

InnoVision with the Valued Client Bonus Option

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?”

SAMPLE



In this policy document, *you* and *your* mean the owner of the policy, and *we*, *our*, *us* and *Manulife Financial* mean The Manufacturers Life Insurance Company.

Your policy is an important part of the legal contract between you and us. We ask that you read it carefully to ensure that it gives you the coverage you applied for.

When we say we will notify you, we mean that we will send information to your address as shown in our files. You must advise us of any change in your address. Our phone number is shown on your most recent policy statement and the address of our Canadian Head Office is:

500 King Street N., PO Box 1669 STN Waterloo,
Waterloo ON N2J 4Z6.

SAMPLE



Policy number: 9999999

Policy owner(s): POLICY OWNER'S NAME

We are pleased to provide you with your InnoVision policy. This policy provides you with universal life insurance protection. We will pay a death benefit for each Insurance Coverage, subject to the terms of your policy. InnoVision also provides tax-advantaged investment opportunities.

You can determine the amount and frequency of the deposits you make. You can also choose how you want those deposits allocated to your investment accounts. The Account Value of your policy will depend on the choices you make in these areas and on the performance of the investment accounts you have selected. We deduct the cost of your insurance protection and your policy's deposit loads, administrative fees and charges from these accounts.

This policy includes some benefits which are not guaranteed.

In the following pages you will find a section called *Your Policy Summary*, also referred to as Page iii. Page iii(a) gives you detailed information about your policy and pages iii(b) and iii(c) give you information about the Insurance and Rider Coverages you selected. You can find the terms and provisions of your policy in the text that follows. Please read your policy carefully to ensure that it gives you the coverage you applied for.

A handwritten signature in black ink that reads 'D. D'Alessandro'.

President and Chief Executive Officer
The Manufacturers Life Insurance Company

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4. DEFINITIONS

This section highlights and defines some of the terminology used in your policy.

COVERAGES

Insurance Coverage - a coverage under the basic policy that insures a single life or a combination of lives on a joint basis. The Face Amount of each Insurance Coverage is shown on Page iii(b).

Rider Coverage - depending on the rider chosen, a Rider Coverage:

- provides an optional death benefit payable on the death of a Designated Life Insured or
- provides an optional benefit other than a death benefit.

Coverage Type - 1) Single Life, 2) Joint First-to-Die, 3) Joint Last-to-Die, Costs to First Death and 4) Joint Last-to-Die, Costs to Last Death are the Coverage Types available under this policy. The Coverage Type that applies to each Insurance or Rider Coverage is shown on Page iii.

In this policy, if we use Joint Last-to-Die by itself, we mean both Joint Last-to-Die, Costs to First Death and Joint Last-to-Die, Costs to Last Death.

Life Insured - a person whose life is insured by an Insurance Coverage. Each Life Insured is shown on Page iii.

Designated Life Insured - the Life Insured upon whose death the Face Amount is payable as part of a death benefit for an Insurance or Rider Coverage, as shown in the table below for each Coverage Type. The Coverage Type for each Insurance and Rider Coverage is shown on Page iii.

<i>Coverage Type</i>	<i>Designated Life Insured</i>
Single Life	The Life Insured
Joint First-to-Die	The first Life Insured to die
Joint Last-to-Die	The last Life Insured to die

DATES

Policy Date - the first Monthly Processing Day for this policy, as shown on Page iii(a). **Policy years, policy months, and policy anniversaries** are measured from the Policy Date.

Policy Issue Date - the day we issued the policy, as shown on Page iii(a). If your policy was reinstated, the Policy Issue Date reflects the day the policy was last reinstated.

Monthly Processing Day - the first day of each policy month.

Coverage Date - the effective date of an Insurance or Rider Coverage. **Coverage years, coverage months and coverage anniversaries** for a particular Insurance or Rider Coverage are measured from the Coverage Date that applies to that coverage, as shown on Page iii.

Coverage Issue Date - the day we issued an insurance or rider coverage, as shown on Page iii. If a coverage was reinstated, the Coverage Issue Date will be the day the coverage was last reinstated.

PERSONAL INFORMATION

Age at Coverage Date - the age of a Life Insured under a single life Insurance Coverage or Rider Coverage on that Life Insured's birthday nearest the Coverage Date.

Attained Age - the sum of (1) the Age at Coverage Date and (2) the number of complete years from the Coverage Date to the most recent coverage anniversary.

Attained Joint Age - the sum of (1) the Joint Age calculated as of the Coverage Date and (2) the number of complete years from the Coverage Date to the most recent coverage anniversary.

Adjusted Age or Adjusted Joint Age - an age recalculated in response to changes you request that appears on Page iii of your policy. For example, an Adjusted Age or Adjusted Joint Age will be calculated for a coverage change from Yearly Renewable to Level Cost of Insurance, if one or more Lives Insured under a joint Insurance or Rider Coverage becomes a non-smoker, or if the Joint Legacy Protector feature is exercised.

Healthstyle - refers to a person's tobacco use, personal and family medical history and any recreational risks, plus an evaluation of health and other personal and lifestyle information. It also means the Healthstyle category of a Life Insured.

Healthstyle categories - the broad categories we use to determine the cost of insurance and any rider costs. The Insurance Rating also affects these costs. We determine the Life Insured's Healthstyle category for each insurance and rider coverage based on his or her Healthstyle.

Typically, a coverage with Healthstyle category 5 has the highest Cost of Insurance Rates and one with Healthstyle category 1 has the lowest. For a Life Insured who is less than 16 years old on the Coverage Date of the Insurance Coverage, we show *juvenile* as the Healthstyle.

Subject to our administrative rules at the time, you may apply for an improved Healthstyle category after the Coverage Issue Date, as long as you provide proof satisfactory to us that:

- the Life Insured meets our criteria for the Healthstyle category you are applying for, and
- his or her health has not deteriorated since his or her coverage was issued or last reinstated.

Insurance Rating is used in the calculation of the Cost of Insurance. We rate each Life Insured based largely on his or her health, personal and family medical history and recreational or employment activities. Our standard rating is 100 per cent. This percentage increases for people we consider to be more of a risk to insure. The higher the percentage, the higher the cost of insurance. We may also increase the Cost of Insurance by a flat dollar amount. The Insurance Ratings for the Lives Insured appear on Page iii.

Joint Age is an age used in establishing rates and other aspects of Joint Insurance Coverages. It is determined from the Coverage Type, sex, Healthstyle and age of each of the Lives Insured.

Joint Insurance Rating is a rating used in establishing rates and other aspects of Joint Insurance Coverages. It is determined from the Coverage Type and Insurance Rating of each of the Lives Insured. It is used to calculate the Cost of Insurance. Our standard rating is 100 per cent. The higher the percentage of the rating, the higher the Cost of Insurance. We may also apply a rating that increases the Cost of Insurance by a flat dollar amount. The Joint Insurance Rating for the Lives Insured appears on Page iii.

INNOVISION BONUS OPTIONS

Investment Accelerator - The Investment Accelerator option offers lower management fees on the investment accounts. This results in a higher credited rate of interest on your policy.

Valued Client - The Valued Client option rewards you for keeping your policy in effect and may also reward you for making additional deposits into your policy. The reward, called the Valued Client Bonus, is paid as interest that is credited to the Savings Account in your policy.

POLICY VALUES

Account Value - the total of all investment account balances.

Allocated Amount - that portion of the Account Value that applies to a particular Insurance Coverage on a policy with a Death Benefit Type of Level Face or Face Plus. On any date, the Allocated Amount is determined based on the Age or Joint Age of the Life Insured(s) on the Coverage Date, the Face Amount of the coverage, and the amount of time the coverage has been in effect.

Cash Value - the total of all investment account balances less any applicable Market Value Adjustments and Surrender Charges.

We have indicated that some of the terms and conditions of this contract are subject to our administrative rules. Administrative rules are guidelines we set that establish how and under what circumstances you may exercise certain rights under your contract. Any changes we make to our administrative rules will not affect the guarantees provided by this policy.

These rules must remain flexible to reflect corporate policy and economic and legislative changes, including revisions to the Income Tax Act. When you exercise a contractual right, you must do so in accordance with the administrative rules in effect at the time you exercise the right.

5. PROTECTION

DEATH BENEFIT

If the Designated Life Insured for an Insurance Coverage provided by this policy dies while that Insurance Coverage is in effect, we will pay the death benefit that applies to the Insurance Coverage to the beneficiary you named. We must receive evidence satisfactory to us of:

- the death of the Designated Life Insured under a Single Life or Joint First-to-die coverage,
- the death of all people insured under a Joint Last-to-die coverage,
- the birth date of all Lives Insured under the coverage, and
- the right of the claimant to be paid.

If a Life Insured, other than the Designated Life Insured, on an Insurance Coverage provided by this policy dies while

- that Insurance Coverage is in effect and
- the Death Benefit Type is Account Value on Each Death,

we will pay a death benefit to the beneficiary you named. We must receive evidence satisfactory to us of:

- the death of the Life Insured,
- the birth date of all Lives Insured under the coverage, and
- the right of the claimant to be paid.

Subject to the terms and conditions of the *Face Amount, Lapse, Age and Sex, Contestability, Account Value, Suicide, Beneficiary, and Cash Withdrawal* provisions, if the death benefit is payable to the beneficiary on the death of a Life Insured or Designated Life Insured, the amount of the death benefit is:

- calculated as of the date of death, and
- determined by the Death Benefit Type in effect on that date, as shown on Page iii, and as described below.

When we receive notification of the death of a Life Insured or Designated Life Insured and a death benefit is payable, we will recalculate your Account Value as if we had paid out the death benefit on the date of death. If, as a result of the recalculation, the Account Value has a negative balance, we will reduce the death benefit by the amount required to increase the Account Value to zero as of the date we received notification of the death.

DEATH BENEFIT TYPE

Level Face

The sum of the death benefits payable under all Insurance Coverages that apply to the Designated Life Insured. The death benefit payable with respect to each coverage is the greater of:

- the Face Amount of each Insurance Coverage, or
- the Allocated Amount that applies to that Insurance Coverage.

Face Plus

The sum of the death benefits payable under all Insurance Coverages that apply to the Designated Life Insured. The death benefit payable with respect to each coverage is:

- the Face Amount of each Insurance Coverage, plus
- the Allocated Amount that applies with respect to each Insurance Coverage.

Account Value on Last Death Claim

- the Face Amount of all Insurance Coverages that provide a death benefit on the death of the Designated Life Insured,

plus on the death of the last remaining Designated Life Insured on the policy,

- the Account Value.

Account Value on Each Death

- the Face Amount of all Insurance Coverages that provide a death benefit on the death of the Designated Life Insured,

plus

on the death of each Life Insured other than the last remaining Designated Life Insured on the policy,

- an amount equal to the Account Value as of the date of death, multiplied by the percentage of the Account Value payable at each death as shown on Page iii(a),

or

on the death of the last remaining Designated Life Insured on the policy,

- the Account Value.

Subject to our then current administrative rules, you can change the Death Benefit Type after the policy is issued.

FACE AMOUNT

The Face Amount of each Insurance Coverage is shown on Page iii.

While this policy is in effect, you may request an increase or decrease in the death benefit that applies to a Designated Life Insured.

Any increase in the death benefit will be subject to our then current administrative rules, including our requirement of evidence of insurability satisfactory to us. An increase will consist of a separate, additional Insurance Coverage issued with the Insurance Rating and Healthstyle we determine to be appropriate on the Coverage Issue Date, based on the evidence supplied.

Any decrease in coverage will be subject to our then current rules regarding minimum Face Amount. Surrender charges will continue to apply to the original Face Amount, as described in the *Surrender Charge* section of *The Cash Value* provision.

The effective date of any requested change in death benefit is the Monthly Processing Day that coincides with or immediately follows the date on which we approve the change.

TERMINATION OF AN INSURANCE COVERAGE

An Insurance Coverage terminates on the earlier of:

- 1) the effective date of a coverage termination;
- 2) the date of death of the Designated Life Insured for that Insurance Coverage; or
- 3) the date a Life Insured under the Insurance Coverage, other than the Designated Life Insured, commits suicide, as described in the *Suicide* provision.

TERMINATION OF THE POLICY

This policy terminates on the earlier of:

- 1) the effective date of termination of the policy as described in the *Lapse* and *Surrendering Your Policy* provisions, or
- 2) the date the last remaining Insurance Coverage provided by the policy terminates.

DISABILITY BENEFIT

The terms we use in the Disability Benefit provision are defined as follows:

- ‘Life Insured’ is an insured person under an Insurance Coverage on this policy or a TIR Insured on a Term Insurance Rider.
- ‘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 a Life Insured. We may require that a Life Insured be treated by a psychiatrist for claims related to a mental disorder, nervous disorder, or 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 a Life Insured.
- ‘gainful occupation’ means employment that would generate pay or profit whether or not a Life Insured received any payment.
- ‘regular occupation’ means the gainful occupation(s) a Life Insured 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 Life Insured.

If a Life Insured 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 at the time and cannot exceed this policy’s Cash Value as of the date we receive your request for payment of this benefit.

If we pay a Disability Benefit to you, the Cash Value of this policy will be reduced by the amount of the Disability Benefit payment. The Disability Benefit payment will be administered in accordance with the applicable terms and conditions described in Section 7 in the *Cash Withdrawal* provision, and subject to our administrative rules at the time.

HOW WE DEFINE DISABILITY

In this section called *How We Define Disability*, the terms ‘you’ and ‘your’ mean the Life Insured. A Life Insured is considered to be ‘disabled’ or to have a ‘disability’ if that Life Insured 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:

- a) you are not able to perform:
 - the substantial duties of your regular occupation, or
 - 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
- b) 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) **Contenance** – 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 functioning must be confirmed by clinical evidence and standardized tests that show a severe impairment in:

- short or long-term memory;
- orientation to person, place and time; and,
- 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.

CLAIMING A DISABILITY BENEFIT

You can claim a Disability Benefit if:

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

If we determine a Life Insured's catastrophic disability is permanent based on the evidence you provide us, we will waive the 30 day waiting period described in a) above.

We must receive satisfactory evidence:

- while the Life Insured is living and disabled as defined in the section of this provision under the heading *How We Define Disability*; and
- before the first anniversary of the day the disability occurred.

Occurrences of Disability

Any total disability must occur:

- on or after the policy anniversary nearest the Life Insured's 18th birthday

but

- on or before the policy anniversary nearest the Life Insured's 65th birthday.

Any catastrophic disability must occur:

- on or after the policy anniversary nearest the Life Insured's 18th birthday.

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

EXCLUSIONS**General Exclusions**

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

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

- the Life Insured or the Life Insured's physician notices or is aware of on the date the application is signed for the Insurance Coverage or Term Insurance Rider Coverage with the earliest Coverage Issue Date for that Life Insured;
- may or may not be diagnosed by a physician; and
- may or may not be treated by a physician.

6. MAKING DEPOSITS

A deposit is a premium payment to the credit of this insurance policy and includes amounts withdrawn from the Side Account and credited to the policy. All deposits are payable to us at any of our offices in Canada.

The initial deposit for this policy is due and payable on the Policy Date.

While this policy is in effect, you can make additional deposits at any time, although we can limit or restrict the deposit amount according to our minimum and maximum limits. Some of these limits are described in the *Taxation* and *Lapse* provisions.

You need to make deposits to keep your insurance coverage in effect. Your first deposit must be enough to allow your policy to go into effect. We will apply the first deposit according to our administrative rules in effect at the time. The effective date for all other deposits is the business day we receive them in our Head Office, provided they are received before a time specified in our administrative rules. Deposits received after that time will be effective on the next business day.

Deposits are processed as follows:

- 1) The deposit is reduced by the Deposit Load. The Deposit Load is shown on Page iii(a). It will not increase unless government taxes affecting this policy increase. Any increase in the Deposit Load will apply only to those deposits received on or after the effective date of the increase.
- 2) The remaining amount, referred to as the net deposit, is credited to your policy as follows:
 - a) for amounts withdrawn from the Side Account, the net deposit will be placed in the investment account in the policy with the same name as the Side Account, and
 - b) for all other amounts, the net deposit is placed in the investment accounts you selected. It is divided among the accounts according to your instructions in the application for this policy or as later changed by you. If you did not select an investment account, 100 per cent of the net deposit is credited to the Savings Account.

7. POLICY VALUES

THE ACCOUNT VALUE

The Account Value at any given time is the sum of the balances of all investment accounts on this policy.

If the Death Benefit Type of this policy is Level Face or Face Plus:

- then, as of the date of death of a Designated Life Insured on an Insurance Coverage, we will reduce the Account Value of the policy by the Allocated Amount for that Insurance Coverage. The reduction will apply to investment accounts in the order described in the *Cash Withdrawal* provision.

If the Death Benefit Type of this policy is Account Value on Each Death:

- then, as of the date of death of each Life Insured other than the last Designated Life Insured on this policy, we will reduce the Account Value by an amount equal to the Account Value as of the date of death, multiplied by the percentage of Account Value payable at each death as shown on page iii(a). The reduction will apply to investment accounts in the order described in the *Cash Withdrawal* provision.

However, if a Life Insured, other than the last Designated Life Insured on this policy, commits suicide and, as a result, we do not pay the amount described in the *Death Benefit* provision, the Account Value will not be reduced.

The Account Value will become zero as of the date of death of a Life Insured as described in the *Death Benefit* and *Suicide* provisions if that person's death causes your policy to terminate.

THE CASH VALUE

The Cash Value at any given time is equal to:

- 1) the sum of the balance of each investment account, less any applicable Market Value Adjustments (*see the Market Value Adjustments section below*), reduced by
- 2) the total Surrender Charge applicable to this policy (*see the Surrender Charge section*).

MARKET VALUE ADJUSTMENTS

A Market Value Adjustment may apply to the Portfolio Average Accounts and the Guaranteed Investment Accounts.

A Market Value Adjustment is calculated by multiplying the balance of the account to which the Market Value Adjustment applies by the applicable Market Value Adjustment Factor.

Maximum Market Value Adjustment Factor

The Market Value Adjustment Factor that we establish with respect to an account at any time will not be greater than the amount obtained by multiplying **A** by **B**, as described with respect to each account below, and will always be less than one.

Mid-term Portfolio Average Account

A is 2.5, and

B is the excess, if any, of the current yield on Government of Canada 5 Year Bonds over the interest rate currently being paid for the Mid-term Portfolio Average Account.

Long-term Portfolio Average Account

A is 7.5, and

B is 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 currently being paid for the Long-term Portfolio Average Account.

Guaranteed Investment Accounts

A is the number of complete months remaining at the time the adjustment is made until the end of the term period of the Guaranteed Investment Account, divided by 12; and

B is the excess, if any, of the interest rate then currently being guaranteed by us for new Guaranteed Investment Accounts with term periods equal to the number of complete months remaining in the Guaranteed Investment Account, as described in **A** above, over the interest rate guaranteed for the term period of the Guaranteed Investment Account. (If term periods for the same duration as that remaining for the Guaranteed Investment Account are not being offered at the time of adjustment, we will use the interest rate applicable to the next highest term period offered by us at that time or the highest term period offered by us at that time if there is no higher term period.)

SURRENDER CHARGE

The total Surrender Charge at any given time is the sum of the Surrender Charges that apply to all Insurance Coverages and to Rider Coverages where applicable.

Policy Values will be reduced by the total Surrender Charge only if the policy terminates at your request or lapses, as described in the *Lapse* provision.

Appendix 2 shows the Surrender Charges that apply to each Insurance Coverage and to applicable Rider Coverages. If Surrender Charges apply to a Rider Coverage, information about the Surrender Charge will appear on the Appendix 2 Cost of Insurance page for that rider.

If the policy is surrendered before the end of the Surrender Charge Period on a date other than those shown, the Surrender Charge will be determined by linear interpolation based on whole coverage months.

Increases in death benefit are added to the policy as separate Insurance Coverages and Surrender Charges will apply to these coverages.

The Surrender Charges that apply to an Insurance Coverage and a Rider Coverage will continue to apply until the earlier of (1) the end of the Surrender Charge Period shown in Appendix 2, whether or not that coverage remains in effect, or (2) the termination of the policy. However, the Surrender Charge will not apply to a coverage that terminates due to the death of a Life Insured.

SURRENDERING YOUR POLICY

You can surrender your policy at any time for its Cash Value.

The effective date of surrender will be the business day we receive your request in our Head Office, provided it is received before a time specified in our administrative rules. Requests received after that time will be effective on the next business day.

CASH WITHDRAWAL

You may request a cash withdrawal at any time, subject to our then current administrative rules.

You must leave enough Cash Value in your policy to cover the Monthly Deductions until we receive your next deposit. This will ensure that your policy remains in effect.

The effective date of a cash withdrawal will be the business day we receive your request in our Head Office, provided it is received before a time specified in our administrative rules. Requests received after that time will be effective on the next business day.

The cash withdrawal amount and any applicable Market Value Adjustments and charges will be deducted from the investment account(s) you specify. If you do not specify an account or if the balance of the account you specify does not provide the total amount required, the deduction will be made in the order described below:

- 1) The balance of the Savings Account will be reduced until no amount remains to the credit of that account.
- 2) The balance of the Portfolio Average Accounts will be reduced proportionately, based on the balance in each account at the time of the deduction, until no amount remains to the credit of any Portfolio Average Account.
- 3) The balance of all Simple Interest Guaranteed Investment Accounts will be reduced, starting with the account with the shortest remaining term to maturity and proceeding on that basis until no amount remains to the credit of any Simple Interest Guaranteed Investment Account.
- 4) The balance of all Compound Interest Guaranteed Investment Accounts will be reduced, starting with the account with the shortest remaining term to maturity and proceeding on that basis until no amount remains to the credit of any Compound Interest Guaranteed Investment Account.
- 5) The balance of the Balanced Index Accounts will be reduced proportionately, based on the balance in each account at the time of the deduction, until no amount remains to the credit of any Balanced Index Account.
- 6) The balance of the Indexed Accounts and Managed Accounts will be reduced proportionately, based on the balance in each account at the time of the deduction, until no amount remains to the credit of any Indexed Account or Managed Account.

The amount by which a Portfolio Average Account or a Guaranteed Investment Account will be reduced will equal that portion of the cash withdrawal applied to the account divided by: 1 minus the Market Value Adjustment Factor that applies to the account at that time. (*See the Market Value Adjustment Factor section.*)

When a cash withdrawal is made, the Account Value will be immediately reduced by the amount of the cash withdrawal and any Market Value Adjustments and charges that apply.

If the Death Benefit Type under this policy is Level Face, the Face Amount of each Insurance Coverage will be reduced to reflect the reduction in the Allocated Amount that applies to that coverage, caused by the withdrawal and any Market Value Adjustments and charges that apply.

8. PROCESSING

MONTHLY DEDUCTION

The Monthly Deduction for a policy month is equal to the sum of the following:

- 1) the total of the costs of insurance that apply to the Insurance Coverages,
- 2) any Rider Costs,
- 3) the monthly Life Fee, and
- 4) the monthly Policy Fee.

The monthly Life Fee that applies to the policy is shown on Page iii and is guaranteed to be calculated at the cost per Life Insured indicated on Page iii. The monthly Policy Fee that applies to the policy is shown on Page iii(a) and is guaranteed never to increase.

WAIVER OF POLICY COSTS

On each Monthly Processing Day that occurs while there is a Joint Last-to-Die, Costs to First Death Insurance Coverage in effect where a Life Insured other than the Designated Life Insured has died, we will waive the following policy costs included in the Monthly Deduction:

- the monthly cost of insurance for all Joint Last-to-Die, Costs to First Death Insurance Coverages where at least one Life Insured has died,
- the monthly Life Fee for any person insured by those Insurance Coverages, and
- the monthly Policy Fee.

To waive the policy costs for a Joint Last-to-Die, Costs to First Death Insurance Coverage, we must receive evidence satisfactory to us of:

- the death of the Life Insured, and
- the birthdate of all Lives Insured under the coverage.

If any policy costs that were deducted are later waived, we will reapply them retroactively to the balance of the investment account or accounts from which they were deducted.

Limitation

While we are waiving policy costs, you cannot make any change to the policy that would affect the Net Amount at Risk for the Joint Last-to-Die, Costs to First Death Insurance Coverages for which policy costs are being waived.

COST OF INSURANCE RATES

Subject to our then current administrative rules, you may:

- 1) choose one of the following rate structures to apply to the Cost of Insurance with respect to each Insurance Coverage:
 - Yearly Renewable, or
 - Level
- and
- 2) change the Cost of Insurance rate structure for an Insurance Coverage from Yearly Renewable to Level.

Yearly Renewable Cost of Insurance Rates are based on:

For Single Life Coverages:

- the sex and attained age of the Life Insured and the Life Insured's Healthstyle and Insurance Rating, as shown on Page iii.

For Joint Life Coverages:

- the applicable of the attained Joint Age or Adjusted Joint Age of the Lives Insured and their Joint Insurance Rating, as shown on Page iii.

Level Cost of Insurance Rates are based on:

For Single Life Coverages:

- the sex, Healthstyle, Insurance Rating and the applicable of the Age or Adjusted Age of the Life Insured, as shown on Page iii.

For Joint Life Coverages:

- the Joint Insurance Rating, and the applicable of the Joint Age or Adjusted Joint Age of the Lives Insured, as shown on Page iii.

NET AMOUNT AT RISK

Cost of Insurance is charged on the portion of a death benefit that represents the Net Amount at Risk. The Net Amount at Risk for each Insurance Coverage differs according to the Death Benefit Type of the policy as follows:

For Account Value on Last Death Claim, Account Value on Each Death and Face Plus:

- the Net Amount at Risk equals the Face Amount of the Insurance Coverage.

For Level Face:

- the Net Amount at Risk equals the death benefit provided by the Insurance Coverage less the Allocated Amount that applies to the coverage.

COST OF INSURANCE GUARANTEES

The Cost of Insurance rates that apply to a particular Insurance or Rider Coverage are referred to in the Insurance or Rider Coverage Information on Page iii and illustrated in the Cost of Insurance Table(s) in Appendix 2.

The rates for an Insurance or Rider Coverage will not exceed the Guaranteed Rate as explained in Appendix 2 unless a change is made to a coverage. If a change is made to a coverage, different guaranteed rates may apply.

The Cost of Insurance rate tables in Appendix 2 also provide specific information about the date on which the Cost of Insurance equals zero for an Insurance Coverage. On that date, if your policy is in effect, the Insurance Coverage will continue and the Cost of Insurance will no longer be charged for that coverage.

If you change the Cost of Insurance rate structure for an Insurance Coverage from Yearly Renewable to Level, the Level Cost of Insurance Rate will be based on:

- a) the age of the Life Insured or the Joint Age of the Lives Insured, whichever is applicable, calculated as of the coverage anniversary immediately before or corresponding with the date the change is made, and
- b) each Life Insured's Healthstyle as shown on Page iii(c), except that, if the coverage with the Yearly Renewable rate structure has been in effect for more than 10 years and the Healthstyle is category 1 or 2, when the coverage changes to a Level rate structure, the Healthstyle will be category 3.

The Guaranteed Cost of Insurance Rate will be based on a) and b) above and on the Level Cost of Insurance Rates in effect on the Coverage Date.

MONTHLY PROCESSING

Starting on the Policy Date and on each Monthly Processing Day after that, policy values will be reduced by the amount of the Monthly Deduction that applies to that policy month.

We will fund each Monthly Deduction by automatically reducing the investment account balances in the order described in items 1) through 7) below. Each successive step will be taken only if all or a portion of the Monthly Deduction remains to be funded.

- 1) The balance of the Savings Account will be reduced until no amount remains to the credit of that account.
- 2) The balance of the Portfolio Average Accounts will be reduced proportionately, based on the balance in each account at the time of the deduction, until no amount remains to the credit of any Portfolio Average Account.
- 3) The balance of all Simple Interest Guaranteed Investment Accounts will be reduced, starting with the account with the shortest remaining term to maturity and proceeding on that basis until no amount remains to the credit of any Simple Interest Guaranteed Investment Account.
- 4) The balance of all Compound Interest Guaranteed Investment Accounts will be reduced, starting with the account with the shortest remaining term to maturity and proceeding on that basis until no amount remains to the credit of any Compound Interest Guaranteed Investment Account. *The amount of the reduction will equal that portion of the Monthly Deduction that applies to the account divided by 1 minus the Market Value Adjustment Factor that applies to the account at the time. (See the Market Value Adjustment Factor section.)*
- 5) The balance of the Balanced Index Accounts will be reduced proportionately, based on the balance in each account at the time of the deduction, until no amount remains to the credit of any Balanced Index Account.
- 6) The balance of the Indexed Accounts and Managed Accounts will be reduced proportionately, based on the balance in each account at the time of the deduction, until no amount remains to the credit of any Indexed Account or Managed Account.
- 7) The Savings Account will be further reduced by the amount of any Monthly Deduction that remains to be funded. This will result in a negative balance in the Savings Account.

Upon completion of the required steps above, we will perform the Lapse Test described in the *Lapse* provision. If the policy fails the Lapse Test, any funds in the Side Account will be withdrawn from that account and deposited into the policy, up to the maximum allowed with respect to maintaining the exempt status of the policy. We will then repeat steps 1) through 7) with respect to any remaining unfunded portion of the Monthly Deduction. If the balances of all investment accounts and the Side Account are insufficient to fund any remaining portion or to meet the requirements of the Lapse Test, this policy will lapse and enter its grace period, except as specified in the provision called *Continuation of Coverage When the Grace Period Ends*. (See the *Grace Period Details* section.)

LAPSE

LAPSE TEST

This policy and all Insurance and Rider Coverages under it will lapse on the date the policy fails the Lapse Test described below, except as specified in the provision called *Continuation of Coverage When the Grace Period Ends*. In this policy, we refer to the date the policy fails the Lapse Test as the date of lapse.

The policy fails the Lapse Test if:

- 1) the Account Value is less than zero or
- 2) the Account Value is greater than or equal to zero but the Cash Value is less than zero and the total of all deposits less any withdrawals,
 - including any Market Value Adjustments, withdrawal charges and Disability Benefit payments, but
 - excluding any withdrawals resulting from a reduction of the Account Value due to the death of a Life Insured (*see the Account Value provision*),since the Policy Date, is an amount less than the sum of **A** plus **B**, where:

A is the sum of the monthly Continuation Minimums for each Insurance and Rider Coverage since the Coverage Date;

B is the sum of the monthly Continuation Minimums for the Policy Fee and Life Fee since the Policy Date.

Continuation Minimums

The monthly Continuation Minimum for the policy is the sum of the monthly Continuation Minimum for each Insurance Coverage, plus the monthly Continuation Minimum for the Policy Fee, Life Fee and any riders under the policy.

The monthly Continuation Minimum is:

For Insurance Coverages:

- The amount needed to pay the Cost of Insurance for that Insurance Coverage for a policy month (assuming the Net Amount at Risk for the Insurance Coverage equals the Face Amount), plus the Deposit Load, based on:
 - in the first coverage year, the Level Cost of Insurance rate structure, and
 - after the first coverage year, the Cost of Insurance rate structure for that coverage.

For the Policy Fee and Life Fee:

- The amount needed to pay the applicable Policy Fee and Life Fee for a policy month, plus the Deposit Load.

For Riders:

- The amount described in the *Continuation Minimum* section for that rider coverage.”

The monthly Continuation Minimum is zero for any policy costs that are waived.

GRACE PERIOD DETAILS

Coverage under the policy will continue for a grace period of 31 days from the date the policy fails the Lapse Test.

If, before the end of the grace period, we do not receive a deposit sufficient to allow the policy to pass the Lapse Test, this policy and all coverages under it will terminate without value, except as specified in the provision called *Continuation of Coverage When the Grace Period Ends*.

REINSTATEMENT

If your policy lapses, you can request that it be reinstated within two years after the start of the grace period. Similarly, you may request that lapsed coverages be reinstated within two years after the start of the grace period. (*See the Continuation of Coverage When the Grace Period Ends provision below for more information about lapsed coverages.*)

Reinstatement is subject to the following:

- 1) we must receive your application for reinstatement;
- 2) we must receive evidence of insurability satisfactory to us for all Lives Insured on the Insurance and Rider Coverages that lapsed;
- 3) we must receive a deposit equal to:
 - the total of all monthly Continuation Minimums from the date of lapse to the date of reinstatement, with interest at a rate determined by us, plus
 - an amount equal to the sum of the Continuation Minimums that apply to the two months following the date of reinstatement, plus
 - any amounts owing on the date of lapse, with interest at a rate determined by us.

The effective date of reinstatement is the date on which we determine that the above requirements have been met.

On reinstatement of the policy, the balance to the credit of each investment account on the date of lapse will be reduced by any Market Value Adjustments that apply and will be transferred to the Savings Account as if the transfer had taken place on the effective date of the lapse.

CONTINUATION OF COVERAGE WHEN THE GRACE PERIOD ENDS

In this provision, when we refer to the waiver of the policy costs, we mean the policy costs being waived on a Joint Last-to-Die, Costs to First Death Insurance Coverage because of the death of at least one Life Insured, in accordance with the section of the *Monthly Deductions* provision called *Waiver of Policy Costs*.

If your policy fails the Lapse Test and you have a Joint Last-to-Die, Costs to First Death Insurance Coverage in effect for which policy costs are being waived, we will keep that coverage in effect until:

- the death of the Designated Life Insured for that coverage,
- the date you terminate the coverage, or
- the date we terminate the coverage under the *Suicide* or *Contestability* provision.

If the death of the first Life Insured to die on a Joint Last-to-Die, Costs to First Death Insurance Coverage occurs before the end of the grace period, we will waive the policy costs that occur on or after the next Monthly Processing Day.

We will move any money in your policy's investment accounts to the Savings Account as of the date the policy fails the Lapse Test. The amount credited to the Savings Account will be reduced by any applicable Market Value Adjustments.

We will charge interest on any overdue Monthly Deductions at a rate determined by us. If, while coverage is being continued under this provision, we do not receive sufficient deposits to pay any overdue Monthly Deductions and the accrued interest on them, we will deduct the overdue Monthly Deductions and accrued interest from any death benefit payable on the death of a Life Insured until the full amount owing is paid.

The policy will remain in effect while we are waiving policy costs for any Insurance Coverage. Any Insurance Coverages whose policy costs are not being waived and all Rider Coverages will lapse on the date the policy fails the Lapse Test described in the *Lapse* provision. You can apply to reinstate the lapsed coverages within two years after the start of the grace period as described in the *Reinstatement* provision.

During the two-year reinstatement period, you may make deposits or change your policy only as shown here:

- make deposits to only the Savings Account within your policy,
- change the Percentage of Account Value payable on each death if the policy's Death Benefit Type is Account Value on Each Death, and
- change a Death Benefit Type that is not Level Face to any other Death Benefit Type that is not Level Face.

After the two-year reinstatement period, you may:

- make deposits to any investment account within your policy,
- request other policy changes in addition to those you may request during the two-year reinstatement period, subject to our administrative rules in effect at that time.

9. GENERAL PROVISIONS

SUICIDE

THE DEATH OF A DESIGNATED LIFE INSURED BY SUICIDE

If the Designated Life Insured under an Insurance Coverage dies by suicide, whether sane or not, within two years after the Coverage Issue Date or the effective date of any reinstatement of the coverage, we will not pay the amount described in the *Death Benefit* provision with respect to that coverage.

Instead, we will pay the beneficiary an amount equal to any Allocated Amount that applies to that coverage calculated as of the date of death, plus the sum of the Costs of Insurance deducted with respect to that coverage during the two-year period described above. The Insurance Coverage will terminate as of the date of the Designated Life Insured's death.

If the policy terminates as a result of the termination of this Insurance Coverage, we will also pay the beneficiary the Account Value in the policy as of the date of death.

When we receive notification of the death of a Designated Life Insured and an amount is payable, we will recalculate your Account Value as if we had paid out the amount payable on the date of death. If, as a result of the recalculation, the Account Value has a negative balance, we will reduce the amount payable by the amount required to increase the Account Value to zero as of the date we received notification of the death.

THE DEATH OF A LIFE INSURED OTHER THAN THE DESIGNATED LIFE INSURED BY SUICIDE

If a Life Insured under a joint Insurance Coverage, other than the Designated Life Insured, dies by suicide, whether sane or not, within two years of the Coverage Issue Date or the effective date of any reinstatement of the coverage, the Insurance Coverage will terminate as of the date of the Life Insured's death. You are entitled to an amount equal to any Allocated Amount that applies to that coverage calculated as of the date of death, plus the sum of the Costs of Insurance deducted with respect to that coverage during the two-year period described above.

If the policy terminates as a result of the termination of this Insurance Coverage, we will also pay the Account Value in the policy to you.

When we receive notification of the death of a Life Insured and an amount is payable, we will recalculate your Account Value as if we had paid out the amount payable on the date of death. If, as a result of the recalculation, the Account Value has a negative balance, we will reduce the amount payable by the amount required to increase the Account Value to zero as of the date we received notification of the death.

AGE AND SEX

If the age or sex of any person insured by an Insurance Coverage or Rider Coverage has been stated incorrectly, any Death Benefit payable on that coverage will be increased or decreased to the amount that would have been payable based on:

- the last Cost of Insurance or Rider Cost greater than zero that 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 does not meet our rules regarding the minimum and maximum age or joint age, we can declare the coverage invalid.

CONTESTABILITY

You and all Lives Insured under the policy have an obligation to disclose every fact material to the coverage or coverages for which application is being made. Failure to disclose or misrepresentation of a material fact will allow us to contest the validity of the coverage or coverages and deny the claim.

Our right to contest is subject to items 1) through 3) below.

- 1) We cannot contest the validity of a coverage after it has been in effect during the lifetime of each Life Insured under the coverage for a minimum of two years from the later of:
 - the Coverage Issue Date, or
 - the effective date of its reinstatement, except as noted in items 2) and 3) below.
- 2) We can contest at any time with respect to a Waiver of Monthly Deductions benefit.
- 3) We can contest at any time with respect to a misstatement of age or fraud, including, but not limited to, a misrepresentation of a Life Insured's Healthstyle information.

BENEFICIARY

You can choose a beneficiary or beneficiaries to receive the Death Benefit payable on the death of a Life Insured or Designated Life Insured.

If no beneficiary named with respect to a Life Insured or a Designated Life Insured is alive at the time of that person's death, any Death Benefit payable will be paid to you or your estate.

You can change the beneficiary with respect to a Life Insured at any time before that Life Insured's death, so far as the law allows. However, if the designation is irrevocable, you cannot change it without the beneficiary's consent.

Simultaneous deaths. Unless the beneficiary designation specifies otherwise or prohibited by law, if two or more Lives Insured under the policy:

- die at the same time or in circumstances in which it is uncertain in what order they died, and
- if the sequence of those deaths affects the determination of a Designated Life Insured and/or the calculation of a death benefit payable,

we will use the following criteria to determine and pay the death benefit or benefits resulting from those deaths:

- if the sequence of the deaths would otherwise determine which of the Lives Insured is a Designated Life Insured for a coverage, the death benefit otherwise payable with respect to that coverage will be divided into equal portions and each of those Lives Insured will be deemed to be a Designated Life Insured and to have survived all others to determine each beneficiary's entitlement to each portion of the divided death benefit.
- if the sequence of the deaths would otherwise determine entitlement to all or any part of the Account Value as part of the death benefit payable, that amount will be divided into equal portions and each of those Lives Insured will be deemed to have survived all others to determine those death benefits to which a portion of the divided amount will be added.

OWNERSHIP

While this policy is in effect, you can exercise your rights as owner of the policy, subject to the provisions of this policy and as limited by law.

For example, in the case of an irrevocable beneficiary designation or a collateral assignment, you might need the beneficiary's or assignee's consent.

ASSIGNMENT

You can make a collateral or an absolute assignment of this policy. Any assignment should be filed with us.

An assignment does not bind us until we receive written notice of it at our Head Office. We are not responsible for the validity of an assignment.

Only the entire policy can be assigned and not individual coverages. Any assignment of the policy will constitute an assignment of the Side Account.

PROTECTION AGAINST CREDITORS

This policy and the benefits payable under it will be exempt from seizure and from the claims of creditors, so far as the law allows.

The creditor protection that applies to your policy does not apply to the Side Account.

CURRENCY AND PLACE OF PAYMENT

All payments to or by us will be in Canadian dollars. We will make or accept payments at any of our offices in Canada.

If you change your country of residence while this policy is in effect:

- you must notify us of the change, and
- non-resident withholding taxes may apply to your policy.

CONTRACT

Your contract consists of:

- this policy document
- the application for insurance coverages provided by the policy and rider coverages
- the medical evidence form or forms
- the written statements and answers that are given as evidence of insurability
- all rider pages
- all subsequent applications to change the insurance or rider coverages and any amendments or new versions of the policy summary pages that result from the change
- any other amendments agreed on in writing after the policy is issued
- any endorsements
- any application to reinstate the contract or any coverages that have lapsed.

We are bound only by statements that are part of the contract. Only our President or one of our Vice-Presidents can agree to any change in the policy and only in writing.

Subject to our administrative rules at the time, we may attach a copy of the application for life insurance to the policy when issued. If we have not included a copy, we will provide one at your request.

POLICY STATEMENT

As long as the policy is in effect, we will send you a statement at least once a year that shows the status of the policy.

TAXATION

We guarantee that we will make adjustments to your policy to keep it exempt from accrual taxation, as long as the rules of the Income Tax Act allow this insurance policy to remain exempt.

To keep your policy exempt, we will examine our records regarding your policy on each policy anniversary and we will take one or more of the following actions, in the order shown, as necessary:

- 1) increase the death benefit in accordance with the terms and conditions of any Wealth Enhancer Rider contained in the policy; and/or
- 2) place all or part of any deposit in excess of the amount that may be deposited into the policy in accordance with this provision into the Side Account,
 - starting with and continuing in the order of the most recent deposit, and
 - ending with the deposit made on the later of:
 - the preceding policy anniversary or
 - the date of the most recent disposition under the policy (as defined under the Income Tax Act) with taxable proceeds; and/or
- 3) generate an automatic withdrawal from an investment account(s) and place it into the Side Account; and/or
- 4) make any other adjustments that we consider appropriate.

The automatic withdrawal referred to in 3) above will be deducted from the balance of your investment account(s), subject to our then current administrative rules. The withdrawal will be deducted in the order described in the *Cash Withdrawal* provision. A Market Value Adjustment may apply to any amounts withdrawn from a Portfolio Average Account or a Guaranteed Investment Account. (*See the Market Value Adjustment Factor section.*)

When we receive a deposit from you, we may examine our records and place all or part of that deposit, in excess of the amount that may be deposited into the policy in accordance with this provision, into the Side Account. (*See the section in Appendix 1 called How amounts are allocated.*)

Even though this policy is issued and maintained as an exempt policy, it may be necessary to include an amount in your income for tax purposes as a result of a partial or complete disposition of your policy including, but not limited to, change of ownership, cash withdrawals, or the surrender of the policy.

We will inform you as required of amounts that must be included in your income for tax purposes.

SUBSTITUTION OF LIFE INSURED

We will consider a request from you to substitute a Life Insured under one or more Insurance Coverages, subject to our then current administrative rules including, but not limited to, the conditions below.

We will require the following with respect to any substitution of Lives Insured:

- 1) evidence of insurability satisfactory to us with respect to the proposed new Life Insured, and
- 2) payment by you of any administrative and underwriting expenses that result from the substitution.

For purposes of the *Contestability* and *Suicide* provisions of this policy, the Coverage Issue Date will be the effective date of the substitution.

A new Adjusted Age or Adjusted Joint Age may apply to any Insurance Coverage for which a Life Insured has been substituted.

POLICY SPLITTING

If this policy insures two or more people, you may convert or exchange an Insurance Coverage under this policy, in accordance with the *Portable Insurability* provision and the following.

If the Lives Insured described above are insured under a Joint Last-to-Die Insurance Coverage, evidence of insurability satisfactory to us will be required before we approve the purchase of new individual policies with Single Life coverages.

Policy splitting may result in adverse tax consequences to you.

Any coverage under this policy that is converted or exchanged as described above will terminate on the day before the effective date of the conversion or exchange.

POLICY EXCHANGE

Subject to our then current administrative rules, you may exchange this plan for another plan offered by us at the time of exchange.

Policy exchange may result in adverse tax consequences to you.

NON-PARTICIPATING

This policy is non-participating. The owner of a non-participating policy does not have some of the rights of the owner of a participating policy, including eligibility for annual dividends and the right to vote at our annual meetings.

JOINT LEGACY PROTECTOR

The Joint Legacy Protector feature provides you with the flexibility to adapt your Joint First-to-Die coverage if your insurance needs change. Through this option, you can change all or part of a Joint First-to-Die insurance coverage into:

- Joint Last-to-Die, Costs to Last Death coverage or
- Joint Last-to-Die, Costs to First Death coverage,

subject to our administrative rules, without providing us with any additional evidence of insurability. The dates on which this feature is available and when it expires are shown on Page iii(b) for each coverage.

The effective date of a change to Joint Last-to-Die under this feature will be the Monthly Processing Day that coincides with or next follows the date we approve your request.

Using the Joint Legacy Protector feature may affect the Allocated Amount for all your Insurance Coverages and may also have tax implications which may include increasing your taxable income. You should discuss your plans with your advisor.

CHANGING ALL OF A JOINT FIRST-TO-DIE INSURANCE COVERAGE

If you change all of a Joint First-to-Die Insurance Coverage to a Joint Last-to-Die Insurance Coverage, these provisions will apply:

- the Coverage Date and the Coverage Issue Date for the Joint Last-to-Die Insurance Coverage will be the same as those for the Joint First-to-Die coverage;
- the Adjusted Joint Age for the Joint Last-to-Die Insurance Coverage will be calculated as of the Coverage Date of the Joint First-to-Die Insurance Coverage using the personal information for each insured person as shown on Page iii(b) for the Joint First-to-Die coverage, and based on the joint age calculation for the Joint Last-to-Die Coverage Type selected and for similar coverages with the same Coverage Date as the Joint Last-to-Die Insurance Coverage. If you have changed the Cost of Insurance rate structure of the Joint First-to-Die coverage or substituted a new Life Insured under the Joint First-to-Die coverage, the Adjusted Joint Age will be calculated as of the coverage anniversary immediately before or corresponding with the effective date of the last change or substitution;

- the Joint Insurance Rating will be recalculated based on the Joint Last-to-Die Coverage Type selected and the individual Insurance Ratings for each Life Insured on the Joint First-to-Die Insurance Coverage;
- the Cost of Insurance rates for the Joint Last-to-Die Insurance Coverage will be the rates applicable to similar coverages with the same Coverage Date as that coverage; and
- if you have a Protection Indexor or Wealth Enhancer Rider on the Joint First-to-Die coverage, the Rider Coverage will be changed to Joint Last-to-Die, Costs to Last Death.

CHANGING PART OF A JOINT FIRST-TO-DIE INSURANCE COVERAGE

You can change part of a Joint First-to-Die Insurance Coverage to a Joint Last-to-Die Insurance Coverage. The amount of insurance for both the existing Joint First-to-Die Insurance Coverage and the new Joint Last-to-Die Insurance Coverage must meet our required minimum amounts.

The following conditions will apply:

- the basis for determining the Coverage Date and Cost of Insurance rates will be stated in our administrative rules;
- the Adjusted Joint Age will be calculated as of the Coverage Date of the Joint First-to-Die Insurance Coverage using the personal information for each Life Insured as shown on Page iii(b) for the Joint First-to-Die Insurance Coverage. It will be based on the joint age calculation for the Joint Last-to-Die Coverage Type selected and for similar coverages with the same Coverage Date as the Joint Last-to-Die Insurance Coverage. If you have changed the Cost of Insurance rate structure of the Joint First-to-Die coverage or substituted a new Life Insured under that coverage, the Adjusted Joint Age will be calculated as of the coverage anniversary immediately before or corresponding with the effective date of the last change or substitution;
- the Joint Insurance Rating will be recalculated based on the Joint Last-to-Die Coverage Type selected and the individual Insurance Ratings for each Life Insured on the Joint First-to-Die Insurance Coverage; and
- if you have a Protection Indexor or Wealth Enhancer Rider on the Joint First-to-Die coverage, the Rider Coverage will be changed to Joint Last-to-Die, Costs to Last Death in the same proportion as the changes we approve for the Joint First-to-Die Insurance Coverage.

SURVIVOR'S BENEFIT

During the 31-day period following the death of the Designated Life Insured on a Joint First-to-Die Insurance Coverage, you may purchase an additional Insurance Coverage under this policy or a new policy on the life of the survivor, without evidence of insurability, as described in the *Portable Insurability* provision.

DEFINITIONS

In this provision, the **Exchange Date** means the 31st day after the death of the Designated Life Insured.

The **Survivor** refers to the Life Insured alive after the death of the Designated Life Insured in a Joint First-to-Die coverage that insures two Lives Insured.

LIMITATIONS

The benefits described in this provision will be available provided:

- the Insurance Coverage is in effect and the Survivor is less than 70 years of age at the time of the Designated Life Insured's death, and
- no more than two Lives Insured are insured under the Insurance Coverage.

AUTOMATIC TERM INSURANCE

We will automatically provide term insurance on the life of the Survivor from the date of the Designated Life Insured's death to the earlier of:

- the day before the Exchange Date or
- the day before the effective date of a new Insurance Coverage under this policy or a new policy, as provided under the terms of the *Portable Insurability* provision.

The benefit payable will be an amount equal to the sum of the following as they apply to the Joint First-to-Die coverages in which the Designated Life Insured has died:

- the Face Amount of the Insurance Coverages, and
- the Rider Amount of any of the following riders that would have provided a death benefit had the Survivor been the first to die: Protection Indexor, Wealth Enhancer, and Term Insurance Rider.

The beneficiary of the Automatic Term Insurance will be determined as follows:

- 1) The beneficiary under the Automatic Term Insurance will be the estate of the Survivor, unless, before the death of the Survivor, you specify otherwise in notice satisfactory to us.
- 2) If the joint Lives Insured die at the same time or in circumstances in which it is uncertain which Life Insured survived the other, the death benefit under the Automatic Term Insurance will be payable in the same manner and to the same person or persons who received the death benefit under the policy.

We will not pay any benefit under this provision if the Survivor, whether sane or not, commits suicide during the period covered by the Automatic Term Insurance.

Apart from this term insurance, the Insurance Coverage provides no insurance on the life of the Survivor after the Designated Life Insured's death.

PORTABLE INSURABILITY

Portable Insurability is the right to purchase:

- an additional Insurance Coverage under this policy, or
- a new policy then offered by us that provides permanent life insurance, based on the Insurance Rating and Healthstyle that applies to a Life Insured under a particular coverage under this policy, and
- subject to our maximum and minimum limits and any limitations that apply to the coverage under this policy.

You may request that we transfer the Insurance Rating and Healthstyle that applies to the Lives Insured described in A), B) and C) following, to an additional Insurance Coverage under this policy or to any new policy, subject to:

- the conditions below, and
- our then current administrative rules.

TRANSFERRING THE HEALTHSTYLE

The following table shows how we determine the Healthstyle of each Life Insured on the new insurance or coverage if you purchase additional Insurance Coverage under this policy or a new policy that has Healthstyle categories.

If the Life Insured’s Healthstyle on the original coverage is	Then the Life Insured’s Healthstyle on the new insurance will be
category 1 or 2	the same (either category 1 or 2), unless the original coverage has been in effect for more than 10 years or if the same category is not available, in which case it will be category 3.
category 3	category 3
category 4	category 4
category 5	category 5

The following table shows how we determine the class of risk or Smoking Status on the new insurance you purchase if it does not have Healthstyle categories. The new insurance will have either a class of risk or a Smoking Status that will be determined by the Life Insured’s Healthstyle as shown on the original coverage in this policy.

If the Life Insured’s Healthstyle on the original coverage is	Then the Life Insured’s class of risk on the new insurance will be	Or the Life Insured’s Smoking Status on the new insurance will be
category 1 or 2	non-smoker	non-smoker
category 3 or 4	non-smoker or special	non-smoker
category 5	standard or special	smoker

The class of risk will also be determined by that person’s Insurance Rating. It will be labelled *special* if the Life Insured’s Insurance Rating is more than 100 per cent.

You can apply for an improved Healthstyle or a better class of risk or Smoking status on the additional Insurance Coverage or the new policy by submitting evidence of insurability satisfactory to us.

ELIGIBLE LIVES INSURED

The following Lives Insured are eligible for Portable Insurability:

- A) The Survivor, as described in the *Survivor's Benefit* provision, under a Joint First-to-Die Insurance Coverage in which the Designated Life Insured has died.
- B) The Life or Lives Insured under an Insurance Coverage being converted or exchanged in accordance with the *Policy Splitting* provision.
- C) The Life or Lives Insured under a Rider Coverage provided by the Wealth Enhancer Rider or Protection Indexor Rider.

If the Life or Lives Insured described above die before the effective date of the additional Insurance Coverage under this policy or the new policy, the additional Insurance Coverage or new policy will not take effect and we will refund any premium you have paid for it.

PORTABLE AMOUNT

The Portable Amount is the maximum amount of the death benefit under the new Insurance Coverage.

With respect to items A) and B) above, the Portable Amount is the Face Amount of the insurance that has terminated.

With respect to item C) above, the Portable Amount is that portion of the Rider Amount that you designate for Portable Insurability.

10. INVESTMENT ACCOUNTS

ACCOUNTS AVAILABLE

Daily Interest Accounts

Savings Account

Balanced Index Accounts*

- Conservative
- Moderate
- Growth
- Economic Trends

Indexed Accounts*

- Canadian Equity Index
- American Equity Index
- American Technology Equity Index
- European Equity Index
- Japanese Equity Index
- Global Equity Index
- G5 Index
- Canadian Bond Index

Managed Accounts*

Portfolio Average Accounts

- Mid-term
- Long-term

Guaranteed Investment Accounts

- Simple Interest
- Compound Interest

Additional investment accounts may be made available.

*The rate of return in the Balanced Index Accounts, Indexed Accounts and Managed Accounts is not guaranteed and the balance in each account will fluctuate according to changes in: the index, indices or designated fund it is based on, and the Canadian dollar exchange rate, for those accounts with a foreign component.

When you invest in a Balanced Index Account, Indexed Account or Managed Account, you do not:

- acquire an interest in a specific fund
- purchase any units or legal interest in any security.

Any amounts credited to the investment accounts offered under your policy will be invested in the general funds of the Company and all benefits of the policy are backed by our general funds.

THE GUARANTEED ACCOUNT VALUE OF YOUR INVESTMENT ACCOUNTS ON THE DEATH OF THE LAST REMAINING DESIGNATED LIFE INSURED

We guarantee that, in determining the death benefit payable on the death of the last remaining Designated Life Insured under the policy, the total balance of all investment accounts at the time of death will not be less than 75 per cent of:

- net deposits credited to the investment accounts, and
 - any Valued Client Bonus credited to the policy
- minus
- withdrawals from those accounts. Withdrawals include:
 - an automatic withdrawal as described in the *Monthly Processing* or *Taxation* provisions,
 - a cash withdrawal, including a withdrawal that results from a reduction of the Account Value due to the death of a Life Insured (see the *Account Value* provision) or from any Disability Benefit payments, and
 - any Market Value Adjustments.

INVESTMENT ACCOUNT CHANGES

You may make the following changes with respect to investment accounts, except as described in the provision called *Continuation of Coverage When the Grace Period Ends*:

- 1) You may change the investment accounts you selected and/or the portion of the deposit that applies to particular accounts.
- 2) You may request that some or all of the balance of any investment account be transferred to another investment account, subject to our minimum balance requirements and any Market Value Adjustments and charges that apply.

The effective date of 1) or 2) above is subject to our then current administrative rules.

We reserve the right to withdraw or change a Balanced Index Account, an Indexed Account or a Managed Account being offered by us. If we change or withdraw an account that you have money in, we will notify you of our intent to withdraw or change the account and provide an opportunity to direct us to transfer the balance of the account into another investment account available at that time. If we do not receive direction from you within the time period stated in our notice, we will place the balance of any account being withdrawn or changed into an account we will identify when we notify you.

INVESTMENT ACCOUNT BALANCES

The balance of an investment account at any time is the balance on its effective date, adjusted as follows:

- 1) increased by the amount of each additional net deposit applied to that account after the effective date;
- 2) adjusted by any increases or decreases in the balance of the account due to interest earned (including negative interest);
- 3) increased by any amount transferred from another investment account;
- 4) decreased by any amount transferred to another investment account;
- 5) decreased by the amount withdrawn from the account in accordance with the *Cash Withdrawal* provision, including each cash withdrawal and the amount of any Disability Benefit payments;
- 6) decreased by the amount of any automatic withdrawal made by us, as described in the *Monthly Processing* and *Taxation* provisions;
- 7) decreased by the amount of any reduction in the Account Value due to the death of a Life Insured (see the *Account Value* provision); and
- 8) decreased by any applicable adjustments and charges.

DAILY INTEREST ACCOUNTS**The Savings Account**

This account provides daily interest earnings based on the yield of 91-day Government of Canada Treasury Bills. Interest credited to the Savings Account is earned and compounded daily at a rate determined by us.

The Savings Account Guarantee

The effective annual interest rate for this account is set at least weekly and is guaranteed to be at least:

- 90 per cent of the then 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.

The guaranteed minimum interest rate and the guaranteed management fee for this account are shown in Section 11 under the heading *Investment Account Management Fees and Interest Rates*.

The Balanced Index Accounts

The Balanced Index Accounts are based on a blend of investment returns of Government of Canada 91-day Treasury Bills (T-Bill), bonds and stock indices. The accounts provide you with the benefit of portfolio performance.

1) Conservative, Moderate and Growth Balanced Index Accounts

Interest credited to these accounts is based on the weighted average performance of Government of Canada 91-day T-Bill rate and the performance of two or three listed indices. Interest is allocated to each Balanced Index Account based on the weighted average of the T-Bill rate and the performance of the indices shown below. The following table shows the percentage weighting that applies to the T-Bill rate and to each index.

Balanced Index Account	Government of Canada 91-day Treasury Bill Rate	Scotia Capital Universe Bond Index¹	S&P/TSX 60 Index²	G5 Index*
Conservative	40 per cent	40 per cent	20 per cent	0 per cent
Moderate	20 per cent	40 per cent	30 per cent	10 per cent
Growth	10 per cent	20 per cent	40 per cent	30 per cent

*The **G5 index** is discussed in the *Indexed Accounts* section in the following pages.

2) Economic Trends Balanced Index Account

Interest credited to this account is based on the weighted average performance of Government of Canada 91-Day T-Bill rate, and selected bond and equity indices. The weightings of each component will vary at our discretion. The bond and stock indices that we include in this account will be:

- those that we determine reflect current global economic trends, and
- limited to indices that we currently track in our Universal Life investment accounts.

Unlike the other balanced accounts, the weighting of each component of this account will change daily based on the growth rate within each component. We will review the weightings (T-Bills and bonds versus equities, and the geographic mix) from time to time throughout the year, and at least once each year. We may reset the weightings at the time of review.

Your policy statement will provide instruction on where you can find detailed information on the performance and composition of this account.

¹ Trademark of The Bank of Nova Scotia.

² Trademark of The Toronto Stock Exchange. In this policy document, all references to “TSX” and “TSE” refer to the Toronto Stock Exchange or its successor exchange(s).

This InnoVision policy is not sponsored, endorsed, sold or promoted by any of the above trademark owners.

Determining the Interest Adjustment

The balance of each Balanced Index Account is adjusted daily. This adjustment may be an increase or a decrease, depending on whether positive or negative interest is earned in the account on that day.

We determine the account balance by taking the previous day's account balance and adding or deducting the daily interest. We calculate the daily interest by multiplying the account's balance at the end of the previous day by the daily interest rate we determine.

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

- the value of the applicable index or indices,
- 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 Cash Value of the policy.

The daily interest rate is determined on each day our Canadian Head Office is open for business. This day is called an *operating day*. When our Canadian Head Office is not open for business, the daily interest rate is zero.

We calculate our daily interest rate for an index based on the total return of that index with dividends reinvested.

The Balanced Index Accounts Guarantee

We guarantee that, on each particular operating day, the daily interest rate that applies to the:

1) **Conservative Balanced Index Account** will not be less than the result of:

- 40 per cent of the current effective daily yield on Government of Canada 91-day T-Bills, plus
 - 40 per cent of the percentage daily change that applies to the *Scotia Capital Universe Bond Index*, plus
 - 20 per cent of the percentage daily change that applies to the *S&P/TSX 60 Index*
- minus
- the guaranteed management fee for this account shown in Section 11 under the heading Investment Account Management Fees and Interest Rates.

2) **Moderate Balanced Index Account** will not be less than the result of:

- 20 per cent of the current effective daily yield on Government of Canada 91-day T-Bills, plus
 - 40 per cent of the percentage daily change that applies to the *Scotia Capital Universe Bond Index*, plus
 - 30 per cent of the percentage daily change that applies to the *S&P/TSX 60 Index*, plus
 - 10 per cent of the percentage daily change that applies to the **G5 index**
- minus
- the guaranteed management fee for this account shown in Section 11 under the heading *Investment Account Management Fees and Interest Rates*

For the **G5 index**, the percentage daily change is the weighted average of the percentage daily change in the Canadian dollar value of each index within the **G5 index**.

3) **Growth Balanced Index Account** will not be less than the result of:

- 10 per cent of the current effective daily yield on Government of Canada 91-day T-Bills, plus
 - 20 per cent of the percentage daily change that applies to the *Scotia Capital Universe Bond Index*, plus
 - 40 per cent of the percentage daily change that applies to the *S&P/TSX 60 Index*, plus
 - 30 per cent of the percentage daily change that applies to the **G5 index**
- minus
- the guaranteed management fee for this account shown in Section 11 under the heading *Investment Account Management Fees and Interest Rates*.

For the **G5 index**, the percentage daily change is the weighted average of the percentage daily change in the Canadian dollar value of each index within the **G5 index**.

4) **Economic Trends Balanced Index Account** will be the weighted average of:

- the current effective daily yield on Government of Canada 91-day T-Bills, and
 - the percentage daily change in the Canadian dollar value of each index within the account
- minus
- the guaranteed management fee for this account shown in Section 11 under the heading *Investment Account Management Fees and Interest Rates*.

Our Right to Delay Crediting or Processing for Balanced Index Accounts

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

- crediting of deposits
- processing of transfer requests
- processing of withdrawal requests

to or from any Balanced Index Account for up to seven days from our receipt of the funds or the request for transfer or withdrawal.

We further reserve the right to delay the effective date of transactions in the event of an unanticipated closure or disruption of financial markets or our offices. This right supercedes any provisions to the contrary in other sections of this contract that describe effective dates. We also have the right to refuse to process transactions that are not permitted under the laws of the jurisdiction in which the owner lives.

The Indexed Accounts

The Indexed Accounts are variable investment accounts that offer returns linked to market indices. Accounts with foreign content are affected by fluctuations in the value of the Canadian dollar. Interest credited to these accounts is based on the performance of the indices listed in the table below.

Index account	Market Index
Canadian Equity Index	S&P/TSX 60 Index
American Equity Index	Standard & Poor's 500 Index ³
American Technology Equity Index	Nasdaq 100 Index ⁴
European Equity Index	Morgan Stanley Capital International EMU Index ^{5*}
Japanese Equity Index	Nikkei 225 Index ⁶
Global Equity Index	Morgan Stanley Capital International EAFE Free Index ^{7*}
G5 Index The weight of each of the indices in the G5 index is set from time to time according to the total value, in Canadian dollars, of the shares in that index compared to the total value, in Canadian dollars, of all five indices.	France - CAC 40 ⁸ Germany - DAX 30 ⁹ Japan - Nikkei 225 ¹⁰ United Kingdom - FT-SE 100 ¹¹ United States - S&P 500
Canadian Bond Index	Scotia Capital Universe Bond Index

* Net of withholding tax

³ Trademark of The McGraw-Hill Companies, Inc.

⁴ Trademark of The Nasdaq Stock Market, Inc.

⁵ Trademark of Morgan Stanley Group Inc.

⁶ Trademark of Nihon Keisai Shimbun Sha.

⁷ Trademark of Morgan Stanley Group Inc.

⁸ Trademark of Société des Bourses Françaises SA.

⁹ Trademark of Deutsche Boerse AG.

¹⁰ Trademark of Nihon Keisai Shimbun Sha.

¹¹ Trademark of London Stock Exchange and Financial Times Ltd.

This InnoVision policy is not sponsored, endorsed, sold or promoted by any of the above trademark owners.

Determining the Interest Adjustment

The balance of each Indexed Account is adjusted daily. This adjustment may be an increase or a decrease, depending on the performance of the indices in the account on that day.

We determine the account balance by taking the previous day's account balance and adding or deducting the daily interest. We calculate the daily interest by multiplying the account's balance at the end of the previous day by the daily interest rate we determine.

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

- the value of the applicable index or indices,
- 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 Cash Value of the policy.

The daily interest rate is determined on each day our Canadian Head Office is open for business. This day is called an *operating day*. When our Head Office is not open for business, the daily interest rate is zero.

We calculate our daily interest rate for an index based on the total return of that index with dividends reinvested.

The Indexed Accounts Guarantees

We guarantee that, on each particular operating day, the daily interest rate that applies to

- each Indexed Account, except the G5 index, is the percentage daily change in the Canadian dollar value of the applicable index
- the G5 index is the weighted average of the percentage daily change in the Canadian dollar value of each index within it

minus

- the guaranteed management fee for this account shown in Section 11 under the heading *Investment Account Management Fees and Interest Rates*.

Our Right to Delay Crediting or Processing for Indexed Accounts

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

- crediting of deposits
- processing of transfer requests
- processing of withdrawal requests

to or from any Indexed Account for up to seven days from our receipt of the funds or the request for transfer or withdrawal.

We further reserve the right to delay the effective date of transactions in the event of an unanticipated closure or disruption of financial markets or our offices. This right supercedes any provisions to the contrary in other sections of this contract that describe effective dates.

We also have the right to refuse to process transactions that are not permitted under the laws of the jurisdiction in which the owner lives.

The Managed Accounts

The Managed Accounts are variable investment accounts that offer returns linked to the performance of designated funds as selected by us from time to time.

To obtain information on the Managed Accounts currently available to you, use the contact information shown on your policy statement.

Determining The Interest Adjustment

The balance of each Managed Account is adjusted daily. This adjustment may be an increase or a decrease, depending on the performance of its designated fund on that day.

We determine the account balance by taking the previous day's account balance and adjusting it to reflect the negative or positive performance of the designated fund. We calculate the daily interest by multiplying the account's balance at the end of the previous day by the daily interest rate we determine.

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
- 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 Cash Value of the policy.

The daily interest rate is determined on each day our Canadian Head Office is open for business. This day is called an *operating day*. When our Canadian Head Office is not open for business, the daily interest rate is zero.

The Managed Accounts Guarantee

We guarantee that, on each particular operating 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 11 under the heading *Investment Account Management Fees and Interest Rates*.

Our Right to Delay Crediting or Processing for Managed Accounts

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

- crediting of deposits
- processing of transfer requests
- processing of withdrawal requests

to or from any Managed Account for up to seven days from our receipt of the funds or the request for transfer or withdrawal.

We further reserve the right to delay the effective date of transactions in the event of an unanticipated closure or disruption of financial markets or our offices. This right supercedes any provisions to the contrary in other sections of this contract that describe effective dates.

We also have the right to refuse to process transactions that are not permitted under the laws of the jurisdiction in which the owner lives.

The Portfolio Average Accounts

The Portfolio Average Accounts combine the advantage of daily interest earnings with the performance of a long-term rate and come with a minimum interest rate guarantee. There is no minimum deposit for these accounts, making them ideal for regular monthly deposits.

Mid-term Portfolio Average Accounts earn interest based on the yield of three to five year bonds. Long-term Portfolio Average Accounts earn interest based on the yield of bonds with terms to maturity of ten years or more.

Interest credited to the Portfolio Average Accounts will be earned and compounded daily at a rate determined by us.

The Portfolio Average Account Guarantee

Mid-term Portfolio Average Account

The effective annual interest rate for this account is set at least weekly and is guaranteed to be at least:

- 90 per cent of the weighted average yield over the past five years on three to five year current coupon Government of Canada Bonds minus the guaranteed management fee for this account,

or

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

The guaranteed management fee and the guaranteed minimum interest rate for this account are shown in Section 11 under the heading *Investment Account Management Fees and Interest Rates*.

The weightings used in determining the average are based on the net cash flows with respect to the account from all InnoVision policies.

Long-term Portfolio Average Account

The effective annual interest rate for this account is set at least weekly and is guaranteed to be at least:

- 90 per cent of the weighted average yield over the past 15 years 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.

The guaranteed management fee and the guaranteed minimum interest rate for this account is shown in Section 11 under the heading *Investment Account Management Fees and Interest Rates*.

The weightings used in determining the average are based on the net cash flows with respect to the account from all InnoVision policies.

GUARANTEED INVESTMENT ACCOUNTS

We offer Guaranteed Investment Accounts that pay

- Simple Interest for terms of 1, 3, 5, 10 and 20 years, and
- Compound Interest for terms of 3, 5 and 10 years.

Subject to our then current administrative rules, you may at any time:

- 1) deposit funds to establish a Guaranteed Investment Account.
- 2) transfer some or all of the balance of an investment account to establish a Guaranteed Investment Account.

You may choose a term period for each Guaranteed Investment Account from those available. The account will mature on the Monthly Processing Day that coincides with or immediately follows the end of the term period.

We reserve the right to add or withdraw a term period that we offer. However, both for Guaranteed Investment Accounts paying Simple Interest and for those paying compound interest, we will continue to offer at least one term period with a 2 per cent guarantee and one term period with a 3 per cent guarantee. On the date the Guaranteed Investment Account matures, its balance may be transferred to an account offered by us on that date, provided we receive notification from you at least seven days before the end of the term period. If we do not receive notification from you, we will automatically reinvest the balance in another Guaranteed Investment Account 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.

Interest earned in any Guaranteed Investment Account will be based on the rate that applies to that account on its effective date.

Simple Interest

Simple interest is earned daily and credited monthly to the Specified Daily Interest Account.

Each month, interest earned on the balance of each Simple Interest Guaranteed Investment Account is automatically credited on the Monthly Processing Day to the Specified Daily Interest Account you selected. If you did not select a Specified Daily Interest Account, simple interest earned in a Guaranteed Investment Account will be credited to the Savings Account.

Compound Interest

Interest is earned daily on the balance of each Compound Interest Guaranteed Investment Account and accrues within the account until its maturity date.

The Guaranteed Investment Account Guarantee

The interest rate that applies to both simple and Compound Interest Guaranteed Investment Accounts (GIA) is:

- 1) established on the effective date of the account, and
- 2) in effect for the term period of the account.

Simple Interest Guarantee

The nominal annual interest rate that applies to a Simple Interest GIA is guaranteed to 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 minimum guaranteed 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 11 under the heading *Investment Account Management Fees and Interest Rates*.

Compound Interest Guarantee

The effective annual interest rate that applies to a Compound Interest GIA is guaranteed to 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 minimum guaranteed 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 11 under the heading *Investment Account Management Fees and Interest Rates*.

11. INNOVISION BONUS OPTION

Valued Client

The Valued Client option rewards you for keeping your policy in effect and will also reward you for making additional deposits into your policy if your policy passes the Deposit Test described below. The reward, called the Valued Client Bonus, is paid as interest that is credited to the Savings Account in your policy.

Bonus Anniversaries are policy anniversaries on which the Valued Client Bonus is credited. The Valued Client Bonus is credited as described below, provided your policy is still in effect. It will never be less than \$0.00.

The Valued Client Bonus credited on a Bonus Anniversary is calculated by adding **A** to **B**, and multiplying the result by **C** where:

A is the Basic Bonus Percentage that applies on that Bonus Anniversary (*as shown in the Basic Bonus Percentages table below*),

B is the Deposit Bonus Percentage that applies on that Bonus Anniversary (*as shown in the Deposit Bonus Percentages table below*), and

C is the sum of the Account Value on each monthly processing day in the 12 months immediately before the Bonus Anniversary, divided by 12.

Basic Bonus Percentages	
0.50 %	applies on the 5th to 19th policy anniversaries
1.25%	applies on 20th and later policy anniversaries

Deposit Bonus Percentages	
0.00%	applies on each policy anniversary on or after the 5th policy anniversary on which your policy does not pass the Deposit Test described below
0.50%	applies on each policy anniversary on or after the 5th policy anniversary on which your policy passes the Deposit Test described below

If your policy passes the Deposit Test (as described on the next page) at any policy anniversary on or after the 10th policy anniversary, we guarantee that a Deposit Bonus Percentage of 0.50% will apply on the policy anniversary on which your policy passes the Deposit Test and on each subsequent policy anniversary, regardless of future deposits or withdrawals.

DEPOSIT TEST

Your policy will pass the Deposit Test if, on the Bonus Anniversary on which the test is performed, the Deposit Test value is equal to or greater than **1.5**. The value is calculated by subtracting withdrawals from the policy from the deposits you've made and dividing the resulting amount by the Continuation Minimums.

- 1) Deposits mean the total of all the deposits made to your policy since your policy was issued.
- 2) Withdrawals mean the total of all the withdrawals made from your policy since it was issued
 - including any Market Value Adjustments, withdrawal charges and Disability Benefit payments, but
 - excluding any withdrawals resulting from a reduction of the Account Value due to the death of a Life Insured.
- 3) Continuation Minimums mean the total of all the monthly Continuation Minimums for your policy since it was issued. Continuation Minimums are described in the *Lapse* provision of this contract.

Example of a policy that would pass the Deposit Test because the value calculated is greater than 1.5

1. Total deposits made = \$100,000
2. Total withdrawals made = \$5,000
3. Total of all monthly Continuation Minimums = \$50,000
 $(\$100,000 - \$5,000) \div \$50,000 = 1.9$

INVESTMENT ACCOUNT MANAGEMENT FEES AND INTEREST RATES

SAVINGS, PORTFOLIO AVERAGE AND GUARANTEED INVESTMENT ACCOUNTS

Investment Account	Guaranteed Management Fee	Guaranteed Minimum Interest Rate
Savings Account	2.25%	0 %
Portfolio Average Accounts		
Mid-Term Portfolio Average	2.25%	2 %
Long-Term Portfolio Average	2.25%	3 %
Guaranteed Investment Accounts		
Simple Interest	1.75%	1 & 3 year 0 % 5 year 2 % 10 & 20 year 3 %
Compound Interest	1.75%	3 year 0 % 5 year 2 % 10 year 3 %

BALANCED INDEX AND INDEX ACCOUNTS

Investment Account	Guaranteed Management Fee	Guaranteed Minimum Interest Rate
Balanced Index Accounts		not applicable
Conservative Balanced Index	0.000100 daily fee	
Moderate Balanced Index	0.000110 daily fee	
Growth Balanced Index	0.000120 daily fee	
Economic Trends Balanced Index	0.000130 daily fee	
Indexed Accounts*		not applicable
Canadian Equity Index	0.000114 daily fee	
American Equity Index	0.000120 daily fee	
American Technology Equity Index	0.000120 daily fee	
European Equity Index	0.000130 daily fee	
Japanese Equity Index	0.000130 daily fee	
Global Equity Index	0.000140 daily fee	
G5 Index	0.000140 daily fee	
Canadian Bond Index	0.000106 daily fee	
* We guarantee that three Indexed Accounts will always be available, one linked to the performance of the Canadian equity market, one to the performance of the American equity market and one to the performance of the Canadian bond market. The maximum daily management fee for each of these three accounts will not be more than 0.000120.		

MANAGED ACCOUNTS

Investment Account	Management Fee*	Guaranteed Minimum Interest Rate
Managed Accounts	0.000080 daily fee	not applicable
<p>* 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.</p> <p>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.</p>		

APPENDIX 1

THE SIDE ACCOUNT

We have set up a Side Account that is outside your contract.

The Side Account is not considered an investment account. Values in the Side Account do not form part of the Account Value or the Cash Value of the policy and are in addition to any policy values. Protection from creditors, which may be available for insurance policies, does not apply to the Side Account.

Interest earned in the Side Account will be reported to you each year for inclusion in your income for income tax purposes.

Your Side Account contains accounts that match the investment accounts available in your InnoVision policy. The accounts that match the Balanced Index Accounts, Indexed Accounts and Managed Accounts are Holding Accounts.

All Holding Accounts earn interest at the same rate as the Savings Account in the policy. All other accounts within the Side Account earn interest at the same rate as the matching investment accounts in the policy.

The death benefit guarantee that applies to the investment accounts within the policy does not apply to the Side Account.

Amounts placed in the Side Account

Amounts can be placed in your Side Account in three ways:

- 1) You may pre-pay deposits to your policy by placing amounts in the Side Account, subject to our administrative rules in effect at that time.
- 2) We will determine what portion of your deposit exceeds the amount that may be deposited into the policy according to the *Taxation* provision of your policy. We will then place that amount into your Side Account.
- 3) We will remove funds from your policy and put them into your Side Account if required as part of the adjustments described in the *Taxation* provision of your policy.

We will place these amounts into your Side Account as described in the provision shown below called *How amounts are allocated*.

No Deposit Load will apply at the time amounts are placed in the Side Account. This is because an amount placed in the Side Account is not a premium payment until it is withdrawn from the Side Account and credited to the policy.

Amounts withdrawn from the Side Account

If your Side Account has a balance

- on the policy anniversary, or
- on the date the policy would otherwise enter the grace period, as described in the *Monthly processing* provision of your policy,

we will determine what portion of the balance, if any, can be deposited into the policy without changing its exempt status. We will automatically withdraw those funds from the Side Account in the order described on the next page. We will then deposit those funds into your policy as described in the provision shown below called *How amounts are allocated*.

You may request a withdrawal of all or part of the funds in the Side Account, subject to our administrative rules and fees in effect at the time. If you do not specify the account from which the money should be withdrawn or if the balance of the account you specify does not provide the total amount you have requested, we will make the withdrawal in the order described on the next page. A Market Value Adjustment, as described on the next page, may apply unless the funds are withdrawn from the Side Account and deposited into the matching investment account under the policy.

Example: No Market Value Adjustment would apply to funds withdrawn from the Long-term Portfolio Average Side Account and deposited into the investment account under the policy called the Long-term Portfolio Average Account.

How amounts are allocated

Deposits placed in the Side Account will be allocated to the accounts within the Side Account based on the latest instructions you have given us.

When an amount is withdrawn from the policy and deposited into the Side Account or withdrawn from the Side Account and deposited into the policy, it is moved to an account that matches the account it was withdrawn from. If the amount does not meet the minimum requirements for the matching account, the amount will be deposited into the Savings Account within the policy or the Savings Side Account, as applicable.

For a Guaranteed Investment Account or a Guaranteed Investment Side Account, the matching account will have the same name, term, maturity date and interest rate as the account from which the amount was withdrawn.

Amounts transferred within the Side Account

You may 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. A Market Value Adjustment, as described in the following paragraph, may apply.

Market Value Adjustment

A Market Value Adjustment may apply to funds withdrawn from a Portfolio Average Side Account or a Guaranteed Investment Side Account. We will calculate it in the same way as we do for the matching account in the policy, as described in the *Market Value Adjustments* section.

Order of withdrawal

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

1. The balance of the Indexed Holding Side Accounts and Managed Holding Side Accounts will be reduced proportionately, based on the balance in each account at the time of the deduction, until no amount remains in any Indexed Holding Side Account or Managed Holding Side Account.
2. The balance of the Balanced Index Holding Side Accounts will be reduced proportionately, based on the balance in each account at the time of the deduction, until no amount remains in any Balanced Index Holding Side Account.
3. The balance of all Compound Interest Guaranteed Investment Side Accounts will be reduced, starting with the account with the shortest remaining term to maturity and proceeding on that basis until no amount remains in any Compound Interest Guaranteed Investment Side Account.
4. The balance of all Simple Interest Guaranteed Investment Side Accounts will be reduced, starting with the account with the shortest remaining term to maturity and proceeding on that basis until no amount remains in any Simple Interest Guaranteed Investment Side Account.
5. The balance of the Portfolio Average Side Accounts will be reduced proportionately, based on the balance in each account at the time of the deduction, until no amount remains in any Portfolio Average Side Account.
6. The balance of the Savings Side Account will be reduced until no amount remains in that account.

The right to withdraw or change accounts in the Side Accounts

We may make new accounts available within the Side Account in the future. We can also change or discontinue any account we offer. If we change or discontinue an account that you have money invested in, we will notify you before we make this type of change. You can choose to transfer any money you have in the account being discontinued to another account we offer at that time. If you don't make that choice within the time period we state in our notice, we'll transfer the balance in the discontinued account to an account that we will identify when we notify you.

The balance of the Side Account

The balance of the Side Account at any time is the sum of the balance of each account within the Side Account. The balance of each account is the sum of:

- any amounts placed in that account, plus
 - any interest earned
- minus
- any amount taken out of the account, including any Market Value Adjustments and charges that apply.

The Cash Value of your Side Account at any given time equals the balance of the Side Account, minus any Market Value Adjustments that apply.

Policy assignment and termination

If you use your contract as security for a loan or if you or your estate transfers ownership of the contract, we will consider your Side Account to have been transferred, assigned or hypothecated with the contract, unless we receive written notice at that time stating that this is not the case. If you choose not to transfer ownership of the Side Account at the same time or in the same manner as you transfer ownership of the policy, we will pay the value of the Side Account to you. We will not register a separate assignment of the Side Account.

When your insurance contract ends, we will close your Side Account and pay the balance, less any Market Value Adjustments, to you or your estate, unless prohibited by law.

Payment if an owner dies

Since the Side Account does not form part of your contract, it will never be paid out as part of a death benefit to a beneficiary. Instead, if an owner dies and:

- the contract ends, or
- the contract continues with a successor owner taking over the deceased owner's interest in the policy,

then we will pay the value in the Side Account to the individuals who are entitled to this account according to applicable laws. We will not deduct any Market Value Adjustments from the amount payable.

Canadian residency

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

Non-exempt policies

As of the effective date of the *Non-Exempt* provision:

- the terms and conditions of *Appendix 1* will not apply
- any existing Side Account will be terminated, and
- any funds in the Side Account will be refunded to you.



POLICY AMENDMENT

Policy number: 9999999

Policy owner(s): POLICY OWNER'S NAME

In this amendment, *you* and *your* mean the owner of the policy and *we*, *us* and *our* mean The Manufacturers Life Insurance Company. This amendment forms a part of your InnoVision contract. This amendment overrides any provisions in the policy that are inconsistent with it.

This amendment applies if you have chosen to include a Wealth Enhancer Rider on your policy.

The **Continuation Minimum** section described in the Wealth Enhancer Rider provision of your policy is replaced by the following:

“Continuation Minimum.

The monthly Continuation Minimum that applies to this rider is:

For Wealth Enhancer Plus Versions Only:

- The amount needed to pay for the rider for a policy month plus the Deposit Load.
 - In the first coverage year of a Wealth Enhancer coverage, the amount is based on the Level Cost of Insurance rate structure for an Insurance Coverage.
 - After the first coverage year of a Wealth Enhancer coverage, the amount is based on the cost for that coverage.

For All Other Wealth Enhancer Versions:

- The amount needed to pay the Rider Cost for a policy month, plus the Deposit Load.”

A handwritten signature in black ink that reads 'D'Alessandro'.

Dominic D'Alessandro
President and Chief Executive Officer
The Manufacturers Life Insurance Company