

# TREND

## FREQUENTLY ASKED QUESTIONS ABOUT TREND

Savings   
Transparency   
Simplicity 



# PART 1 - THE PRODUCT

*Let your worries  
float away.*

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## How is the current premium set at issue?

The initial current premium is based solely on age, sex, smoking status and insurance amount. The Trend Index in no way affects the initial premium.

2

## What factors affect the premium at adjustment?

The Trend Index (i.e., the return on long-term provincial bonds) is the only factor that can cause the current premium to fluctuate at adjustment.

3

## What is the frequency for premium adjustments?

The current premium for Trend coverage is adjusted on the 10th anniversary of the contract and every five years thereafter. The current premium is not adjusted after the insured turns 71.

### Here's an example:

An insured is 58 years old. The current premium will be adjusted for the first time 10 years later when the insured is 68. It would normally be adjusted again five years later when the insured is 73, but such adjustments stop once the insured is 71. So in this example, the insured will be 68 at the last adjustment. That premium will remain in effect until coverage ends.

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## Is the premium adjusted automatically at age 71?

No. The premium adjustment period is always the same—on the 10th anniversary of the contract and every five years thereafter. As explained in question 3, the premium is not automatically adjusted at age 71.

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## If the current premium goes down at adjustment, can the face amount be increased automatically?

No. It is still possible to increase the face amount following the usual process with evidence of insurability.

# PART 1 - THE PRODUCT (continued)

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## What is the role of the guaranteed maximum premium in the Trend product?

The guaranteed maximum premium is the highest amount the current premium can be adjusted to. It provides protection for clients who opt for an adjustable premium policy so they know in advance that their adjustable premium will never be higher than the guaranteed maximum.

By choosing to pay the guaranteed maximum premium throughout the contract, clients can be sure to always cover the cost of the insurance, and the difference between the guaranteed maximum premium and the current premium in effect will be invested for them based on the investment options they have selected. In addition, when clients always pay the guaranteed maximum premium, they automatically receive a 0.50% investment bonus.

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## What is the current Trend Index?

For 2013, the Trend Index is 4.0%. This is based on the 5-year average of returns on long-term provincial bonds, which was 4.20% as of September 30, 2012, rounded to the nearest 0.5%.

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## When is the Trend Index calculated?

The Investment Management Department calculates the Index each year on September 30, according to the method set out in the contract. The Index is calculated on September 30 so that the company has 60 days to notify clients of any change in premium, as is required by law. Premium adjustments based on the Index calculated on September 30 take effect on January 1 of the following year and remain in force for the entire calendar year. This was decided to simplify the work of representatives and clients and to accommodate the various administrative systems in use.

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## Why is the initial current premium guaranteed for 10 years?

The company believes that it is important for you and your client to enjoy a degree of premium stability for the first few years of the contract. Given current economic conditions, it is also important to give interest rates time to recover.

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## What happens with PACs at premium adjustment?

A letter (premium change notice) is sent to inform the client that the premium will be adjusted in the coming weeks. The notice indicates the Index used as well as the new premium.

### For clients who pay the:

- **Current premium:** The PAC amount will be changed to the new current premium without further notification.
- **Guaranteed maximum premium:** The PAC amount will remain the same, and the difference between the new current premium and the guaranteed maximum premium will be invested based on the investment options the client has selected. No further notification is sent.
- **Target premium:** The PAC amount will be changed to the new current premium without further notification.

# PART 1 - THE PRODUCT (continued)

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## If the guaranteed maximum premium is attained (the Trend Index is 2.50% or lower), does that mean there will be no further adjustments?

No. The current premium adjustment process remains the same throughout the coverage period until the client turns 71.

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## What additional benefits and riders can be issued for a Trend policy?

**The same as for the Genesis product:**

- Term Life Insurance
- Accidental Death (AD)
- Accidental Death and Dismemberment (AD&D)
- Supplementary Income (SI)
- Accidental Fracture (AF)
- Guaranteed Insurability (GI)
- Hospitalization
- Hospitalization and Home Care
- Paramedical Care in the Event of an Accident
- Contribution in the Event of the Applicant's Disability (CAD)
- Contribution in the Event of the Insured's Disability (CID)
- Contribution in the Event of the Applicant's Death (CADE)
- Child Module
- Child Module PLUS
- Critical Illness
- Child Critical Illness

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## What happens to the CAD, CADE, and CID when the current premium fluctuates?

The coverage amount selected at issue will remain the same, even if the current premium is adjusted. In the illustration software, the coverage amount choices are different from those for Genesis.

### **Initial current premium:**

The determined amount is the initial current premium, and this keeps the coverage in force for the term of the contract, even if the current premium goes up.

### **Guaranteed maximum premium:**

The determined amount is the maximum premium that the client will pay if interest rates go down to the lowest level in the schedule, and this keeps the coverage in force for the term of the contract, even if the current premium goes up.

### **Target premium:**

The amount selected by the client will remain in effect for the term of the contract.

## PART 2 - CONTRACT CONVERSIONS



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### Can a term product be converted to a Trend product?

Yes. Any term life insurance product can be converted into Trend coverage in accordance with current conversion terms.

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### May a client change plans?

Clients may change plans within 13 months of contract issue.

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### May a client pay the guaranteed maximum premium for a time, then pay the current premium?

Yes. Clients are free to choose the premium they pay so long as they comply with the lapse clause.

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### What happens with the bonus payment (when the client pays the maximum premium each year) if the last PAC of the year is deducted after the policy anniversary?

The bonus is paid even if the last PAC premium of the year is paid after the annual policy anniversary.

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### What is the maximum face amount?

When the face amount exceeds \$10 million, a special quotation is required.

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### Which types of extra premiums fluctuate with the current premium?

Extra premiums that are expressed as a percentage are adjusted based on the Trend Index just like the current premium for Trend coverage. On the other hand, extra premiums that are in dollars per thousand for both permanent and term policies are 100% guaranteed under the contract and are not adjusted based on the Trend Index.

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### What is the commission on a Trend policy?

The Genesis commission schedule applies to Trend policies as well.