claim related to Critical Illness insurance provided under this policy, if any, for a Critical Illness where symptoms or medical problems which initiated any investigation leading to the Diagnosis or Surgery commenced before the end of this two year period.

**1.18
ENFORCEMENT OF POLICY PROVISIONS**

If for any reason, we fail to enforce a policy provision at the relevant time, we reserve the right to enforce that provision at a later date.

2.0 PREMIUM PROVISIONS

**2.1
SELECTED PREMIUM AND MAXIMUM PREMIUM**

- *Selected Premium*

The Selected Premium, shown on the Policy Data Page, is the amount you choose to pay us on a regular basis. At any time, you may increase, decrease or stop your Selected Premium by notifying us in writing.

**1.19
SETTLEMENT OPTIONS**

The Owner or Beneficiary may take any amount payable under this policy in cash, apply it to purchase an annuity, or apply it under any other settlement option then offered by us.

**1.20
SPLITTING OF CONTRACT**

Subject to our then current rules and practices, any Perspecta Coverage under this policy can be transferred into a separate Perspecta policy. For joint coverages, the resulting sum insured for each insured must be at least equal to the minimum sum insured for a Perspecta coverage at the time of the split and the Sum Insured will be split equally between all new individual policies. A joint last to die coverage can also be split into separate policies, provided evidence of insurability satisfactory to us is submitted.

You can decide the portion of the Investment Account Value which will be allocated to each resulting policy, provided the Investment Account Value allocated to each policy is greater than the surrender charge of each policy. Each resulting policy will be subject to the policy fee and coverage fee(s), as described in Section 6.5. Exempt Tests will be performed and action taken to preserve the exempt status of the resulting policies.

**1.21
SERVICE CHARGES**

We reserve the right to charge a fee for services related to any change request or information request by the Owner.

2.2

PAYMENT OF SELECTED PREMIUMS

Each Selected Premium, after the first, is payable on or before its Selected Premium Due Date at our Head Office or at any office authorized by us to collect premiums.

2.3

REQUIRED PREMIUM

The annual Required Premium is the minimum amount required to be deposited to the Exempt Accounts in the first Policy Year as shown on the Policy Data Page. At any time during the first Policy Year, the Deposits made to date to the Exempt Accounts, less any withdrawals and associated charges, must be equal to or greater than the sum of the monthly Required Premiums to that date, as shown on the Policy Data Page.

The monthly Required Premium equals the annual Required Premium divided by twelve.

2.4

ADDITIONAL DEPOSITS

Additional deposits in amounts equal to or greater than \$200, or any other minimum we may establish from time to time, can be made at any time in addition to the Selected Premium.

2.5

PREMIUM TAX

Premium tax applicable to the policy will be deducted from the Deposits allocated to the Exempt Accounts.

2.6

LAPSE PROVISION

The policy will lapse without value thirty-one (31) days following the dates below:

- I) In the first Policy Year, the date on which the sum of the Deposits paid, minus any withdrawals and associated charges, is less than the sum of the monthly Required Premiums due to that date.
- II) After the first Policy Year,
 - a) the date on which the Investment Account Value is less than zero if there is no Outstanding Loan Balance, or
 - b) the date on which the Cash Surrender Value is less than zero if there is an Outstanding Loan Balance.

2.7

GRACE PERIOD

The grace period is the thirty-one (31) days following one of the dates, as appropriate, referred to in subsection I) or II) of the lapse provision of this policy (Section 2.6).

During the grace period, you must pay any amount due to ensure that the policy remains in force.

If a claim is made during the grace period, we will deduct any amount due to us from the proceeds of the policy.

2.8

TERMINATION OF THE POLICY

This policy will terminate at termination of the last Perspecta Coverage. Rider Coverages still in force at that time must be either terminated or transformed into a policy. This policy will also terminate due to lapse, as described in Section 2.6, or upon full surrender as described in Section 7.2.

3.0 DEATH BENEFIT PROVISIONS FOR PERSPECTA COVERAGES

3.1

TYPE OF PERSPECTA COVERAGE

The types of Perspecta Coverage available at issue under this policy are:

1. Single life
2. Joint life first to die (JFTD)
3. Joint life last to die (JLTD)
4. Joint life last to die - paid up on first death (JLTD-PUFD)

The coverage type that applies to a Perspecta Coverage is shown on the Policy Data Page and the Coverage Data Page. The Death Benefit of a single life coverage is payable on the death of the Insured named on the Coverage Data Page.

The Death Benefit of a joint life first to die (JFTD) coverage is payable only on the first death to occur among the Insureds named on the Coverage Data Page for that coverage.

The Death Benefit of a joint life last to die (JLTD) or joint life last to die - paid up on first death (JLTD-PUFD) coverage is payable only on the last death to occur among the Insureds named in the Coverage Data Page for that coverage.

3.2 DEATH BENEFIT OPTION

The Death Benefit option applicable under this policy for all Perspecta Coverages is shown on the Policy Data Page.

- Multiple Perspecta Coverages

When there is more than one Perspecta Coverage in force under this policy, the Death Benefit option available is multiple increasing. Under this option the Death Benefit will be equal to the Sum Insured plus the portion of the Investment Account Value that is allocated to each Perspecta Coverage according to Section 3.5.

- One Perspecta Coverage

When there is only one Perspecta Coverage in force under this policy, the Death Benefit option can be one of the following:

I) Level

Under the level option, the Death Benefit is equal to the greater of the Sum Insured decreased by any benefit previously paid according to the Disability Benefit Payout Provisions as described in Section 4.0, and the Investment Account Value.

This option is available for all types of Perspecta coverages except for Joint life last to die - paid up on first death (JLTD-PUFD).

II) Increasing

Under the increasing option, the Death Benefit is equal to the Sum Insured plus the Investment Account Value.

This option is available for all types of Perspecta coverages.

III) Hybrid

Under the hybrid option, the Death Benefit is equal to the Sum Insured plus the greater of the return of premiums and the Investment Account Value.

The return of premiums means the sum of all Deposits to the Investment Accounts, without interest, decreased by any withdrawals and associated charges and decreased by any benefit previously paid according to the Disability Benefit Payout Provisions as described in Section 4.0.

This option is available for all types of Perspecta coverages except for Joint life last to die - paid up on first death (JLTD-PUFD).

3.3 DEATH BENEFIT OPTION CHANGES

You can, by written notice, change the Death Benefit option applicable under the policy to one of the other available Death Benefit options, if any, excluding the hybrid option. Any such change is subject to our then applicable rules, practices and underwriting requirements and will be effective from the Deduction Date following the date we receive your request.

3.4 CHANGES TO AMOUNT OF SUM INSURED

- *Automatic Changes*

The Sum Insured may change automatically depending on the result of the Shelter Optimizer option selected. See Section 6.10 for details.

- *Voluntary Changes*

You can, at any time, request in writing that the amount of Sum Insured of a Perspecta Coverage be increased or decreased, subject to applicable minimums and evidence of insurability, based on our then current rules, practices and underwriting requirements. These voluntary increases or decreases will be effective from the Deduction Date following the date we receive your request, or following the date evidence of insurability is accepted by us if later.

- *Voluntary Sum Insured Increases*

The minimum amount by which the Sum Insured can be increased is \$25,000 or any other minimum we may establish from time to time. Each Sum Insured increase will be treated as if a new coverage for the amount of the increase was issued and will be subject to our then current underwriting requirements, bonus qualification premium requirements, cost of insurance rates, and applicable surrender charges. No additional coverage fee will be charged for increases to an already existing Perspecta Coverage.

- *Voluntary Sum Insured Decreases*

Decreases in Sum Insured are not permitted during the first two years after the Coverage Issue Date except for the amount of automatic increases in Sum Insured.

The minimum amount by which the Sum Insured can be decreased is \$10,000 or any other minimum we may set from time to time. Decreases will first reduce any previous automatic increases created and then, if required, any other previous voluntary increases, from the most recent to the earliest. Decreases which would have the effect of reducing the Sum Insured below the then current minimum limit are not permitted.

If a request for a decrease to the Sum Insured results in an Exempt Test failure, we will either make a transfer to the Transit Account, a partial surrender, or reduce the amount to be decreased, according to your instructions.

3.5

ALLOCATION OF INVESTMENT ACCOUNT VALUE FOR MULTIPLE INCREASING DEATH BENEFIT OPTION

If more than one Perspecta Coverage is in force on the death of an Insured causing the termination of a Perspecta Coverage, a portion of the Investment Account Value will be allocated and added to the Sum Insured to constitute the Death Benefit of the Perspecta Coverage, based on the allocation method you chose at issue.

The portion is determined by one of the following three methods, as shown on your Policy Data Page:

1) Proportional

The ratio of the Sum Insured at time of death for that coverage, to the total Sum Insured for all Perspecta Coverages.

2) Percentage

A percentage, shown on the Policy Data Page, of the Investment Account Value on each death that terminates a Perspecta Coverage, except that the percentage will be 100% of the Investment Account Value on the death of the Insured that terminates the last remaining Perspecta Coverage.

3) 100% on the last death

0% of the Investment Account Value on each death that terminates a Perspecta Coverage, except 100% of the Investment Account Value on the death of the Insured that terminates the last remaining Perspecta Coverage.

With the exception of the last remaining Perspecta Coverage, if the Investment Account Value less the allocated Investment Account Value included in a Death Benefit and net of any Outstanding Loan Balance is less than 12 times the total monthly deduction following the death, the allocated Investment Account Value will be reduced so that the remaining Investment Account Value, net of loans, is at least equal to the sum of 12 times the total monthly deduction following the death.

The portion of the Investment Account value paid will be deducted from the Investment Accounts. The amount deducted from each Investment Account will be directly proportional to the value of each Investment Account at date of death.

- *Simultaneous Deaths*

Unless specified otherwise by you, if two or more Insureds under the policy die at the same time or under circumstances that make it impossible to determine the order in which they died, we will use the following rule to determine and pay the Death Benefit:

If an Account Benefit is payable, it will be determined and paid first.

If the allocation method is proportional by Sum Insured, each Insured will be treated as if he/she was the only one who died.

If the allocation method is a percentage of the Investment Account Value on each death, or is 100% on last death, the total Investment Account Value that would have been paid, if each one was calculated and paid sequentially, will be aggregated and then divided by the number of Perspecta coverages, and the resulting equal amounts added to each Sum Insured paid.

The monthly deduction referred to in the calculation of the remaining Investment Account Value will not include the deductions for any coverages terminated due to death.

The above rule will apply if an Insured dies with more than one Perspecta Coverage on his/her life.

4.0 DISABILITY BENEFIT PAYOUT PROVISIONS

4.1 DISABILITY BENEFIT PAYOUT

Disability Benefit Payout will be paid from the policy's Cash Surrender Value if an Insured under a Single Life type coverage or one of the Insureds under a Joint Life type coverage provides us with evidence of Disability as defined under Section 4.6.

4.2 CONDITIONS

You may claim the Disability Benefit Payout under this provision if all of the following conditions are met :

- a) the Cash Surrender Value is greater than zero;
- b) there is only one Perspecta coverage in force;
- c) you have provided, at your own expenses, evidence of Disability that is satisfactory to us;
- d) notice of Disability is given 60 days from the effective date of Disability. Failure to give notice within this time does not invalidate the claim provided that notice and evidence of Disability is given as soon as reasonably possible, but in no event later than one year from the effective date of Disability;
- e) the Disability has continued without interruption for a period of at least 90 days.

4.3 AMOUNT OF DISABILITY BENEFIT PAYOUT

You must specify the amount of any Disability Benefit Payout, subject to the following conditions :

- a) one lump sum Disability Benefit Payout will be permitted in any Policy Year;
- b) the minimum amount of each Disability Benefit Payout must be the lesser of \$2,500 and the maximum amount allowed;
- c) the maximum amount of each Disability Benefit Payout is determined on the effective date of claim as the Cash Surrender Value reduced such that the remaining Investment Account Value, net of any Outstanding Loan Balance, is at least equal to 12 times the total monthly deductions following the claim;

Surrender charges will not be levied against the Disability Benefit Payout paid.

4.4 ORDER OF WITHDRAWALS

You may specify the Investment Accounts from which the Disability Benefit Payout will be paid. If no such instructions are received, then the Disability Benefit Payout will be taken from your Investment Accounts in the following order:

1. Daily Interest Account (DIA)
2. Indexed Accounts (IA) and Strategic Asset Allocation Accounts (SAAA)
3. Managed Accounts (MA) and Predetermined Portfolios Accounts (PPA)
4. Term Investment Accounts (TIA)

The amount withdrawn from the Term Investment Accounts will be from the Account segments closest to maturity.

4.5 EFFECTS ON THE POLICY VALUES

Any Disability Benefit Payout will reduce the Investment Account Value by the amount of that Disability Benefit Payout. Any Disability Benefit Payout will reduce the Sum Insured by the amount of that Disability Benefit Payout if the Level Death Benefit option has been chosen and, will reduce the return of premiums component by the amount of the Disability Benefit Payout if the Hybrid Death Benefit option has been chosen as described in Section 3.2.

4.6 DISABILITY BENEFIT PAYOUT DEFINITION

For the purpose of this Disability Benefit Payout, Disability means the Insured exhibits a severe physical or mental impairment as diagnosed, in writing, by a qualified and licensed medical practitioner, and

- 1) has resulted in the total and permanent loss of the use of both hands, both feet, or of one hand and one foot,

or

- 2) this impairment is expected by the medical practitioner to result in the death of the Insured within 24 months of the date of the effective date of Disability,

or

3) during the period of continuous disability, the Insured must be receiving the regular care and attendance of a qualified and licensed medical practitioner appropriate for her or his physical or mental condition, or we must agree that such care or attendance would be unlikely to result in any improvement in his or her physical or mental condition, and the Disability listed in a) and b) below must arise from one or more of the following medical conditions:

- occupational HIV infection,
- Alzheimer's disease,
- Parkinson's disease,
- cancer,
- heart attack,
- heart surgery,
- kidney failure,
- loss of limb,
- coma,
- blindness,
- deafness,
- loss of speech,
- paralysis,
- vital organ transplant,
- vital organ failure,
- third degree burns over more than 50% of the body,
- multiple sclerosis,
- stroke.

On request, we will provide the complete definition of those medical conditions.

- a) Disability arising from one or more of the above must markedly restrict the ability of the Insured to perform any one of the following basic activities of daily living:
- i. perceiving, thinking and remembering,
 - ii. feeding and dressing himself or herself,
 - iii. speaking so as to be understood, in a quiet setting, by any other person, including a person familiar with the Insured,
 - iv. hearing as to understand what is being said in a quiet setting, by any other person, including a person familiar with the Insured,
 - v. eliminating (bowel or bladder functions), or
 - vi. walking.

or

- b) Disability arising from one or more of the above must prevent the Insured,
- i. if employed on the effective date of Disability, from performing essential duties of his or her regular occupation or employment, or
 - ii. if unemployed on the effective date of Disability, from performing essential duties of any occupation or employment for which he or she is reasonably qualified by virtue of education, training or experience, or
 - iii. if responsible for the maintenance of a home or care of immediate family members on the effective date of Disability, from performing all of the essential duties of maintaining that home or caring for those individuals.

4.7 EXCLUSIONS

No Disability Benefit Payout will be permitted if:

- a) Disability results from injury intentionally inflicted by the Insured on his or her person, whether or not the Insured is in possession of his or her mental faculties,

or

- b) the Insured was a substandard risk at the Coverage Issue Date or at the date of the latest reinstatement of this coverage,

or

- c) we determine that the Insured, in respect of whom a Disability Benefit Payout would otherwise be payable, had that Disability or was diagnosed with at least one of the medical conditions as described in Section 4.6 at the Coverage Issue Date or at the latest reinstatement of this coverage.

4.8 TAXATION

This benefit will be subject to the Income Tax Act and Regulations in effect at time of claim.

5.0 MONTHLY COST OF INSURANCE CHARGE PROVISIONS FOR PERSPECTA COVERAGES

5.1 NET AMOUNT AT RISK

The net amount at risk of a Perspecta Coverage is the Death Benefit minus the Investment Account Value. For the multiple increasing Death Benefit option, the net amount at risk for each Perspecta Coverage is equal to the Sum Insured.

In any case, the net amount at risk cannot be less than zero.

5.2 MONTHLY COST OF INSURANCE CHARGES

The monthly cost of insurance charge of a Perspecta Coverage is equal to:

*the net amount at risk
multiplied by the cost of insurance rate
divided by 1,000
divided by 12.*

The cost of insurance rate depends on the sex, the smoking status, the Profile Class, the Initial Sum Insured, and the appropriate insurance age of the Insured.

The cost of insurance rates per \$1,000 of net amount at risk are guaranteed for the life of this policy on the initial Insured, the Initial Sum Insured, and the initial Death Benefit option. The guaranteed cost of insurance rates are shown in the rate tables identified on the Coverage Data Page and attached to this policy.

5.3 TYPE OF COST OF INSURANCE RATE

The type of cost of insurance rate applicable to a Perspecta Coverage is shown on the Policy Data Page and the Coverage Data Page, and can be one of the following:

1) Yearly Renewable Term - 100 (YRT-100) Cost of Insurance Rate

Under this type, the YRT cost of insurance rate changes each year until the Insured's Attained Age equals 100. The rate is based on the Attained Age of the Insured at each coverage anniversary. Following the coverage anniversary at which the Attained Age is 100, these cost of insurance charges will no longer be deducted from the Investment Account Value.

YRT-100 cost of insurance rate is available under all Death Benefit options except when the type of Perspecta coverage is Joint life last to die - paid up on first death (JLTD-PUFD).

2) Yearly Renewable Term - 85/20 (YRT-85/20) Cost of Insurance Rate

This YRT cost of insurance rate changes each year until the later of the Insured's Attained Age being equal to 85 and duration 20. The rate is based on the Attained Age of the Insured at each coverage anniversary. Following the later of the coverage anniversary at which the Attained Age is 85 and the 20th coverage anniversary, these cost of insurance charges will no longer be deducted from the Investment Account Value.

YRT-85/20 cost of insurance rate is only available with the multiple increasing Death Benefit option for multiple Perspecta coverages and with the increasing Death Benefit option for one Perspecta coverage.

YRT-85/20 cost of insurance rate is only available when the type of Perspecta coverage is Single life.

3) Level Cost of Insurance Rate

Level cost of insurance rate is level to age 100. For the Initial Sum Insured it is based on the Insurance Age at Issue of the Insured. Following the coverage anniversary at which the Attained Age is 100, these cost of insurance charges will no longer be deducted from the Investment Account Value.

Level cost of insurance rate is available with the following Death Benefit options:

- for multiple Perspecta coverages:
 - multiple increasing
- for one Perspecta coverage:
 - increasing,
 - hybrid.

YRT-100 cost of insurance applies to all automatic increases in Sum Insured.

For the Hybrid Death Benefit option, 75% of the YRT-100 cost of insurance applies to the excess of the return of premiums over the Investment Account Value.

5.4

CHANGING FROM YRT TO LEVEL

For all Initial Sums Insured and voluntary increases in Sum Insured, if your cost of insurance type for a specific Perspecta Coverage is one of the 2 YRT cost of insurance rate types and you wish to change to level, you can request this change in writing at any time before the Insured's Attained Age equals 85. The change will take effect on the Deduction Date following the date we receive your request. The level cost of insurance rate that applies will be based on the Attained Age of the Insured at the next anniversary of the coverage following the change. They will be those shown in the rate tables identified on the Coverage Data Page of each coverage attached to this policy.

For automatic increases in Sum Insured, changes from the YRT cost of insurance payable to Attained Age 100 to level cost of insurance rate are subject to our then current rules and practices.

5.5

JUVENILE COST OF INSURANCE

Under a single Perspecta Coverage, if the Insured's Insurance Age at Issue is under 18, then, on or after Attained Age 18, the Owner can request non-smoker Residual Class cost of insurance rates applicable from the coverage anniversary date following the date of the request, provided evidence of the Insured's non-smoking status satisfactory to us is submitted.

6.0 ACCOUNT PROVISIONS

6.1

DEPOSIT ALLOCATIONS

Deposits can be allocated to any Investment Account available at the time the Deposit is made. You choose how your Selected Premium is allocated to the Investment Accounts. You may, at any time, change this Deposit allocation by notifying us in writing. The effective date of the change is the next Selected Premium Due Date, provided we receive your request no less than five (5) Business Days before that date.

You may choose the Investment Accounts to which any additional Deposit is directed at the time the Deposit is made.

The minimum Deposit allocation that can be made to any one Investment Account is 5% of each Selected Premium or of each additional Deposit. If more than one Term Investment Account (TIA) is selected, a minimum Deposit of \$50 per Investment Account applies to each TIA. This minimum also applies at the renewal of the TIA. We reserve the right to change these minimums from time to time.

The Investment Accounts offered within this policy are all exempt Accounts.

The Investment Accounts form part of Standard Life's general funds.

We reserve the right, at our sole option, to introduce additional Investment Accounts or to withdraw existing ones from time to time. We also reserve the right, at our sole option, to transfer funds out of an Investment Account which terminates or ceases to be marketed. In the case where we would withdraw a Term Investment Account (TIA), affected funds will only be transferred at the end of the term.

The Investment Accounts described below are available at Policy Issue Date:

- Daily Interest Account (DIA)

Deposits allocated to the DIA earn interest, calculated on a compound basis, at a rate declared by us from time to time.

We guarantee the interest rate will never be less than zero.

- Term Investment Accounts (TIA)

Each Deposit allocated to a TIA forms an Account segment and is allocated according to its own interest rate and term. Terms of 1, 3, 5, 10, 15, and 20 years are available.

Each Account segment, less any deductions and withdrawals, earns interest calculated on a compound basis, at a rate declared by us, that is guaranteed for the term chosen.

6.2

INVESTMENT ACCOUNTS

We will make available different options to earn interest under this policy. These options are referred to as "Investment Accounts".

Owner(s) do not own or acquire any interest in the underlying funds or indices nor purchase any units or legal interest in any security.

We guarantee the interest rate will never be less than the greater of:

- (i) 90% of the yield of Government of Canada Bonds of similar term, less 1.75% and,
- (ii) 0% for the 1-year TIA,
0% for the 3-year TIA,
1% for the 5-year TIA,
2% for 10, 15 and 20 year TIA.

We also guarantee to offer, as long as the policy is in force, at least one TIA Account.

At the end of the term, each Account segment will be reallocated to the same term, if still available, at the then current interest rate for that term. You may transfer the Account segment at the end of the term to any other Investment Account by notifying us in writing at least five (5) business days before the end of the term.

- Indexed Accounts (IA)

Deposits allocated to any Indexed Account earn interest on a compound basis at a rate, calculated by us on each Valuation Day, that reflects the change in the index underlying the Account less a management fee.

Owner(s) do not own or acquire any interest in the indices nor purchase any units or legal interest in any security.

The interest rate calculated can be either positive or negative since the underlying index can increase or decrease.

A Valuation Day is each day the value of the appropriate index is established, and interest will accrue only on such days.

All deposits, transfers and surrenders made to or from any Indexed Account can be delayed by two (2) Business Days, at our discretion.

The Indexed Accounts described below are available at Policy Issue Date:

- a) Money Market Index Account:

Interest rate reflects the return of the DEX 91-day T-Bill Index less a management fee.

The management fee is 0.01% per Valuation Day (approximately 2.50% per year) and is guaranteed never to increase.

- b) Canadian Bond Index Account III:

Interest rate reflects the return of the DEX Universe Bond Index less a management fee.

The management fee applicable on a Valuation Day is $(1.0275^{c/365} - 1)$, where c represents the number of calendar days elapsed since prior Valuation Day.

The management fee is guaranteed never to increase.

- c) Canadian Equity Index Account III:

Interest rate reflects the return of the S&P/TSX Composite Total Return Index less a management fee. See Note 1 in Appendix A.

The management fee is 0.012% per Valuation Day (approximately 3.00% per year) and is guaranteed never to increase.

- d) US Equity Index Account II:

Interest rate reflects the return of the Standard and Poor's (S&P) 500 Total Return Index translated into Canadian dollars, less a management fee. See Note 1 in Appendix A.

The management fee is 0.012% per Valuation Day (approximately 3.00% per year) and is guaranteed never to increase.

- e) Science and Technology Equity Index Account:

Interest rate reflects the return of the NASDAQ 100 Price Index translated into Canadian dollars, less a management fee. See Note 3 in Appendix A.

The management fee is 0.012% per Valuation Day (approximately 3.00% per year) and is guaranteed never to increase.

- f) Global Equity Index Account II:

Interest rate reflects the return of the Morgan Stanley Capital International World (MSCI World) Free Net Index translated into Canadian dollars, less a management fee. See Note 2 in Appendix A.

The management fee is 0.014% per Valuation Day (approximately 3.50% per year) and is guaranteed never to increase.

- g) European Equity Index Account II:

Interest rate reflects the return of the Morgan Stanley Capital International Europe (MSCI Europe) Net Index translated into Canadian dollars, less a management fee. See Note 2 in Appendix A.

The management fee is 0.014% per Valuation Day (approximately 3.50% per year) and is guaranteed never to increase.

(Please see reverse)

h) EuroAsia Plus Equity Index Account II:

Interest rate reflects the return of the Morgan Stanley Capital International Europe Australasia and Far East (MSCI EAFE®) Free Net Index translated into Canadian dollars, less a management fee. See Note 2 in Appendix A.

The management fee is 0.014% per Valuation Day (approximately 3.50% per year) and is guaranteed never to increase.

• Strategic Asset Allocation Accounts (SAAA)

Deposits allocated to any Strategic Asset Allocation Account will earn interest on a compound basis at a rate, calculated by us on each Valuation Day, that reflects the weighted return, less a management fee, of the following indices translated into Canadian dollars:

- a) DEX Universe Bond Index.
- b) S&P/TSX Composite Total Return Index. See Note 1 in Appendix A.
- c) Standard and Poor's (S&P) 500 Total Return Index. See Note 1 in Appendix A.
- d) Morgan Stanley Capital International Europe Australasia and Far East (MSCI EAFE®) Free Net Index. See Note 2 in Appendix A.

The management fee is 0.0116% per Valuation Day (approximately 2.90% per year) and is guaranteed never to increase.

The following Strategic Asset Allocation Accounts are available at Policy Issue Date:

- a) Conservative Asset Allocation Account
- b) Moderate Asset Allocation Account
- c) Growth Asset Allocation Account
- d) Aggressive Asset Allocation Account

Each SAAA will use different weights for each underlying index, to reflect different risk tolerance.

Furthermore, the weights may be changed by us at any time but are guaranteed to sum to 100%.

A Valuation Day is each day the value of any of the underlying indices are established, and interest will accrue only on such days.

Owner(s) do not own or acquire any interest in the indices nor purchase any units or legal interest in any security.

The interest rate calculated can be either positive or negative as the underlying indices can increase or decrease.

All deposits, transfers and surrenders made to or from any Strategic Asset Allocation Accounts can be delayed by two (2) Business Days, at our discretion.

• Managed Accounts (MA)

Deposits allocated to any Managed Account will earn interest on a compound basis at a rate, calculated by us on each Valuation Day, that reflects the change in the unit value of the underlying fund, translated in Canadian dollars if needed, less a management fee. Underlying funds are managed by a Canadian fund manager and are selected by us from time to time.

To obtain information on the MA currently available to you, use the contact information shown on your statement or call our Customer Service Center at the number that appears on your statement and invoices.

Owner(s) do not own or acquire any interest in the underlying fund nor purchase any units or legal interest in any security.

The interest rate calculated can be either positive or negative since the underlying fund unit value can increase or decrease.

A Valuation Day is each day the unit value of the underlying fund is determined, and interest will accrue only on such days.

The management fee is charged on each Valuation Day and varies by MA. It is subject to change without prior notice but is guaranteed never to exceed 0.010% per Valuation Day (approximately 2.50% per year). In addition to our management fee, the underlying funds also charge investment expenses referred to as the management expense ratio, which are already reflected in the underlying fund's unit value.

All deposits, transfers and surrenders allocated to or from any Managed Account can be delayed by up to two (2) Business Days, at our discretion.

• Predetermined Portfolios Accounts (PPA)

Deposits allocated to any Predetermined Portfolios Account earn interest on a compound basis at a rate, calculated by us on each Valuation Day, that reflects the change in the unit value of an underlying portfolio, translated in Canadian dollars if needed, less a management fee. Funds included in each underlying portfolio are managed by a Canadian fund manager and the underlying portfolios are selected by us from time to time.

To obtain information on the PPA currently available to you, use the contact information shown on your statement or call our Customer Service Center at the number that appears on your statement and invoices.

Owner(s) do not own or acquire any interest in the underlying portfolio nor purchase any units or legal interest in any security.

The interest rate calculated can be either positive or negative since the portfolio return can increase or decrease.

A Valuation Day is each day the unit value of the underlying portfolio is determined, and interest will accrue only on such days.

The management fee is 0.0048% per Valuation Day (approximately 1.20% per year). It is subject to change without prior notice but is guaranteed never to exceed 0.010 % per Valuation Day (approximately 2.50% per year). In addition to our management fee, the underlying portfolio also charges investment expenses referred to as the management expense ratio, which are already reflected in the underlying portfolio's unit value.

All deposits, transfers and surrenders allocated to or from any Predetermined Portfolios Account can be delayed by up to two (2) Business Days, at our discretion

6.3

INVESTMENT ACCOUNT GUARANTEE* UPON DEATH OF THE INSURED

If the Investment Account Value is used to determine the Death Benefit payable on the death of an Insured, causing the termination of the last Perspecta Coverage, we guarantee that the sum of the value of the Indexed Accounts* and Strategic Asset Allocation Accounts will not be less than:

75% of all net Deposits minus any Account Benefit, any Disability Benefit Payout, any Investment Account Value paid as part of a Death Benefit, any other fees and total monthly deductions from Indexed Accounts and Strategic Asset Allocation Accounts.

Net Deposit is the sum of all Deposits and inter-Account transfers credited to Indexed Accounts and Strategic Asset Allocation Accounts without interest, reduced by the sum of Proportional Reductions for prior withdrawals and associated charges and transfers to other Investment Accounts.

The Proportional Reduction = $A \times B / C$

where: A = net Deposit value prior to the withdrawal or transfer. If no prior withdrawals or transfers have been made, the net Deposit is the sum of all Deposits and inter-Account transfers credited to Indexed Accounts and Strategic Asset Allocation Accounts.

B = the amount of withdrawal and associated charge or the amount of transfer to other Investment Accounts.

C = the lesser of :

- the net Deposit value prior to the withdrawal or transfer.
- the value of Indexed Accounts and Strategic Asset Allocation Accounts immediately preceding any withdrawal or transfer.

*This Guarantee does not apply to the Science and Technology Equity Account, to any Managed Accounts and to any Predetermined Portfolios Accounts.

6.4

INTER-ACCOUNT TRANSFERS

Transfers between Investment Accounts may be requested at any time. They are subject to a minimum amount of \$500, or any other minimum as set by us from time to time, or 100% of the Investment Account, if this minimum is not met. The effective date of the transfer is the date we receive your written notification or a date specified by you, if later.

Amounts transferred from TIAs prior to maturity, according to your instructions, will be reduced by market value adjustments as described in Section 7.5.

6.5

MONTHLY FIXED EXPENSE CHARGES

The rates of monthly fixed expense charges are \$8 for the policy (the policy fee) plus \$2 for each Perspecta Coverage (the coverage fee). These rates will remain unchanged for as long as this policy is in force. The policy fee will be deducted as long as there will be at least one coverage fee. The coverage fee will be deducted as long as the cost of insurance rate for that coverage will be deducted. If all Perspecta coverages are paid-up, then the monthly fixed expense charges will no longer be deducted.

6.6

MONTHLY DEDUCTIONS

Each month, we will calculate the total monthly deduction to be made on each Deduction Date, starting on the Policy Issue Date.

The total monthly deduction will pay for the administrative expenses we incur in connection with this policy and the cost of your coverages.

The total monthly deduction is the sum of:

- 1) monthly fixed expense charges,

- 2) monthly cost of insurance charge(s) for all Perspecta Coverages, and
- 3) monthly deductions applicable for Rider Coverage, Additional Benefit or flat extra charges as shown on the Policy Data Page and Coverage Data Page, and on relevant endorsements.

The total monthly deductions will be deducted from the Investment Accounts. You can choose to have your total monthly deduction 1) deducted from an eligible Investment Account or 2) deducted from all Investment Accounts on a proportional basis. The option chosen is shown on the Policy Data Page.

1) Monthly Deductions from an eligible Investment Account

An eligible Investment Account is the Daily Interest Account (DIA), a Term Investment Account (TIA) with an original term of one year or less, any Indexed Account (IA), any Strategic Asset Allocation Account (SAAA), any Managed Account (MA) and any Predetermined Portfolios Account (PPA).

As long as the value of the selected eligible Investment Account at the Deduction Date is greater than the amount of the monthly deductions, the amount will be deducted from that selected Account. Otherwise, the total monthly deductions will be deducted from all Investment Accounts on a proportional basis.

2) Monthly Deductions from all Investment Accounts on a proportional basis.

The amount deducted from each Investment Account will be directly proportional to the value of each Investment Account at the Deduction Date.

You can change the option once a year by notifying us in writing. The change will take effect at the beginning of the next policy year, provided we receive your request no less than five (5) Business Days before that date.

The amount to be deducted from the TIAs will be withdrawn from the Account segment closest to maturity. No market value adjustments are applicable to monthly deductions from the TIAs.

**6.7
CLIENT BONUSES**

Beginning on the first policy anniversary and on each subsequent policy anniversary, an unconditional and guaranteed Loyalty Bonus and, provided the conditions outlined below are met, two levels of bonus called Enhanced Bonus will be credited to the Investment Accounts according to your current Deposit allocation. All Bonuses awarded are equal to a percentage of the Investment Account Value less any Outstanding Loan Balance on the anniversary date.

Loyalty Bonus

The Loyalty Bonus is unconditional and guaranteed as long as the policy is in force. This Loyalty Bonus is equal to 0.70% of the Investment Account Value less any Outstanding Loan Balance on the anniversary date.

Enhanced Bonus

In addition to the Loyalty Bonus, you may qualify for the Enhanced Bonus. The Enhanced Bonus is paid on two levels (Tier 1 and Tier 2), each having its own conditions as follows:

Tier 1

From the Policy Issue Date to the relevant anniversary, the sum of all Deposits made to the Investment Accounts, reduced by any withdrawals and loans made from those Accounts and the associated surrender charges, must be greater than the sum of the enhanced bonus qualification premiums (Tier 1) of all coverages for each year (see below) plus any flat and/or multiple extra charges;

If the above condition is met at any anniversary on or after the tenth policy anniversary, no condition is required for the subsequent Policy Years.

Tier 2

From the Policy Issue Date to the relevant anniversary, the sum of all Deposits made to the Investment Accounts, reduced by any withdrawals and loans made from those Accounts and the associated surrender charges, must be greater than the sum of the enhanced bonus qualification premiums (Tier 2) of all coverages for each year (see below) plus any flat and/or multiple extra charges;

If the above condition is met at any anniversary on or after the tenth policy anniversary, the above condition is no longer required for the subsequent Policy Years.

The initial enhanced bonus qualification premiums for Tier 1 and Tier 2 are shown on the Policy Data Page. The enhanced bonus qualification premiums for Tier 1 and Tier 2 will change if you request a Sum Insured increase, if you add a new coverage, or if monthly deductions for any Rider Coverage or Additional Benefit change.

If at least one Perspecta coverage is of the type level cost of insurance rate, the Enhanced Bonuses will be determined in accordance with the following scale:

BONUS TYPE	BONUS RATE
Tier 1	0.30%
Tier 2	0.20%

If all Perspecta coverages are of the type YRT cost of insurance rate, the Enhanced Bonuses will be determined in accordance with the following scale:

BONUS TYPE	BONUS RATE
Tier 1	0.30%
Tier 2	0.50%

The bonus rates for Tier 1 and Tier 2 are additive in the case that both conditions are met.

6.8 INVESTMENT ACCOUNT VALUE

The Investment Account Value is equal at all times to the sum of all balances in the Investment Accounts.

Each Investment Account is:

- 1) increased by the sum of all net Deposits allocated to each Account,
- 2) increased or decreased by the amount of interest,
- 3) increased by the amount of Loyalty and Enhanced bonuses,
- 4) decreased by the amount of the monthly deductions,
- 5) increased by any amount transferred from other Accounts,
- 6) decreased by any amount transferred to other Accounts,
- 7) decreased by the amount of withdrawal and associated charges,
- 8) decreased by the amount of automatic transfer or partial surrender effected due to failure of the Exempt Test,
- 9) decreased by the portion of Investment Account Value included in the Death Benefit paid under a Perspecta Coverage or paid in case of suicide as per the suicide clause,
- 10) decreased by the amount of Account Benefit paid,
- 11) decreased by the amount of any Benefit paid according to the Disability Benefit Payout Provisions as described in Section 4.0.
- 12) decreased by the amount of any other fees.

6.9 EXEMPT TEST

On each policy anniversary, we will determine whether the policy continues to be exempt from the income accrual reporting rules under the provisions of the then current Income Tax Act (Canada) and Regulations.

If we determine that the policy would fail the Exempt Test, the exempt status of the policy will be restored by:

- I) first, applying the Shelter Optimizer option selected by you at issue (as described in Section 6.10), and then, if necessary, by

- II) transferring the excess to the Transit Account, or
- III) processing a partial surrender,

depending on the instructions specified in the application or in any subsequent written notification received from you. In the absence of instructions from you, amounts in excess of the exempt ceiling will be automatically transferred to the Transit Account.

6.10 SHELTER OPTIMIZER

The Shelter Optimizer option selected by you at issue will determine how we will modify the Sum Insured of all Perspecta Coverages in relation to the expected result of the Exempt Test. Modifications depend on the option chosen and are explained below for each option.

The Owner selects one of the following options at issue of the policy:

- 1) Increase Only
 - a) If we determine on any given policy anniversary that the Exempt Test would fail, we will automatically increase the Sum Insured of Perspecta Coverages by up to 8%, when the Insured's Attained Age is less than 85. If the Maximum Premium as determined by us for the Policy Year was paid in that Policy Year, the percentage increase will be set at 8%.
 - b) The total Sum Insured for each Perspecta Coverage, including the corresponding increases due to the Shelter Optimizer but excluding voluntary Sum Insured Increases as described in Section 3.4, is limited to 4 times the Initial Sum Insured.

The total Sum Insured for each Perspecta voluntary Sum Insured Increases as described in Section 3.4, including the corresponding increases due to the Shelter Optimizer, is limited to 4 times the initial Voluntary Sum Insured Increase.
 - c) For any Insured, when the total Sum Insured of Perspecta Coverages reaches \$20 million, his/her automatic increases will cease.
 - d) You can refuse an increase by written request within thirty (30) days after the policy anniversary. Your option will be changed to "No Increase and No Decrease".

(Please see reverse)

2) Increase and Decrease

- a) If we determine on any given policy anniversary that the Exempt Test would fail, we will automatically increase the Sum Insured of Perspecta Coverages by up to 8%, when the Insured's Attained Age is less than 85. If the Maximum Premium as determined by us for the Policy Year was paid in that Policy Year, the percentage increase will be set at 8%.
- b) The total Sum Insured for each Perspecta Coverage, including the corresponding increases due to the Shelter Optimizer but excluding voluntary Sum Insured Increases as described in Section 3.4, is limited to 4 times the Initial Sum Insured.

The total Sum Insured for each Perspecta voluntary Sum Insured Increases as described in Section 3.4, including the corresponding increases due to the Shelter Optimizer, is limited to 4 times the initial Voluntary Sum Insured Increase.

- c) For any Insured, when the total Sum Insured of Perspecta Coverages reaches \$20 million, his/her automatic increases will cease.
- d) You can refuse an increase by written request within thirty (30) days after the policy anniversary. Your option will be changed to "No Increase and No Decrease".

- e) The Sum Insured of all Perspecta Coverages can be decreased to the minimum that would still maintain the exempt status of the policy. You will be advised of these possible decreases on the statement issued on your policy anniversary provided you have had an increase previously. During the first five policy years, we will limit the minimum amount on the statement to the Initial Sum Insured. Starting in the sixth policy year, the minimum amount on the statement will be equal to the minimum Sum Insured that would still maintain the exempt status of the policy provided your Sum Insured is higher than the minimum amount specified by you in the application.

- f) To obtain a decrease in the Sum Insured of a Perspecta Coverage, you must notify us in writing. The amount of the decrease may be the amount shown on the statement issued on your policy anniversary or any amount not less than \$10,000 provided the reduced Sum Insured will not be below the then current minimum limit. Any decreases in Sum Insured will take effect on the Deduction Date following your notice.

3) No Increase and No Decrease

No automatic adjustment will be made to the Sum Insured and you will not be advised of any possible reduction.

The option "No Increase and No Decrease" will be the default option if none is chosen in the application. The only option available for a joint life last to die - paid up on first death (JLTD-PUFD) coverage type is "No Increase and No Decrease".

7.0 SURRENDER PROVISIONS

7.1 REQUEST FOR FULL OR PARTIAL SURRENDER

You may request, by written notice, a full or partial surrender of this policy at any time. The effective date of the full or partial surrender is the date we receive your written request or a date specified by you, if later.

7.2 FULL SURRENDER

Upon full surrender of the policy, we will pay the Cash Surrender Value, plus the amount in the Transit Account, calculated at the effective date of the surrender.

7.3 SURRENDER CHARGES

The table of surrender charges for the total Initial Sum Insured of all Perspecta Coverages is shown on the Policy Data Page.

A new table of surrender charges will apply to voluntary increases in Sum Insured or to an addition of Perspecta Coverage, as if a new policy for the amount of the increase was issued at the date of the change.

The total surrender charge is the sum of the surrender charges applicable to the total Initial Sum Insured of Perspecta Coverage(s) and those applicable to each voluntary Sum Insured increase and to each Sum Insured for additional Perspecta Coverage.

7.4

PARTIAL SURRENDER (WITHDRAWAL)

Any request to make a withdrawal from the policy is considered a partial surrender. The minimum amount which can be withdrawn is \$500 but it may change in the future. The maximum amount which can be withdrawn as a partial surrender is limited to the Cash Surrender Value plus the amount in the Transit Account, calculated at the effective date of the request.

Moreover, no less than three times the total monthly deductions for the current month must be retained in the Accounts after a withdrawal is made.

Any withdrawals will reduce the Investment Account Value by the amount of that withdrawal. Any withdrawals will reduce the Sum Insured by the amount of that withdrawal if the Level Death Benefit option has been chosen and, will reduce the return of premiums component by the amount of the withdrawal if the Hybrid Death Benefit option has been chosen as described in Section 3.2.

A requested withdrawal will first be made from the Transit Account. If the Transit Account is not sufficient to cover your requested withdrawal, then the balance of the withdrawal will be made from the Investment Accounts according to your instructions. The amounts withdrawn from the Term Investment Accounts (TIA) will be from the Account segments closest to maturity.

There will be no surrender charge for withdrawals from the Transit Account. The partial surrender charge for a withdrawal from the Investment Accounts is equal to:

the full surrender charge
multiplied by the amount deducted from Investment Account(s)
divided by the Investment Account Value.

Upon partial surrender, the amount deducted from the Investment Account(s) will be the sum of:

- the withdrawal amount and
- the partial surrender charge and
- any market value adjustments as described in Section 7.5, if applicable.

Once partial surrenders are made, full surrender charges for future years are reduced appropriately to reflect the partial surrender charges already made.

7.5

MARKET VALUE ADJUSTMENTS

Partial and full surrenders and transfers from each Term Investment Account (TIA) Account segment are subject to a market value adjustment, calculated as follows:

$MVA^* =$ the amount deducted from Investment Account(s)
multiplied by t
multiplied by $(j \text{ minus } i)$

* subject to a minimum of zero

where: t = number of complete months remaining to the maturity of the Account segment from which the withdrawal amount is taken, divided by 12
 j = interest rate established by us with reference to the market conditions at the time of the withdrawal which would apply to a term equal to the number of complete years closest to t
 i = interest rate currently credited to the Account segment

No market value adjustments are applicable to monthly deductions from the TIAs.

8.0 TRANSIT ACCOUNT PROVISIONS

8.1

TRANSIT ACCOUNT

A Transit Account has been established to accompany this policy. The amount in the Transit Account belongs to the Owner at all times, and it is not added to any Death Benefit payable.

8.2

TRANSFERS TO THE TRANSIT ACCOUNT

If this policy fails an Exempt Test, the excess funds can be transferred to the Transit Account, as described in Section 6.9, until the funds can be returned to the Exempt Accounts.

**8.3
DEPOSITS**

Whenever the sum of all Deposits made in a Policy Year is greater than the Maximum Premium, the excess is deposited directly in the Transit Account.

At the time these Deposits are made to the Transit Account, there will be no premium tax charged.

**8.4
INVESTMENT**

The investment option for amounts in the Transit Account is a daily interest Account.

Deposits to the Transit Account will earn interest, calculated on a compound basis, at a rate which shall never be less than zero, as declared by us from time to time.

The minimum daily interest rate is guaranteed to be 90% of the rate on 3-month Government of Canada Treasury Bills, less 2%, but never less than zero. We reserve the right, at our sole option, to introduce additional investment options, or to withdraw existing options from time to time.

**8.5
AUTOMATIC TRANSFERS FROM THE TRANSIT
ACCOUNT**

On each Deduction Date, an amount up to the Maximum Premium will be withdrawn from the Transit Account, if any, and transferred to the Investment Accounts.

**8.6
CHARGES**

No surrender charges or market value adjustments, as described in Section 7.5, will apply to amounts transferred to the Transit Account for the purpose of maintaining the exempt status of the policy.

No surrender charges will apply to withdrawals made directly from the Transit Account.

**8.7
TAXATION**

The Transit Account is not an Exempt Account.

Interest earned on amounts in the Transit Account is subject to accrual taxation under the provisions of the Income Tax Act (Canada), and amounts transferred from the Exempt Accounts to the Transit Account are considered policy dispositions and may therefore be taxable.

APPENDIX A

Notes on Indexed Accounts

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