

POLICY TERMS AND CONDITIONS

In order for the contract to be in effect, valid Policy Information Pages must accompany this Policy.

INSURANCE BENEFIT

Insurance Benefit

The Insurance Benefit is the Sum Insured, as shown on the Policy Information Pages, and is payable on the death of the Life Insured, as stated in this Policy. If the Life Insured dies during the Grace Period, while the last premium is due but not paid, we will deduct the overdue premium from the proceeds.

Payment

If the Life Insured dies while this Policy is in effect, the Company will pay the Insurance Benefit upon receipt of satisfactory evidence of the death of the Life Insured, the date of birth of the Life Insured, and the right of the claimant to be paid. Payment may be in one lump sum or any other settlement option then being offered by the Company. All payments will be made to the Beneficiary subject to the provisions of this Policy or any collateral assignment of this Policy and the rights of any assignee.

LIFE INSURED

The Life Insured, as named in the Policy Information Pages, is the individual covered under this Policy.

POLICY OWNERSHIP

Owner

The Owner is the individual or entity named in the application. All rights and privileges under this Policy belong to the Owner, subject to the provisions of this policy. To exercise these rights, the Owner will need the consent of any collateral assignee and any irrevocable Beneficiary.

BENEFICIARY

Naming the Beneficiary

The Beneficiary is the person(s) or entity named in the application, unless later changed, to receive benefits at the death of the Life Insured.

Change of Beneficiary

While the Life Insured under this Policy is living, the Owner can change or revoke a Beneficiary designation, subject to the consent of any

irrevocable Beneficiary. The Company must have received notice of the change in order to be bound by it. Any new Beneficiary designation may be subject to the terms of any assignment previously filed with the Company. A change of Beneficiary will take effect as of the date of the designation, subject to any payment the Company made or action the Company took before receiving notice of the change.

Death of Beneficiary

If no Beneficiary survives the Life Insured the right to the Insurance Benefit will pass to the Owner. If the Owner is the Life Insured under this Policy, this right will pass to the Owner's estate. If the Life Insured and the Beneficiary die at the same time or in circumstances where it is uncertain as to which of them died first, the Beneficiary will be deemed to have died before the Life Insured.

PREMIUM

The Policy Information Pages show the annual premium and the number of years premiums are payable for the basic plan.

Payment of Premiums

Premiums are payable during the Life Insured's lifetime according to the number of years as shown on the Policy Information Pages. The initial premium is required in advance to put this Policy in effect. Subsequently, premium due dates are measured from the Policy Effective Date.

Premium Mode

The mode of premium payments can be annual, semi-annual or monthly by a pre-authorized payment. The Owner may change the frequency of payments on any policy anniversary by notifying the Company in writing.

Grace Period

After payment of the first premium, the Company will allow a thirty one (31) day grace period following the due date for payment of a premium. All insurance coverage continues during this Grace Period unless the Company receives written notification from the Owner to cancel this Policy.

Non-payment of Premium

If any premium has not been paid in full by the end of the Grace Period, this Policy will immediately lapse.

Premium Adjustment at Death

If the Life Insured dies on a premium due date or during the Grace Period and the Owner has not requested this Policy to be cancelled, the Company will reduce the Insurance Benefit by an amount equal to any due and unpaid premiums before payment is made.

Premiums paid before the date of death of the Life Insured, but not yet due, will be refunded.

Reinstatement

This policy may be reinstated at any time within two years after termination due to the non-payment of premium(s), subject to the following:

- (a) evidence of insurability, satisfactory to the Company, including proof of non-smoking status (if applicable);
- (b) payment of all past due premiums;
- (c) payment of all compound interest on past due premiums, at a rate determined by the Company; and
- (d) any additional Company rules in effect on the date of application for reinstatement.

Any supplementary agreement attached to this Policy will be reinstated if this Policy is reinstated, subject to the terms of the supplementary agreement.

TERMINATION

Termination

This Policy will end on the earliest of the following dates:

- (a) The date the Company receives the Owner's request in writing to cancel this Policy;
- (b) The date the Grace Period expires; or
- (c) Upon payment of the Insurance Benefit in accordance with the terms of this Policy.

No premium is payable for this Policy after it ends. If any premium is paid after termination, the Company's only liability will be to refund that premium.

GENERAL PROVISIONS

Age

In this Policy when the Company refers to the Life Insured's age on any date, the Company means his or her age on their nearest birthday.

Application

In issuing this Policy, the Company has relied on the statements made in the application. All such statements are deemed representations and not warranties. The Company assumes that these statements are true and complete to the best of the knowledge and belief of those who made them. No statements made in connection with the application will be used to void this Policy unless that statement is a material misrepresentation and is part of the application or an endorsement.

Assignment

No assignment of this Policy will be binding on the Company until notice of such assignment has been filed at the Company's head office. The Company is not responsible for the validity or legal effect of any assignment or actions taken by the Company before receiving notice of the assignment.

Company

In this Policy the Company refers to AIG Life Insurance Company of Canada.

Conformity with Law

This Policy is subject to all applicable laws of Canada, its provinces or territories.

Contract

The contract consists of the Policy Information Pages, this Policy, endorsements for intended attachment to this Policy, and the application for this Policy and for any reinstatement of this Policy. The Company makes this contract in consideration of the application and the payment of the initial premium.

Only an authorized officer of the Company can change, modify or waive the provisions of this Policy, and then only in writing. Any such change must be agreed to in writing by the Owner.

No agent, broker or financial advisor is authorized to change this contract.

Currency

All payments either to or from the Company will be in the lawful currency of Canada.

Dates

Policy years, months and anniversaries are measured from the Policy Effective Date. The Policy Effective Date is shown on the Policy Information Pages and is the date the insurance coverage starts.

Incontestability

In the absence of fraud, the Company will not contest this Policy after it has been in force during the lifetime of the Life Insured for two (2) years from the later of the Policy Effective Date shown on the Policy Information Pages or the date of the latest reinstatement.

Misstatement of Age and Sex

The rates for this Policy depend on the age and sex of the Life Insured(s) as stated in the application. If the date of birth or sex of a Life Insured has been misstated, the Company will recalculate the Insurance Age and adjust the Sum Insured so that the premium for the new Sum Insured equals the premium that should have been applied if the proper age and sex had been declared but shall not exceed the Company's issue limits in effect at that time.

If, because of the misstatement, the Company accepts a premium for a period or periods beyond the date coverage would have ceased according to the correct Insurance Age or sex or if at the correct Insurance Age or sex, the coverage would not have become effective, the Company's only liability will be limited to the refund of all premiums paid for the period during which coverage would not have been in effect.

Misstatement of Smoking Habits

Any misrepresentation made regarding the non-use of tobacco substances in the application, application for reinstatement, or any supplement to either, shall be deemed fraudulent. The policy shall be deemed void. No claim for benefits will be accepted. The Company may refund any premiums paid beyond the date of discovery of the misrepresentation.

Non-participating

This Policy does not participate in the Company's profits or surplus.

Policy

The Policy is this document that the Company has issued as evidence of the contract of insurance. Unless otherwise stated in writing, the Policy includes insurance coverage under any amendment, rider or endorsement that the Company issues for intended attachment to this document.

Protection against Creditors

To the extent allowed by law and subject to this policy's provisions, all benefits and money payable under this policy will be exempt and free from claims of the Owner's creditors and from judicial process to levy upon or attach the same.

Suicide Exclusion

If the Life Insured dies by suicide or self destruction, while sane or insane, within two (2) years from the later of the Policy Effective Date shown on the Policy Information Pages or the date of the latest reinstatement, the Company's only obligation will be to refund the premiums paid from the later of the Policy Effective Date or the date of the latest reinstatement.

NON-FORFEITURE OPTIONS

This policy contains Non-Forfeiture options. The value of these options is based on the Sum Insured at the time the Non-Forfeiture Option is elected. The following options are available:

Cash Values

The Owner may take the Cash Value by surrendering the policy to the Company. To determine the Cash Value, refer to the Table of Guaranteed Values.

Cash Loans

The Owner may borrow money from the Company any time the policy has cash value. The Company will lend an amount that, with interest to the end of the policy year, will not exceed the cash value. Policy loans will accrue interest at such a rate as is determined by the Company from time to time. Interest is payable at the end of the policy year and any interest not paid becomes part of the loan and accrues interest at the same rate.

The outstanding loan with accrued interest is called policy debt. Policy debt may be repaid in part or in full at any time while this policy is in effect during the Life Insured's lifetime.

At the Life Insured's death, any policy debt will be deducted from the proceeds of this policy.

Reduced Paid-Up

The Owner may notify the Company that payment of premiums will be discontinued and the policy changed to Reduced Paid-Up effective from the date of the premium in default. The level paid-up Sum Insured under the Reduced Paid-Up policy will be an amount as determined from the Table of Guaranteed Values. After this policy has been changed to Reduced Paid-Up, the values shown in the Table of Guaranteed Values will no longer apply.

AUTOMATIC PREMIUM LOAN (APL)

If a premium due remains unpaid after thirty one (31) days and sufficient cash value has been accumulated the premium will be paid by means of an Automatic Premium Loan using the accumulated cash value. The Automatic Premium Loan will continue as long as premiums remain unpaid and there is sufficient cash value available. As soon as the outstanding loan plus accumulated interest exceeds the cash value, the policy will terminate without value.

Interest on an Automatic Premium Loan will accrue from the premium due date. The interest rate will accrue at such a rate as is determined by the Company from time to time.

Any such loan may be repaid, with accrued interest, in part or in full at any time while this policy is in effect during the Life Insured's lifetime. At the Life Insured's death any APL with accrued interest will be deducted from the proceeds of this policy.

Automatic Non-Forfeiture Options

After cash values are available, if a premium remains in default after thirty one (31) days, and if a Non-Forfeiture Option has not been selected, an Automatic Premium Loan will be used to pay the premium due.

DEATH BENEFITS

The life insurance proceeds will be equal to the Sum Insured and include any additional death benefits provided under any in force riders attached to this policy, as shown on the Policy Information Pages, while this policy is in effect.

SETTLEMENT OPTIONS

This policy will be settled in accordance with its terms upon receipt by the Company of due proof of the Life Insured's death (and of his/her age unless previously admitted). Surrender of the policy with a discharge in a form suitable to the Company will be required when such settlement is made.

Death benefit proceeds under the policy will be decreased, if the Life Insured dies during a grace period, by one month's premium.

The portion of the total premium paid which is applicable to the period, if any, beyond the end of the policy month in which the death of the Life Insured occurs will be added to the proceeds payable to the Beneficiary.

Interest at the (not less than three (3) percent per annum) declared by the Company will be included in the death benefit proceeds which are paid in a single sum. Interest will be calculated by the Company from the date of the Life Insured's death to either the date the death benefit proceeds are paid or the date one (1) year from the Life Insured's death, whichever occurs first.

Optional Methods of Settlement

The whole or a part of the proceeds of this policy upon the Life Insured's death may, with the Company's consent, be settled under one of the optional methods of settlement then made available by the Company.