EquiBuild

LIFE INSURANCE

PRODUCT GUIDE

iA Financial Group

For exclusive use by Financial Advisors

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Please note that in this document, the words "contract" and "policy" have the same meaning and are used interchangeably.

This guide is a reference tool for advisors. Please refer to the contract for more information on the features or to confirm specific details. In the event of a discrepancy between this guide and the contract, the terms of the contract prevail.

1. INTRODUCTION TO EQUIBUILD

EquiBuild is a life insurance product with great flexibility to meet your clients changing needs. This universal life insurance plan provides strong Guaranteed Cash Surrender Values that begin to accumulate at issue, and long-term sustainable growth of the Death Benefit through optional Paid-Up Additional (PUA) Coverage. Your clients have the option to purchase PUA Coverage, to increase the Face Amount and the Guaranteed Cash Surrender Values, using the EquiBuild Bonus and/or Excess Premium.

Your clients can choose from among three EquiBuild versions:

- **Lifetime Payment**
  Premiums are levelled and payable to age 100.
- **15-year Payment**
  Policy premiums are paid up after 15 years. EquiBuild 15-year Payment makes it possible to save more money, more rapidly than EquiBuild Lifetime Payment.
- **EquiBuild with Integrated Coverage**
  Integrated Coverage is added to the basic lifetime payment coverage and allows your clients to take advantage of a higher initial face amount without increasing premiums.

Base coverage

EquiBuild base coverage corresponds to the face amount at issue, to which is added, if applicable, paid-up additional insurance and the accumulation fund in case of death.

2. SUMMARY OF THE PRODUCT

LIFE INSURANCE COVERAGES

- Lifetime Payment: Level premiums payable to age 100
- 15-year Payment: Level cost payable in 15 years
- Optional Integrated Coverage
- Optional paid-up additional life insurance (PUA)
- Optional term life insurance riders

COVERAGE OPTIONS

- Individual — Maximum one life insured
- Joint last-to-die — Maximum two lives insured

AGE AT ISSUE	Lifetime Payment	Integrated Coverage OR 15-year Payment
• Individual	0 to 85	0 to 70
• Joint last-to-die	15 to 85[1]	15 to 70[2]

[1] Both insureds must be aged between 15 and 85.

[2] Both insureds must be aged between 15 and 70.

DEATH BENEFIT

- Face amount + Fund

COST OF INSURANCE

- Lifetime Payment coverage: Level to age 100
- 15-year Payment coverage: Level for 15 years
- Integrated Coverage: Level during the initial period of 10 or 20 years and YRT thereafter.

GUARANTEED CASH SURRENDER VALUE (GCSV)

Lifetime Payment coverage, the 15-year Payment coverage and any PUA coverage each has an associated GCSV

EQUIBUILD BONUS

- The Base GCSV and any PUA GCSV are eligible for an EquiBuild Bonus
- The EquiBuild Bonus for the Lifetime Payment coverage can be deposited in the Accumulation fund or can be used to purchase PUA coverage.
- For the 15-year Payment coverage, the Bonus must be used to purchase PUA coverage.

PAID-UP ADDITIONAL LIFE INSURANCE (PUA)

Option to purchase PUA coverage with the EquiBuild Bonus and/or with an annual deduction from the Accumulation fund

INVESTMENT ACCOUNTS

Guaranteed Interest Accounts

- Daily Interest Account
- Fixed-Term Accounts (5 years and 10 years)

Index-based Accounts

Market Index

- Bonds
- Canadian Stocks
- Global Stocks
- International Stocks
- European Stocks
- U.S. Stocks
- U.S. Stocks / DAQ

Active Management

- Dividend Growth (iA)
- EquiBuild (iA)

Life Investment Account (LIA)

POLICY LOANS

- Cash loan advances
- Automatic loan advances to keep the policy in force

DISABILITY BENEFIT

To be paid from the Accumulation fund and, if requested, from the GCSV, without tax impact, if the insured meets the disability criteria as defined in the contract.

INTEGRATED COVERAGE (Not available with 15-year Payment Coverage)

Temporary Coverage offset by PUA Coverage over time. May be elected at issue as long as the Bonus PUA Option and/or the Fund PUA Option are elected. Two COI Options available:
Integrated Coverage 10 – Level COI for 10 years and YRT thereafter
Integrated Coverage 20 – Level COI for 20 years and YRT thereafter

RIDERS

- Conversion from Individual to Joint last-to-die (JLTD)
- Term life insurance riders (this rider is only available only during the course of the contract)
  - T10 (R&C), T20 (R&C), (Renewable and Convertible)
  - Pick-A-Term T25 and T30
- Disability Credit
- Critical Illness
- Child Module
- Supplementary Income (SI)

ADDITIONAL BENEFITS

- 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)

SURRENDER CHARGES: NONE

POLICY FEES: NONE

3. GENERAL PRODUCT FEATURES

3.1 Death benefit

The death benefit option is: **FACE AMOUNT + FUND**

At the death of a life insured, the tax-free death benefit is paid as follows:

Payment of the face amount

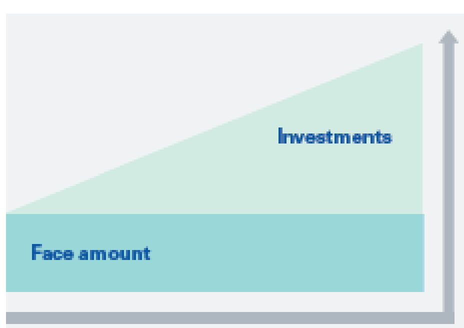
The face amount is paid to the deceased insured's beneficiary (on the last death if JLTD). The face amount includes:

- EquiBuild Lifetime Payment coverage or 15-year Payment coverage face amount;
- Integrated Coverage face amount, if any;
- EquiBuild PUA coverage face amount, if any;
- Any Term life insurance coverage face amount, if any.

Payment of the Accumulation fund

The Accumulation fund (and the Shuttle fund, if any), net of any amount owed to the Company is paid to the beneficiary of the funds.

The owner may designate one or more beneficiaries who will receive, upon the death of either life insured, a benefit equal to a predetermined percentage of the fund. This election of the beneficiary of the fund and the percentages must be made prior to the death of the life insured.



The fund accumulates in accordance with the tax exempt status of the policy.

Under a joint last-to-die coverage, where both insured lives die at the same time or in circumstances which make it impossible to determine which of them died first, the youngest deceased life insured will be deemed to have been the last of them to die and the death benefit will be paid accordingly.

3.2 Premiums

3.2.1 Premium payment

- Depending on their objective, the client can elect to pay as little as the minimum amount required to keep the policy in force, or as much as the maximum premium established by law that allows the contract to maintain its tax-exempt status.
- The client can pay premiums on an annual basis or on a monthly PAC (Pre-Authorized Cheque) basis. The monthly premium is calculated by dividing the annual premium by 12.
- The client can also make additional deposits at any time or elect to temporarily cease premium payments if permitted by the value of the Accumulation fund. COI continue to be payable and Monthly Deductions continue to be taken from the Accumulation fund even if premium payments are suspended.

  The policy owner can also benefit from an automatic loan advance to keep the policy in force, as described in section 17.
- All amounts paid in excess of the maximum premium are transferred to the Shuttle fund. Amounts in the Shuttle fund are transferred to the Accumulation fund when possible, while maintaining the tax-exempt status of the policy.

3.2.2 Minimum premium

- The total minimum premium of the contract includes:
  - The cost of insurance for the:
    - Lifetime Payment coverage or 15-year Payment coverage
    - Integrated Coverage, if any
    - Riders, if any
    - Additional benefits, if any
  - Extra premiums, if any
  - Provincial premium tax
- The Company reserves the right to adjust the minimum premium to take into account any addition, withdrawal, provincial premium taxes or modification of any benefit or change in the risk category.
- The costs of insurance are the same for all provinces but the minimum premium varies according to the premium tax rate in effect in each province at the time a premium is received.

3.2.3 Maximum premium

The maximum premium is the highest amount the client can pay each year while maintaining the exempt status of the contract. This premium takes into account all benefits in effect.

3.2.4 **Premium taxes**

For all premiums received (minimum and excess premiums), provincial premium taxes are deducted and the net premium is deposited in the Accumulation fund.

Any increase in the applicable provincial tax may affect the minimum premium. If the target premium (the premium the client has chosen to pay) becomes insufficient to keep the contract in force, the Company reserves the right to increase it.

No premium taxes are charged for amounts transferred or paid into the Shuttle fund.

3.2.5 **Monthly deductions**

On each monthly anniversary, the following amounts are deducted from the Portfolio Account of the Accumulation fund:

- The cost of insurance due in respect of Lifetime Payment coverage or 15-year Payment coverage,
- The monthly cost associated with any Integrated Coverage,
- The monthly cost associated with each rider,
- The extra premiums due, if any.

The Company reserves the right to, at all times, maintain sufficient funds in the Portfolio Account to cover the monthly deduction until the next billing. Indeed, if the Portfolio Account balance is insufficient to cover the monthly deduction, we will transfer from the investment accounts, according to the "Designated Deduction Accounts" (DDA), an amount equal to the shortfall plus an amount equal to the monthly deductions due until the next scheduled premium due date.

If, on a monthly anniversary, the balance of the Accumulation fund **(Portfolio Account + investment accounts [excluding the termination value of the Life Investment Accounts])** is insufficient to cover the monthly deductions, where possible, we will cover any shortfall with an automatic loan advance (see section 17).

3.3 Grace period and lapse

When the value of the Accumulation fund (excluding the Life Investment Accounts) is insufficient to cover a monthly deduction, the contract will remain in force for a grace period of 31 days.

At the end of the grace period, if the balance of the Accumulation fund (excluding the Life Investment Accounts) is still insufficient to cover the monthly deduction, where possible, the Company will make an automatic loan advance to cover the shortfall (see section 17).

The maximum automatic loan advance will be based on:

90% x (Value of the Accumulation fund + Total GCSV) **–** Current Loan

If the amounts owed to the Company exceed the surrender value of the contract (see section 16.1.1), failure to cover the shortfall will result in a lapse at the end of the grace period. The contract will be subject to termination without prior notice.

3.4 Reinstatement

If the contract terminates, as described in the preceding section, it may be reinstated within two years following the date of the lapse, once the following conditions have been satisfied:

- The client has sent a request to reinstate his contract, and
- The client has provided evidence which establishes, based on the Company's underwriting rules at the time of the reinstatement, that each life insured meets the conditions required to be accepted for coverage, and
- The client has paid an amount sufficient to cover:
  - All unpaid monthly deductions, *plus*
  - Any other amounts owed to the Company, *plus*
  - Interest compounded annually.

Once the contract is reinstated:

- The two-year period that applies to suicide and incontestability will begin on the effective date of reinstatement,
- The investment accounts surrendered upon termination, if any, are not restored. Nevertheless, when the contract is reinstated, the client can make new investments.

The contract may not be reinstated if the total surrender value has been paid.

3.4.1 Suicide

If a life insured commits suicide within the two-year period following the issue of a coverage, the death benefit payable upon the suicide for that coverage will be limited as follows:

For an individual coverage

<u>Paid to the beneficiary of the death benefit:</u>

- The sum of the costs of insurance paid for the Lifetime Payment coverage or EquiBuild 15-year Payment coverage, *plus*
- The sum of costs paid to purchase the PUA, *plus*
- The sum of the costs of insurance paid for any Integrated Coverage, plus
- The sum of the costs of insurance paid for any term insurance rider, *plus*
- Any extra premiums paid

<u>Paid to the beneficiary of the funds:</u>

- The value of the Accumulation fund, *plus*
- The market value of the Shuttle fund, <u>*less*</u>
- The amounts due to the Company

For a JLTD coverage

- When the life insured who commits suicide is not the last surviving insured:
  No death benefit will be payable and the coverage will remain in force.
- When the life insured who commits suicide is the last surviving insured:
  The death benefit is the same as described above (for an individual coverage).

4. PAID-UP ADDITIONAL INSURANCE (PUA)

On each policy anniversary, the client can buy additional life insurance which is paid-up on the day on which it is purchased.

On the day the PUA coverage is purchased, it has an associated guaranteed cash surrender value equal to the amount used to purchase the PUA coverage (see section 5).

4.1 How to purchase PUA

The option to purchase PUA coverage must be elected upon issuance of the policy.

The client may choose either option or both options. The options are as follows, and can only be selected at issue:

Bonus PUA option

- PUA coverage will be purchased with the EquiBuild Bonus (see section 6).
- Once elected, the Bonus PUA option can be cancelled by the client, or if necessary, by the Company (see section 4.2).

Fund PUA option

PUA coverage will be purchased with a predetermined amount (the PUA Allocation elected by the client) which will be deducted from the Accumulation fund (excluding the Life Investment Accounts) to the extent possible.

- **For lifetime payment coverage or 15-year Payment coverage:**
  Once elected, the PUA Allocation cannot be increased but can be reduced by the client or, if necessary, by the Company.
- **For the Integrated Coverage**:
  The PUA Allocation automatically increases. For more detail, refer to section 9.

Subsequently, the client may cancel the elected purchase mode, but cannot add one.

- If he buys with the Bonus only, his sole option is to stop.
- If he buys with the PUA Allocation only, his sole option is to stop.
- If he buys with the Bonus and the PUA Allocation, he can stop either one or the other or both.

When additional PUA coverage is purchased with the Fund PUA option, a charge of 5.5%, called the "Allocation Charge", is deducted from the amount withdrawn from the Accumulation fund, and the remainder is used to purchase the PUA. The PUA allocation and the Allocation charge are indicated on the policy Specifications pages.

All PUA purchases are made once a year on the policy anniversary.

In cases of extra premium due to dangerous activities or certain health conditions, purchasing additional PUA coverage with a PUA Allocation will not be allowed even if the extra premium is subsequently cancelled. However, in such cases, a PUA Allocation will be allowed for EquiBuild with Integrated Coverage, but only to the extent that the PUA Allocation offsets reductions in the cost of Integrated Coverage under the automatic process described in section 9.

4.2 Maximum PUA purchase

- A lifetime maximum limit of PUA face amount could be determined by the Company upon issuance of the policy. If applicable, this limit will appear on the contract Specifications pages.
- Purchases of additional PUA coverage may be reduced or disallowed when such a purchase would cause the policy to lose its exempt status.
- If, under the Fund PUA option, in two consecutive years, the value of the accumulation fund excluding the value of the Life Investment Accounts has been less than the PUA Allocation, the PUA Allocation will be reduced for the duration of the contract. The new PUA Allocation will be the greater of the amounts used to purchase PUA in these two years.

4.3 PUA charge

PUA charge is the dollar amount used to purchase additional PUA coverage at the end of any Policy Year.

- The rates for PUA coverage are structured on a single payment basis.
- The rates, called ''PUA Factors'', are guaranteed at issue.
- The table of PUA Factors is indicated on the policy Specifications pages.
- PUA factors are expressed in dollars per $1,000 of face amount.
- Rates are based on attained age, sex, tobacco status and rate bands which are related to the Lifetime Payment coverage or 15-year Payment coverage face amount.

Lifetime /15-year Payment coverage face amount	Rate band used for the PUA purchase
$0 to $199,999	Band A
$200,000 and over	Band B

5. GUARANTEED CASH SURRENDER VALUE (GCSV)

Lifetime Payment coverage, 15-year Payment coverage and any PUA Coverage all have an guaranteed cash surrender value.

- **Base GCSV** in the case of Lifetime Payment coverage and 15-year Payment coverage
- **PUA GCSV** in the case of PUA Coverage
- **Total GCSV** is the sum of the Base GCSV and the PUA GCSV

- All Base GCSV and PUA GCSV are guaranteed at issue.
- The Base GCSV for each policy year is indicated on the contract Specifications pages.
- The PUA GCSV for any policy year can be calculated, using the PUA factors shown in the contract Specifications pages.
- The GCSV starts growing as early as at the first monthly anniversary. The Base GCSV and the PUA GCSV increase on each monthly anniversary and remain level until the following monthly anniversary.
- The total GCSV is not payable at death.
- The GCSV is payable to the client, in whole or in part, when EquiBuild coverages are reduced or surrendered. Any request to reduce coverage will first apply to the PUA coverage and then, if necessary, to the Lifetime Payment coverage or the 15-year Payment coverage.
- The total GCSV is available as collateral for policy loan advances, whether initiated by the client or initiated by the Company for the purposes of covering monthly deductions, as described in section 17.

6. EQUIBUILD BONUS

The EquiBuild Bonus allows the client to increase the policy values with either of the following two options:

The Bonus PUA Option

Under this option, any EquiBuild Bonus is used to purchase additional PUA coverage, which has an associated GCSV.

OR

The Bonus Deposit Option (Not available with EquiBuild 15-year Payment Coverage)

Under this option, any EquiBuild Bonus is deposited in the Portfolio Account of the Accumulation fund.

6.1 The EquiBuild Fund Declared Rate

- The EquiBuild Fund Declared Rate is used to calculate the EquiBuild Bonus which is payable on the policy anniversary in the forthcoming calendar year.
- The EquiBuild Fund Declared Rate in any year is set by applying a smoothing formula on the annual returns earned on a portfolio of diversified assets managed by our internal portfolio managers.

6.2 The EquiBuild Bonus

- Is calculated on the total GCSV
- Is granted on each policy anniversary when the EquiBuild Fund Declared Rate is greater than the threshold rate indicated on the contract Specifications pages
- Is calculated on each policy anniversary as follows:
  (EquiBuild Fund Declared Rate – Threshold rate of 3.5%) x Average total GCSV[1]
- The Bonus can be used under one (only one) of the following options:
  - Bonus PUA Option
  - Bonus Deposit Option (not available with EquiBuild 15-year Payment Coverage)
- If the Bonus is credited to the accumulation fund, it is invested according to the client's automatic investment instructions (AII)

[1] Average total GCSV = (Total GCSV at the end of the year (excluding PUA purchase at the end of the year) + Total GCSV at the beginning of that year) ÷ 2

7. EQUIBUILD – LIFETIME PAYMENT

7.1 Coverage options

- **Individual**
  - Life Insurance coverage issued on only one life.
  - The death benefit is payable at the death of the life insured.
- **Joint last-to -(JLTD)**
  - Life Insurance coverage issued on two lives.
  - The death benefit is payable when the last life insured dies.
  - The death benefit payable to the beneficiary of the funds may be paid on each death (see section 3.1).
  - The cost of insurance is payable until the last death.

7.2 Issue Ages

Issue age limits are as follows:

Types of coverage	Lifetime Payment Coverage
Individual	0 to 85
Joint last-to-die	15 to 85[1]
[1] Both insureds must be aged between 15 and 85.	

7.3 Cost of insurance (COI)

The COI rates are based on the age, sex, tobacco use and face amount when the contract is issued.

The cost of insurance is levelled throughout the premium payment period.

7.4 Payment period

Coverage Option	Paid-Up day
Individual	The day prior to the coverage anniversary where the life insured's age is 100
Joint last to die	The day prior to the coverage anniversary where the youngest life insured's age is 100

7.5 Rate Bands

Rates for Lifetime Payment coverage are based on the face amount at issue. They are offered according to the following bands:

Band	Face amount ($)
1	25,000 to 49,999
2	50,000 to 99,999
3	100,000 to 199,999
4	200,000 to 499,999
5	500,000 to 999,999
6	1,000,000 to 1,999,999
7	2,000,000 and over

These bands apply to the face amount for each coverage, including any term riders, and not to the combined insurance coverage.

7.6 Joint last to die

Available on a last-to-die basis only, joint insurance covers the lives of two individuals and provides for the payment of the face amount when the last insured dies.

7.6.1 Joint last to die rates

Rates are calculated according to the equivalent age. The equivalent age is calculated in the EquiBuild illustration software.

7.6.2 Medical requirements

Each insured is subject to the medical requirements corresponding to their real age (and not the equivalent age).

7.7 Underwriting classifications

Non preferred underwriting applies. The non-preferred rate categories are:

- Smoker
- Non-smoker

8. EQUIBUILD - 15-YEAR PAYMENT

EquiBuild 15-year Payment is an additional version of the EquiBuild product that allows your client to pay up the cost of insurance on his or her policy within 15 years.

EquiBuild 15-year Payment Coverage is not a rider that can be added to an EquiBuild policy, but rather a choice to be made at contract issue that determines the cost of insurance method for the UL coverage under the policy.

Integrated Coverage 10 and 20 are not available with EquiBuild 15-year Payment Coverage.

8.1 Policy Fee and Premium Tax

Minimum Premium

There will be a guaranteed fee of 3% to cover the premium tax. This fee does not vary by province and cannot increase due to future changes in provincial premium tax. Consequently, the minimum premium will not increase in the event of an increase to the premium tax in your province of residence.

Excess Premium

Premium tax is charged on all amounts paid into the Accumulation fund which exceeds the Minimum Premium. This charge is equal to the premium tax rate in force in your province of residence at the time of any Premium payment multiplied by the amount of the Premium payment.

8.2 Coverage Options

- **Individual**
  - Maximum one insured
  - The death benefit is paid out upon the death of the insured.
- **Joint last-to-die (JLD)**
  - Two lives maximum, no additional insured
  - The death benefit is paid out upon the death of the last insured.
  - The accumulation fund can be paid out to the beneficiary of the fund upon each death (see section 3.1).
  - Insurance costs are paid out until the last death.

8.3 Issue Age

Coverage option	Age at issue
Individual	0 to 70
Joint last-to-die	15 to 70[1]

[1] Both insureds must be between 15 and 70 years of age.

8.4 Cost of Insurance (COI)

The COI is based on age, sex, tobacco use and face amount at issue. They are level and guaranteed during all the premium payment period.

8.5 Payment period

The premium payment period is 15 years starting the date of issue.

8.6 Rate Bands

COI rates are based on rate bands which are related to the coverage face amount at issue:

Band	Initial 15-year Payment Coverage Face Amount
1	$25,000 – $49,999
2	$50,000 - $99,999
3	$100,000 - $199,999
4	$200,000 - $499,999
5	$500,000 - $999,999
6	$1,000,000

These bands apply to the face amount of each coverage and not to the combined coverages.

8.7 Joint last-to-die

Available on a last-to-die basis only, joint insurance covers the lives of two individuals and provides for the payment of the face amount when the last insured dies.

8.7.1 Joint last-to-die rates

Rates are calculated according to the equivalent age. The equivalent age is calculated in the EquiBuild illustration software.

8.7.2 Medical requirements

Each insured is subject to the medical requirements corresponding to their real age (and not the equivalent age).

8.8 Underwriting classifications

Non preferred underwriting applies to 15-year Payment. The non-preferred rate categories are:

- Smoker
- Non-smoker

8.9 Multilife Coverage/Addition of Protection

Not available. The client must apply for a new contract.

8.10 Paid-Up Additional Insurance (PUA) Option

Where the client chooses EquiBuild 15-year Payment, the EquiBuild Bonus must be used to purchase paid-up additional insurance.

Purchase of PUA from the fund (PUA allocation)

The option to purchase PUA coverage must be elected upon issuance of the policy. Once determined, the PUA allocation amount does not increase but the client or, if applicable, the company can reduce it.

See section 4.1 for more information regarding PUA purchase criteria.

8.11 Guaranteed Cash Surrender Values (Base GCSV)

The Base GCSV for EquiBuild 15-year Payment coverage has its own rates, which are higher than the Base GCSV rates for EquiBuild Lifetime Payment coverage. The contract specifications pages indicate the Base GCSV for the 15-year Payment Coverage.

8.12 EquiBuild Bonus

The Bonus must be used to purchase PUA. The Bonus will be higher than that paid on an EquiBuild Lifetime Payment coverage policy since the cash surrender values will be higher for EquiBuild 15-year Payment coverage.

8.13 Guaranteed Insurability (GI)

Guaranteed insurability is automatically included with EquiBuild 15-year Payment Coverage if the life insured is between 0 and 20 years of age and is granted standard rates at issue. It offers the applicant the option to purchase additional amounts of insurance on the life of the insured, without evidence of insurability. The applicant may exercise the purchase options at specific ages or upon specific events prior to the insured's age 40.

- **Conditions**

  A purchase option can be exercised in the 31 days following the insured's 20th and 25th birthdays and in the 31 days after any of the following events: earning of a college or university degree, marriage of the insured, birth or adoption of a child.

  - Minimum: $10,000
  - Maximum per subscription: 100% of the initial face amount, to a maximum of $50,000
  - Overall maximum face amount of $150,000 purchased under any guaranteed insurability option during the Insured's lifetime for all policies in force with us on the life of the Life Insured.

- **Purchase Options**

  - The number of purchase options is limited to two purchase options before the insured reaches age 40.
  - When a purchase option is exercised, we will issue a new whole life insurance policy that is available on the purchase option date with a face amount equal to the elected purchase option amount.

- The insurance premium for the new policy will be based on the rates in effect and the attained age of the insured on the issue date of the new policy, and according to the same risk class (sex and tobacco status) as the basic contract to which the guaranteed insurability is attached.

8.14 Riders and Additional Benefits

Riders and additional benefits available with EquiBuild 15-year Payment are the same as with the base coverage. See sections 10 and 11 to see the full offer.

9. EQUIBUILD WITH INTEGRATED COVERAGE
(Not Available with EquiBuild 15-year Payment Coverage)

Integrated Coverage allows your clients to meet their insurance need by adding a layer of affordable temporary Integrated Coverage on top of their Base Coverage. By purchasing Integrated Coverage, it is possible to obtain an initial higher face amount for the same premium.

9.1 Characteristics and Mechanics

About Integrated Coverage

- The client can choose between **Integrated Coverage 10** and **Integrated Coverage 20** (see section 9).
- The Integrated Coverage face amount is gradually replaced by an increase in the face amount resulting from the purchase of PUA coverage.

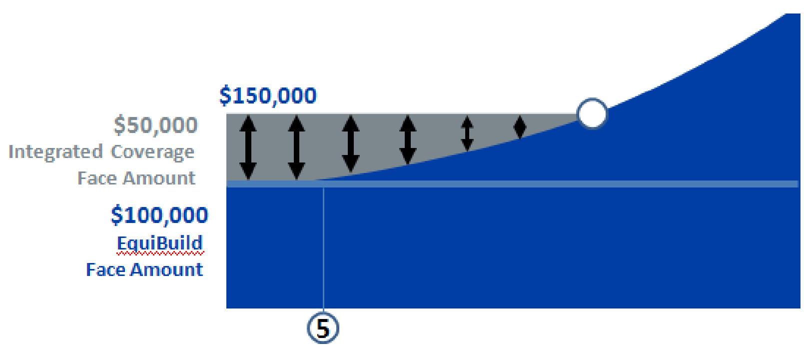
Integrated Coverage main features:

- Only available for EquiBuild policy
- Only available at the time of EquiBuild policy issue
- Can only be purchased if the client chooses the Bonus PUA Option and/or the Fund PUA Option.
- Does not have a surrender value, therefore there is no bonus payable in association with the Integrated Coverage

How Integrated Coverage works

The face amount of the Integrated Coverage remains level for the five first years.

On the fifth policy anniversary, the face amount will automatically reduce by an amount equal to the total PUA Coverage amount then in force under the policy. Thereafter, on each subsequent policy anniversary, the face amount will be decreased further by the amount of any additional PUA Coverage purchased on that policy anniversary.



As the Integrated Coverage decreases annually, its cost reduces accordingly. The PUA Allocation will automatically increase each year by an amount equal to this cost reduction. If a client does not wish to have the PUA Allocation increased as described above, they can make a written Request each year.

- If the PUA Allocation reaches the maximum PUA Allocation amount indicated on the Policy Specification Pages, any further automatic reduction in the Integrated Coverage face amount will no longer increase the PUA Allocation.
- If, at any time, the client cancels any Bonus PUA Option or if the maximum is reached, leaving no option to purchase future PUA Coverage, the Integrated Coverage face amount will remain level until the contract maturity.
- After the first 10 or 20 years of the policy (depending on whether the client has chosen Integrated Coverage 10 or Integrated Coverage 20), coverage continues at YRT costs.
- The Integrated Coverage terminates when its face amount reaches $0.

9.2 Coverage Options

Integrated Coverage is issued with the same coverage option as the EquiBuild Lifetime Payment coverage to which it is attached. Coverage options are:

- Individual
- Joint last-to-die for two lives

9.3 Issue Age

Coverage Option	Issue Age
Individual	0 to 70
Joint last-to-die	15 to 70[1]
[1] Both insureds must be aged between 15 and 70.	

9.4 Cost of Insurance (COI)

Integrated Coverage has two COI options:

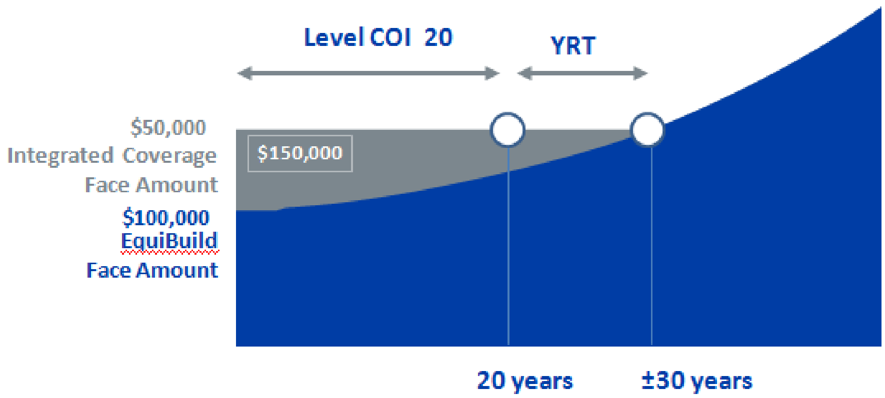
- **Integrated Coverage 10:**

  COI rates are level and guaranteed during the fixed premium rate period of 10 years and YRT thereafter.

- **Integrated Coverage 20:**
  COI rates are level and guaranteed during the fixed premium rate period of 20 years and YRT thereafter.

COI rates are based on age, sex, tobacco use and face amount at issue.

The monthly cost associated with the Integrated Coverage will decrease beginning on the fifth policy anniversary to the extent that the associated face amount decreases as a result of the PUA Coverage purchased.



9.5 Payment Period

Integrated Coverage COI is payable until the first of the following events occurs:

- The coverage termination date (the date the face amount reaches $0), or
- The date the Coverage is paid-up as follows:

Coverage Option	Paid-Up day
Individual	The day prior to the coverage anniversary where the life insured’s age is 100
Joint last-to-die	The day prior to the coverage anniversary where the youngest life insured’s age is 100

9.6 Rate Bands

COI rates are based on rate bands which are related to the Integrated Coverage face amount at issue:

Band	Initial Integrated Coverage Face Amount
1	$50,000 - $99,999
2	$100,000 - $199,999
3	$200,000 - $499,999
4	$500,000 and over

9.6.1 Reduction of the Face Amount

- At any time, the client can make a request to reduce the Integrated Coverage face amount.
- The reduction cannot result in a face amount lower than $10,000.
- A reduction in the face amount can result in a change of rate band.

Example: 10 years after the policy issuance, a request is made to reduce the face amount of the Integrated Coverage to $100,000. What is the impact on the premium?

	Year 0	Year 10 Before Reduction	Year 10 After Reduction
Face Amount	$1,000,000	$400,000*	$100,000
Bands	4	4	2
* Reduction comes from a PUA purchases of $600,000.			

Following the client-initiated reduction of the Integrated Coverage face amount, the premium will be calculated using Band 2 COI rates.

9.7 Joint Last-to-Die Coverage

Integrated Coverage is available on the same two lives insured under the Lifetime Payment coverage.

9.7.1 JLTD Rates

Rates are calculated according to the percentage rule:

1º The individual premiums are totalled
2º A percentage discount is applied according to the following premium discount chart:

Age difference	Rate discount
0 to 10 years	65%
11 years and over	60%

9.7.2 Medical Requirements

Each insured is subject to the medical requirements corresponding to their real age (and not the equivalent age).

9.7.3 Option to Modify an Individual Coverage to a Joint Last to Die Coverage

If the EquiBuild Option to modify an individual coverage to a joint last-to-die coverage is exercised, Integrated Coverage is included in the transaction. For further details, see section 15.1 (option in the policy) or section 10.1 (rider).

The joint premium amount will be based on the COI rates that are in effect on the effective date of the policy. For the premium calculation method, refer to sections 7.6.1.

9.8 Underwriting classifications

- The **non-preferred** rate categories that apply to Integrated Coverage are: Smoker and Non-smoker.

10. RIDERS

Following riders are offered with Lifetime Payment, 15-Year Payment or EquiBuild with Integrated Coverage (see also: section 11 Additional Benefits):

- Conversion from individual to joint last-to-die
- Term life insurance*****
- Disability Credit (See details in the Riders and Additional Benefits Guide)
- Critical Illness (T10 (R&C), T20 (R&C), T75, T100*****
- Child Module (Child Module PLUS not offered) *****
- Supplementary Income (SI)*****

Please note that term life insurance riders are not available upon issue of the contract but only during the course of the contract.

***** See all details in the **Riders and Additional Benefits Guide**, available in the Advisor Centre.

10.1 Conversion of an individual coverage to a joint last-to-die coverage – Rider option

This rider entitles the client to modify an individual EquiBuild coverage, in its entirety, to a joint last to die coverage.

To exercise this rider, the following terms and conditions apply:

- The rider must be elected at issue of the EquiBuild policy.
- Evidence of insurability for the life to be added must be provided at issue.
- Age at issue: 15 to 70 for both lives insured
- Both insureds must be under 75 years of age on the modification date.
- The modification request must be made in writing, any time after the fifth policy anniversary.
- Under no circumstances can the total face amount after the conversion exceed the face amount before the conversion.
- The Base GCSV and the PUA GCSV are recalculated. Should the total GCSV after the modification be less than the total GCSV at the time of the modification, the difference will be credited in the accumulation fund. Should the total GCSV after the modification exceed the total GCSV at the time of the modification, a payment will be required from the policy owner.
- The life insured to be added must be rated to a maximum of 100% extra premium.
- No conversion is allowed while benefits are being paid under CID, CAD or CADE coverage.
- If the rider was issued before January 1st, 2017, any Individual term life insurance coverage that the contract might contain remain individual. Otherwise, it must be either dissociated or terminated.
- The Company reserves the right to terminate any rider or additional benefit when the modification takes place.
- The Company cannot guarantee that there will not be a balance in the Shuttle fund following the conversion.

- Transaction fees will apply at the time of conversion.

Further to the conversion, an amended contract with the following features will be issued:

- The issue date will remain the same as before the conversion, since it is a continuation of the initial contract.
- The equivalent age for the new joint coverage will be calculated according to the ages at issue of the contract and the calculation method that was in effect at issue of the contract.
- The Suicide and Incontestability provisions begin for a period of two years from the effective date of the rider with regard to the added life insured and statements made at that time. In the event the added insured commits suicide, the protection will be established on an individual basis as before the conversion and COI in arrears may be charged.
- All the general conditions of the contract will remain exactly the same as they were prior to the modification.
- After the change, Lifetime Payment coverage, 15-year Payment coverage and PUA coverage, become automatically rated as follows:
  - Using the age of the first life insured on the effective date of the individual coverage;
  - Using the rate category of the first life insured on the effective date of the individual coverage or reinstatement date of the contract;
  - Using the age of the added life insured on the effective date of the individual coverage, adjusted for the increased mortality risk on the effective date of the modification; taking into account the number of years that have elapsed since the issue of the contract, as follows:

Number of years	Increased mortality risk
0 to 5	0%
6 to 10	25%
11 to 15	50%
16 or more	100%

  - Using the rate category of the added life insured on the effective date of the individual coverage;
  - Using the equivalent age calculation method in effect on the effective date of the individual coverage or reinstatement date of the contract;
- The minimum premium is recalculated at the time of the modification.
- Any extra premium that applies to a life insured will be considered and may result in a new and permanent extra premium.

10.2 Term riders

The following term riders are offered:

- Renewable and convertible: T10(R&C) and T20(R&C)
- Pick-A-Term: T25 and T30

10.2.1 Term rider features

- Term riders can be added only during the course of the contract, subject to the maximum issue age and underwriting. They are available on the lives insured under the Lifetime Payment coverage or the 15-Year Payment coverage.

	T10(R&C)	T20(R&C)	Pick-A-Term T25	Pick-A-Term T30
Min. / Max. face amount	$25,000 to $20,000,000		$25,000 to $20,000,000	
Age at issue, individual coverage	0-70 years	0-70 years	0-60 years	0-55 years
Age at issue, JLTD	0-70 years	0-70 years	Not offered on a JLTD basis	
Available on a joint basis*	Yes	Yes	No	No
Costs of insurance	Level for the term, then renewable for the same term at guaranteed rates		Level for the term, then renewable at Yearly renewable term (YRT) rates	
Convertible	Yes, before 71 of age			
Maximum number of protections	1 (individual or joint), in accordance with the EquiBuild Coverage Option	1 (individual or joint) in accordance with the EquiBuild Coverage Option	1 individual if the EquiBuild Coverage Option is Individual – Otherwise none.	1 individual if the EquiBuild Coverage Option is Individual – Otherwise none.
Preferred underwriting	Available for a face amount of $2 000,001 +			

*** It is important to note that, when the policy is JLTD, any term insurance rider must be JLTD.**

- A maximum of four (4) term life insurance riders can be added on an individual policy (one of each type per insured on an individual basis).

- A maximum of two (2) term life insurance riders can be added on a JLTD policy (one JLTD T10 and one JLTD T20).

10.2.2 Rate Bands

COI rates are based on rate bands which are related to the coverage face amount at issue:

Band	Initial Term Coverage Face Amount
1	$50,000 - $99,999
2	$100,000 - $199,999
3	$200,000 - $499,999
4	$500,000 - $999,999
5	$1,000,000 - $1,999,999
6	$2,000,000 or over*

These bands apply to the face amount for each coverage, and not to the combined insurance coverage.

* Eligible for preferred rates starting at $2,000,001

10.2.3 Underwriting classifications

Preferred rates are offered on **term** life insurance **riders only**, for both smoker and non-smoker insureds who are between 15 and 80 years old.

- Preferred underwriting is available for a volume of insurance greater than $2,000,000.
- Class eligibility:
  - Preferred smoker / Preferred non-smoker:
    Eligible to the insured that presents a preferred risk compared to the average insured.
  - Elite smoker / Elite non-smoker:
    Eligible to the insured that presents an ultimate preferred risk compared to the average insured.

These four preferred classes allow the client to obtain a reduced premium based on state of health, physical fitness, lifestyle and family history. However, medical evidence is required to allow underwriting to categorize the insured into the appropriate class. For more details, consult the Preferred Underwriting Information Guide (F13-408A) and the Medical Requirements Table (F13-166A) both available in the Document Centre of the Advisor Centre (Extranet).

10.2.4 Renewal of the riders

- **T10 (R&C)**
  - On the 10th anniversary of the T10 (R&C) and at the end of each subsequent 10-year period, the coverage is renewed without evidence of insurability for a period of 10 years provided that the insured is less than 76 years of age.
  - On the renewal date, if the insured is over 76 but less than 85 years of age, the coverage is renewed until the insured reaches 85 years of age.
- **T20 (R&C)**
  - On the 20th anniversary of the T20 (R&C) and at the end of each subsequent 20-year period, the coverage is renewed without evidence of insurability for a period of 20 years provided that the insured is less than 66 years of age.
  - On the renewal date, if the insured is over 66 but less than 85 years of age, the coverage is renewed until the insured reaches 85 years of age.
  - T10(R&C) and T20 (R&C) renewal premiums are guaranteed and are indicated on the contract Specifications pages. If an extra premium applies to the coverage, renewal premiums include that extra premium.
- **Pick-A-Term T25 and T30**
  - At the end of the term, unless the client advises us otherwise, the Company will automatically renew the coverage without evidence of insurability, for a face amount that does not exceed the face amount of the current coverage, until the insured reaches 100 years of age at the renewal date.
  - The renewal premium is established on a yearly renewable term basis (YRT). Renewal premiums, according to the attained age, are guaranteed and are indicated on the contract Specifications pages.
  - If an extra premium applies to the coverage, renewal premiums include that extra premium.

10.3 Critical Illness, Child Module, Disability Credit and Supplementary Income (SI) riders

See all details of these protections in the **Riders and Additional Benefits Guide**, available in the Document Centre of the Advisor Centre.

11. ADDITIONAL BENEFITS

- The following additional benefits are offered (see also: section 10 Riders):
  - Contribution in the event of the applicant's disability (CAD)
  - Contribution in the event of the applicant's death (CADE)
  - Contribution in the event of the insured's disability (CID) (when the applicant is a Company)

For complete information regarding these additional benefits, please refer to the *Riders and Additional Benefits Guide,* available in the document Centre of the Extranet. Keywords: "riders guide"

12. ACCUMULATION FUND AND SHUTTLE FUND

12.1 Accumulation fund

- Each EquiBuild contract has an accumulation fund. The accumulation fund is comprised of the Portfolio Account and the various investment accounts selected by the client.
- The Accumulation fund and the Shuttle fund (if any), are owned by the client. However, following the death of an insured, the balance of these two funds, net of any amount owed to the Company, is paid tax-free to the beneficiary of the funds.

12.1.1 Portfolio Account

The Portfolio Account is an integral part of the accumulation fund and is the account in which all transactions are carried out.

- How it works:
  - Deposits, deductions and withdrawals are made in the Portfolio Account.
  - On each monthly anniversary, monthly deductions are taken from the Portfolio Account.
- The Portfolio Account is not an investment account and does not qualify for automatic investment instructions (AII) or Designated Deduction Accounts (DDA).
- Interest on the Portfolio Account balance is compounded and credited on each monthly anniversary. The minimum guaranteed interest rate is the greater of:
  - 0%;
  - 100% of the weighted average return of the last 60 months, expressed on an annual basis, of three-year to five-year Canada bonds less 1.00%.

    The weighted average yield is based on the Canada bond rate in effect on the date the Company makes investments by which all contracts of the same type are backed.

12.1.2 Investment accounts

- Deposits are accumulated in the investment accounts elected by the client, up to the maximum amount allowed by law to maintain the contract's tax-exempt status (see section 14 for the available investment accounts).

12.2 Shuttle fund

- The Shuttle fund is structured in the same way as the accumulation fund. It is comprised of:
  - A Portfolio account
  - Same investment accounts except:
    - The EquiBuild Account
    - The Life Investment Account
    - The Fixed-Term Accounts

- The Shuttle fund receives any excess amount that may cause the loss of a policy's tax-exempt status.

- When the balance in the accumulation fund becomes less than the maximum allowed for tax exempt purposes, a transfer will be made from the Shuttle fund to bring the accumulation fund balance up to the tax exempt maximum.
- The annual interest earned in the Shuttle fund is taxable as income.

13. MANAGING THE POLICY FUNDS

13.1 Monthly mode of payment

An amount equivalent to a monthly deduction is kept in the Portfolio account. If the balance of the Portfolio Account becomes insufficient to cover a monthly deduction, we will transfer, according to the DDA, a sufficient amount to make up for the deficit plus a monthly deduction (see section 13.4).

On any monthly anniversary, if the balance of the Portfolio Account is greater than the equivalent of a monthly deduction, the excess will be transferred, subject to any minimum investment requirements, to the various investment accounts according to the automatic investment instructions (AII) (see section 13.3).

13.2 Annual mode of payment

If the client selected the annual mode of payment, upon receipt of the annual premium, if the total Accumulation fund is lower than or equal to two minimum annual premiums, an equivalent amount of the monthly deductions required until the next policy anniversary will be kept in the Portfolio Account.

If, upon receipt of the annual premium, the total Accumulation fund is greater than two minimum annual premiums, only one monthly deduction will be held in the Portfolio Account and the excess will be transferred to the various investment accounts according to the automatic investment instructions (AII).

13.3 Automatic investment instructions (AII)

- AII allows clients to rapidly invest the excess amounts within the Portfolio Account in the investment accounts of their choice. Clients can choose to invest directly in a specific investment account, regardless of their AII.

- The AII must be specified on the insurance application.

- The AII can include up to 10 investment accounts. The amounts are transferred from the Portfolio Account to the investment accounts selected according to the proportions established by the owner. The Life Investment Account is not available for AII.

- If no instructions are specified, the AII will be set at 100% in the EquiBuild Account.

- If no AII have been specified for the Shuttle fund, the amounts are invested according to the same AII as the Accumulation fund except that, if the EquiBuild Account or any Fixed-Term Account is designated in the Accumulation Fund AII, it will be replaced by the Daily Interest Account for purposes of the Shuttle Fund AII.

- AII can be changed at any time by submitting a written request. The new AII takes effect two business days after the request has been received by the Company.

13.4 Designated Deduction Accounts (DDA)

- The DDA are selected by the client and are used to determine which investment accounts will cover the monthly deductions when the Portfolio Account is insufficient. These deductions are made according to the proportions chosen by the client in the DDA.
- Up to 10 investment accounts can be used simultaneously. The Life Investment Account is not available as a DDA.
- The transfer percentages specified under the DDA may be different from those specified for the automatic investment instructions (AII).
- If no DDA have been specified or if the investment accounts designated as DDA do not have sufficient funds to cover the required transfer, the monthly deductions will be deducted from the accumulation fund in the following order:

  a) first, from the Portfolio Account, then
  b) from the Daily-Interest Account, then
  c) from the EquiBuild Account, then
  d) from the Index-Based Accounts, beginning with the one most recently created, then
  e) from the Fixed-Term Accounts, based upon the shortest remaining term to maturity.

13.5 Transfers

Upon request from the client, transfers can be made between investment accounts.

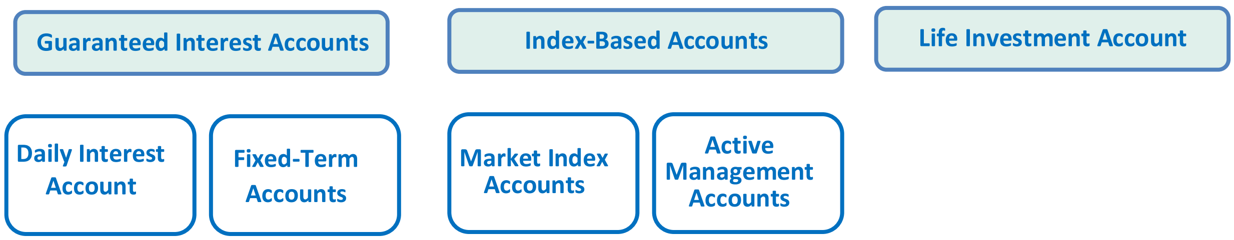
- For transfers into the Fixed-Term Accounts, transfers are subject to a minimum of $500 per account.
- For transfers into the Life Investment Account, the transfer amount is subject to a minimum amount based on our administrative rules at the time of the transaction.

There is no charge for such transfers except in the following situations:

- Transfer made from a Fixed-Term Account before maturity which can result in a market value adjustment
- Transfers made from the EquiBuild Account to the Life Investment Account can result in a market value adjustment.

14. INVESTMENT ACCOUNTS

The client may choose from the following investment accounts:



The Company guarantees that the Life Investment Account, the EquiBuild Account and at least one Fixed-Term Account and three Market Index Accounts will always be available. See the list of Index-Based Accounts at section 14.2.

14.1 Guaranteed Interest Accounts

The Guaranteed Interest Accounts are:

- Daily Interest Account
- Fixed-Term Accounts: five years, 10 years (not available in the Shuttle Fund).

14.1.1 Daily Interest Account

- Interest, accrued daily, is credited to the Daily Interest Account on each monthly anniversary.
- The Daily Interest Account is the only Guaranteed Interest Account available in the Shuttle fund.

14.1.2 Fixed-term Accounts

- Interest is credited monthly and is compounded.
- Upon maturity, money is transferred to the Portfolio Account and is invested according to the AII.
- A market value adjustment may apply in case of withdrawal or surrender (see section 14.5.1).

14.1.3 Minimum guaranteed return on the Guaranteed Interest Accounts

Guaranteed Interest Accounts	Minimum guaranteed return
Daily Interest Account	**The higher of:** • 0% for either the accumulation fund or the Shuttle fund • 100% of the three-month CDOR (Canadian Dealer Offered Rate) reference index less 1.00%.
Fixed-Term Accounts 5-year	**The higher of:** • 0% • 100% of the return on Government of Canada five-year bonds, less 1.00%
10-year	**The higher of:** • 0% • 100% of the return on Government of Canada 10-year bonds, less 1.00%

14.2 Index-Based Accounts

The amounts invested in Index-Based Accounts allow the client to take advantage of the potential for higher long-term returns available on the stock markets. The amounts invested in these accounts generate returns based on an external index, specific to each account.

- No minimum amount is necessary to invest in an Index-Based Account.
- Two types of Index-Based Accounts are available:
  - Market Index Accounts
  - Active Management Accounts

14.2.1 Market Index Accounts

The Market Index Accounts reflect the performance of known reference indices.
The following Market Index Accounts are available:

Market Index Accounts	Reference Index	Guaranteed Return	Guaranteed maximum annual fees - Series V Accumulation fund and Shuttle fund
Bonds	FTSE TMX Canada Universe Bond index	100% of the return of DEX Universe Bonds index, less current annual fees	1.50%*
Canadian Stocks	S&P/TSX 60 index	100% of the total return of the S&P/TSX 60 index, including dividends, less current annual fees	1.50%*
Global Stocks	MSCI World index	100% of the net total return of the MSCI World index, including net dividends, converted into Canadian currency, less current annual fees	1.50%*
International Stocks	MSCI EAFE index	100% of the net total return of the MSCI EAFE index, including net dividends, converted into Canadian currency, less current annual fees	1.50%*
European Stocks	MSCI Europe index	100% of the net total return of the MSCI Europe index, including net dividends, converted into Canadian currency, less current annual fees	1.50%*
US Stocks	S&P 500 index	100% of the total return of the S&P 500 index, including dividends, converted into Canadian currency, less current annual fees	1.50%*
U.S. Stocks / DAQ	NASDAQ 100 index	100% of the return of the NASDAQ 100 Price index, converted into Canadian currency, less current annual fees	1.50%*

MSCI = Morgan Stanley Capital International
EAFE = Europe Australasia and Far East
S&P = Standard and Poor's. S&P is a trademark of the McGraw-Hill Companies, inc.
TSX is a trademark of the Toronto Stock Exchange
NASDAQ 100 is a trademark of Nasdaq Stock Market Inc.
DEX is a trademark of TSX Inc. in Canada

Please note that the annual fees shown in the above table are not the current annual fees but the maximum guaranteed annual fees as specified in the contract. For a list of our current annual fees, please visit our website.

* These maximum guaranteed annual fees are subject to change only to the extent that current IIT rates increase.

14.2.2 Active Management Accounts

The interest rate is equal to 100% of the total net return of the underlying fund, less annual fees indicated in the table below:

Active Management Accounts	Underlying fund	Maximum guaranteed annual fees - Series V Accumulation fund and Shuttle fund
Dividend Growth (iA)	100% of the return of the IA Clarington Dividend Growth Fund – T6 Series less current annual fees	0.50%
EquiBuild Account (iA)	iA EquiBuild Fund	2.00%

Please note that the annual fees shown in the above table are not the current annual fees but the maximum guaranteed annual fees as specified in the contract. For a list of our current annual fees, please visit our website.

* These maximum guaranteed annual fees are subject to change only to the extent that current IIT rates increase.

About the EquiBuild Account

- Partial withdrawals from this account are allowed.
- The following table shows the circumstances where a withdrawal triggers a MVA:

Transactions	MVA on the amount deducted
Partial withdrawal, total withdrawal, transfer to other investment accounts	Yes
Total surrender of the policy	Yes
Death	No
Payment of the COI	No
Purchase of paid-up additional life insurance	No
Transfer to the Shuttle fund	Yes

- The net credited rate for any calendar year equals the gross smoothed yield set for the EquiBuild fund for that year less the applicable annual fee. Interest is compounded daily and credited to the EquiBuild Account on each monthly anniversary.
- The EquiBuild Account is not available in the Shuttle fund.

14.2.3 Returns on the Index-Based Accounts

Each Index-Based Account generates returns based on either a reference market index or an underlying fund. The value of a reference market index or underlying fund can vary daily. Return, converted into Canadian dollars, accrues daily and is attributed to the Index-Based Account on each monthly anniversary.

14.2.4 Availability of the Index-Based Accounts

The Company guarantees that the EquiBuild Account and at least three major Index-Based Accounts will always be available, one Canadian, one American and another one of the Company's choice. For the Canadian and American Accounts, maximum fees of 1.5%* for the accumulation fund and the Shuttle fund will apply.

*This maximum fee is subject to change, only to the extent that IIT rates increase.

14.2.5 Index-Based Accounts guarantee at death

There is a minimum guarantee on the value of the Index-Based Accounts, except for the EquiBuild Account, in the accumulation and in Shuttle funds. The value of the Index-Based Accounts as a whole is used in determining the amount of the benefits payable to the beneficiary of the funds.

- The amount guaranteed at death for all active Index-Based Accounts is the greater of:
  - The market value of the Index-Based Accounts on the date of death; and
  - A percentage of the amount invested by the client in the Index-Based Accounts. This percentage is based on the deceased insured's age at issue as indicated in the table below.

Life insured's age at issue	Guaranteed percentage
0 to 60	100%
61	95%
62	90%
63	85%
64	80%
65 +	75%

- The amount guaranteed at death is not adjusted for transfers between Index-Based Accounts within the accumulation fund or within the Shuttle fund.
- The guaranteed amount at death is adjusted upon each of the following transactions from an Index-Based Account:

  a) Monthly deductions

  b) Partial withdrawals

  c) Disability benefit payments

d) Transfers to any other investment account type in accordance with section 13.5 above

e) Transfers between the accumulation fund and the Shuttle fund

- Each such adjustment is proportionate to the amount of the transaction in relation to the total value of all active Index-Based Accounts (within the accumulation fund + the Shuttle fund) on the date of the transaction.
- The guarantee at death of a Joint last-to-die coverage applies only on the last death.

14.3 Life Investment Account (LIA)

The client may invest in a Life Investment Account, which is an account that provides the client with a fixed monthly return that is deposited in the Portfolio Account of the Accumulation fund. With this investment option, it's possible for your clients to cover their future insurance costs with a single deposit in the Life Investment Account.

- The client can invest in a LIA once both of the following events have occurred:
  - The 10th policy anniversary; and
  - The 40th birthday of the insured (equivalent single age for JLTD).
- Only one transfer to a Life Investment Account is permitted in any policy year.
- The amount used to invest in a Life Investment Account is subject to a minimum, based on our administrative rules at the time of the transaction.
- The monthly return:
  - Depends on market rates, insured's sex, age and tobacco status when the Life Investment Account is established
  - Is deposited in the Portfolio Account on each monthly anniversary until the earlier of the following events:
    - The date of death of the last surviving life insured
    - A transfer from the Life Investment Account to the Shuttle Fund in an amount equal to its surrender value
    - The date the Base coverage is paid up (Age 100)
    - The contract is terminated
- Partial withdrawals from the Life Investment Account are not permitted.
- Upon death, the cash refund = P – the sum of the monthly returns

  Where P = The amount deposited in the Life Investment Account
- The surrender value is only payable upon total surrender of the contract. The surrender value = (P - the sum of the monthly returns) – MVA

14.4 Market value of the accumulation fund and the Shuttle fund

The market value of the accumulation fund and the Shuttle fund is established in the same way, as follows:

- Balance of the Portfolio Account, *plus*
- Balance of the Guaranteed Interest Accounts, *plus*
- Surrender value of the Life Investment Accounts, *plus*

- Balance of the Index-Based Accounts, ***less***
- Any applicable market value adjustment (MVA) on the Fixed-Term Accounts and the EquiBuild Account.

14.5 Market value adjustment (MVA)

Upon certain transactions, a market value adjustment may apply for the Fixed-Term Accounts, the EquiBuild Account and the Life Investment Accounts. Please refer to the contract for the calculation of the MVAs.

14.5.1 Market value adjustment (MVA) for the Fixed-Term Accounts

A market value adjustment (MVA) applies when money is withdrawn from the Fixed-Term Accounts before the term expires. Such an MVA is applied in the case of:

- Transfers
- Partial withdrawals
- Deductions to purchase PUA coverage
- Payment of the surrender value
- Any disability benefits that are paid

However, no MVA applies to the following transactions involving these accounts:

- Automatic transfers to cover monthly deductions
- Transfers between the accumulation fund and the Shuttle fund
- A death benefit paid from the Accumulation Fund

14.5.2 Market value adjustment (MVA) for the EquiBuild Account

An MVA is applied to the EquiBuild Account in the case of:

- A payment of the surrender value (a total or partial withdrawal)
- Any benefits that are paid as a disability benefit
- Any transfer to the Shuttle fund
- A transfer to other accounts, including the Life Investment Account

However, no MVA applies to the following transactions:

- A deduction to purchase additional PUA coverage
- Any automatic transfer or deduction to cover monthly deductions
- The portion of any benefits payable to the beneficiary of the funds that is paid from the Accumulation Fund

When a transaction results in an MVA, the MVA percentage is calculated as follows:

$$1 - \left(\frac{\text{Market Value}}{\text{Book Value}} \right)$$

Where:

The **market value** corresponds to the value of assets backing the EquiBuild Account for all its policies:

- The market value may change according to a change in the interest rate and the stock market environment, for example.

The **book value** corresponds to the total of the EquiBuild Account balance for all its policies.

The MVA percentage is fixed monthly and is the same for all clients who make a transaction that triggers an MVA. The MVA will never be negative. The amount resulting from the MVA is reinvested in the EquiBuild Account and will benefit the holders of an EquiBuild contract. The MVA percentage is updated at the end of every month and is posted on our website *ia.ca* in the EquiBuild section.

Example

- At time 0: $10,000 deposit (net of premium tax) into the EquiBuild Account
    - At time 0: A = B ($10,000)
    - The $10,000 is invested in assets such as stocks and bonds.
    - At time 0 there is no MVA since A = B
- At time 1: An annual rate of 4.25% is credited on the $10,000

  B = $10,425 ($10,000 x 1.0425)
- At time 1: The interest environment has changed, having an impact on the market value of the assets backing the EquiBuild Account.
    - Let's suppose that the change is such that the market value of the assets equals $10,200.

      A = $10,200
    - At time 1: The MVA % will be calculated as follows:

      (1 – A / B) = (1 – $10,200 / $10,425) = 1 – 0.978 = **2.16%**
    - This means that for a client surrendering the EquiBuild Account, an MVA of 2.16% will apply to the withdrawn amount.

14.5.3 Market value adjustment (MVA) for the Life Investment Account

An MVA is applied to the Life Investment Account in the case of:

- A payment of the surrender value of a Life Investment Account
- Termination of the policy
- Transfers from the Accumulation fund to the Shuttle fund

However, no MVA applies to the payment of the death benefit.

The market value adjustment (MVA) of the Life Investment Account (LIA) is determined as follows:

Amount involved x (A – B) x C, but no less than zero.

Where:

A = Interest rate that would be used to calculate the fixed monthly return if it were issued on the day of the surrender

B = Interest rate that was used to calculate the fixed monthly return at the time the LIA was established

C = The corresponding factor shown in the table below:

Life insured's age at the time of surrender	C factor
40 – 44	19
45 – 49	18
50 – 54	17
55 – 59	15
60 – 64	13
65 – 69	12
70 – 74	10
75 – 79	8
80 – 84	7
85 – 89	5
90 and over	3

Example:

- The balance of a 77-year old client's LIA is $10,000 and the client wants to surrender this amount.
- At the time the LIA was established, the interest rate that was used to calculate the LIA payout was 4%. B = 4%
- The interest rate currently used to calculate the payout of a new LIA is 4.5%. A = 4.5%
- The C factor for 77 years old = 8
- MVA % = (4.5% – 4.0%) x 8
  = 4%
- MVA = $10,000 X 4% = $400

15. MODIFICATIONS AFTER ISSUE

EquiBuild is a flexible Universal Life product that adapts to the policy owner's changing needs. This section covers modifications that can be made without terminating the contract. They are as follows:

15.1 Option to modify an individual coverage to a joint last-to-die

The option to modify an individual coverage to a joint last-to-die is included by default in the contract.

- The conversion request can be made in writing at any time after the fifth policy anniversary.
- This option is not available if the rider "*Option to modify an individual coverage to a joint coverage payable on the last death*" has been subscribed.
- All persons insured under the new joint coverage must be over 15 years of age and under 75 years of age.
- Face amount
    - The face amount must be completely converted.
    - Under no circumstances can the total face amount after the conversion exceed the face amount before the conversion.
- At the time of modification, only the proposed added life insured must provide evidence of insurability.
- Evidence of insurability is not required when the proposed added life insured has an individual life insurance coverage with the Company that is equal to or greater than the sum of the Lifetime Payment or 15-Year Payment coverage and PUA coverage under the EquiBuild policy and is surrendered in full as a result of the modification.
- The funds of any cancelled contract cannot be transferred to this contract. They must be surrendered.
- Individual to JLTD can only be exercised on Lifetime Payment coverage, 15-year Payment Coverage and PUA coverage.
- Any Individual term life insurance coverage that the contract might contain must be either dissociated or terminated.
- No conversion is allowed while benefits are being paid under CID, CAD or CADE coverage.
- A transaction fee for evaluating the Evidence of insurability, financial justification and proof of insurable interest of the proposed insured is payable and non-refundable even if we decline the addition of the new life. The transaction fee is currently $250 and is subject to change without prior notice.
- The insurer reserves the right to terminate any additional benefit when the conversion takes place.
- According to current laws, a conversion could have tax consequences. The insurer is not responsible for predicting the outcome.
- By the same token, the insurer cannot guarantee that there will not be a balance in the Shuttle fund following the conversion.

Further to the modification, an amended contract with the following features will be issued:

- The issue date will remain the same as before the modification since it is a continuation of the initial contract.
- The cost of insurance applicable to the joint last to die coverage will be based on the equivalent age and the cost of insurance rates that are in effect on the modification date.
- Equivalent age is calculated as follows:
  - using the age of each life insured on the effective date of the individual coverage;
  - using the rate category of the life insured covered under the individual coverage on the later of the effective date of the individual coverage or the last reinstatement date of the contract;
  - using the rate category of the added life insured on the modification date;
  - using the equivalent age calculation method in effect on the effective date of the individual coverage or the last reinstatement date of the contract;
- For EquiBuild with an Integrated Coverage, refer to section 9.7.1.
- At the time of modification, the suicide and incontestability clauses begin for a period of two years with regard to the added life insured.
- The minimum premium is recalculated at the time of the modification.
- Any extra premium that applies to a life insured will be considered and may result in a new and permanent extra premium.
- Where exercising this option results in a decrease in the cost of insurance, and an associated decrease in the GCSV, any excess GCSV will be credited to the accumulation fund and invested according to the AII. Should the total GCSV after the modification exceed the total GCSV at the time of the modification, a payment will be required from the policy owner.
- All the general conditions of the contract will remain exactly the same as they were prior to the modification.

15.2 Dissociation

EquiBuild Lifetime Payment coverage, EquiBuild 15-year Payment coverage and PUA coverage cannot be dissociated from an EquiBuild policy.

Upon the applicant's and the irrevocable beneficiary's consent, where applicable, any term life insurance rider or Integrated Coverage can be dissociated and continue as a separate contract without having to submit evidence of insurability.

- The life insurance protection will continue under a term life insurance contract, provided by Industrial Alliance.
- The new contract will have the same effective date and features as the coverage in force under the old contract.
- Policy fees will be payable under the new contract.
- A transaction fee will be charged for this transaction. Please refer to the Policies and Procedures Guide – Administration, Life Insurance, available in the Extranet Document Centre.

15.3 Reduction of the face amount

Upon written request from the client, we will reduce the face amount of a coverage. If the reduction applies to the face amount of the EquiBuild policy with a Lifetime Payment coverage or a 15-Year Payment coverage only, the following will apply:

- The reduction first applies to the PUA coverage, if any.
- The Lifetime Payment Coverage or 15-year Payment Coverage face amount is reduced only when the PUA coverage is depleted.
- The associated portion of the GCSV will be deposited in the accumulation fund.
- When Lifetime Payment coverage or 15-year Payment coverage (not the PUA coverage) has been reduced, if necessary, the PUA Allocation will also be reduced.
- Further to the reduction, the client cannot reinstate the face amount that was surrendered or the corresponding GCSV.

If the reduction applies to an EquiBuild policy with an Integrated Coverage, the client can reduce the Lifetime Payment coverage or the Integrated Coverage. If he/she reduces the Lifetime Payment coverage, the conditions above listed apply.

15.4 Convert a Term rider to a Whole life coverage

It is possible to convert a term life insurance rider to whole life insurance, without evidence of insurability. However, any conversion must be to a new EquiBuild contract or another contract offered by the Company (Genesis, Whole Life Insurance).

Nevertheless, the only PUA purchase option available under a new EquiBuild policy is the Bonus PUA option (not the Fund PUA option).

15.5 Change from smoker to non-smoker

When exercised, the Base GCSV and the PUA GCSV are recalculated. Any resulting excess GCSV will be released into the Accumulation fund.

16. SURRENDER OF THE CONTRACT AND WITHDRAWALS

16.1 Surrender of the contract

The policy owner can request to surrender the contract at any time. Surrender of the contract automatically results in its termination.

16.1.1 Surrender value of the contract

The surrender value of the contract is equal to:

- The market value of the accumulation fund and the Shuttle fund, *plus*
- The total GCSV *plus*
- The Investment Income Tax (IIT) refund, if applicable, *less*
- Any amounts owed to the Company.

The surrender of any Fixed-Term Account, Life Investment Account or the EquiBuild Account may be subject to a market value adjustment.

Transaction fees will apply. Please refer to the Policies and Procedures Guide – Administration, Life Insurance, available in the Extranet Document Centre.

16.2 Partial withdrawals

Upon written request, the owner can make partial withdrawals at any time.

- The withdrawal amount cannot exceed:
  - The market value of the accumulation fund and the Shuttle fund, less
  - The surrender value of the Life Investment Account, less
  - Any amounts owed to the Company (see Appendix A)
- Withdrawals from the Life Investment Accounts are prohibited.
- Withdrawals are first made from the Shuttle fund and then from the accumulation fund.
- Withdrawals are made according to the client's instructions. In the absence of instructions, withdrawals will be made in the following order:
  - From the Portfolio Account, then
  - From the Daily Interest Account, then
  - From the Index-Based Accounts, beginning with the one most recently created, then
  - From the Fixed-Term Accounts, beginning with the shortest remaining term to maturity, then
  - From the EquiBuild Account.
- Withdrawals from any Fixed-Term Account may be subject to an MVA (see section 14.5.1).
- Transaction fees will apply. Please refer to the Policies and Procedures Guide – Administration, Life Insurance, available in the Document Centre of the Advisor Centre (Extranet).

16.3 Investment income tax (IIT) refund

Where applicable, the EquiBuild contract enhances the values paid to the policy owner by refunding a portion of the IIT. This refund is equal to the amount by which the Company's liability for investment income tax is reduced.

The following transactions may result in a refund of the IIT:

- A partial withdrawal from the accumulation fund
- Transfers from the accumulation fund to the Shuttle fund
- The surrender of the contract for its surrender value.

The IIT refund amount is taxable as income for the policy owner

17. POLICY LOAN ADVANCES

17.1 General provisions

There are two types of policy loan advance. Where this product guide refers to “Policy loan advances” or “Policy loan”, it refers to both types, which are:

A) Cash loan advance
A cash loan advance is initiated upon written request by the policy owner and is payable to the policy owner.

B) Automatic loan advance
An automatic loan advance is initiated by the Company to cover any shortfall in the Accumulation fund when monthly deductions are due, and is payable to the Company.

Policy loans are subject to the following:

- No Policy loan advance will be made against the value of the Shuttle fund.
- No cash loan advance, as described above, will:
  - Exceed the maximum cash loan advance amount, calculated as follows:

    90% * (The value of the accumulation fund (excluding the termination value of the Life Investment Account)**) + Total GCSV) - Amounts owed to the Company**

- No automatic loan advance, as described above, may cause the Outstanding policy loan balance to exceed the value of the Accumulation fund + Total GCSV (see the Glossary in Appendix B for the "Outstanding policy loan balance").
- Any deposit made after an automatic loan advance will be first applied against the policy loan up to the automatic loan advance balance including interest thereon.
- A contract that benefits from a policy loan advance still qualify for the Bonus.

17.2 Transfers triggered by a policy loan

If the amount of a requested policy loan advance would cause the outstanding policy loan balance to exceed the value of: **Eligible accounts + Total GCSV**, an amount corresponding to any shortfall will automatically be transferred to the Daily Interest Account from the other accounts in the accumulation fund, in the following order:

- First, from the Portfolio Account, then
- From the Index-Based Accounts (excluding the EquiBuild Account), beginning with the one most recently created.

The “Eligible accounts” are:

- EquiBuild Account
- Fixed-Term Accounts
- Daily Interest Account

On each monthly anniversary, the sum of the value of the **Eligible accounts + Total GCSV + termination value of the Life Investment Accounts** must be greater than or equal to the outstanding policy loan balance. Otherwise, an amount equal to the shortfall will automatically be transferred to the Daily Interest Account from the other accounts, in the same order as above.

When the outstanding policy loan balance exceeds the value of: accumulation fund + Total GCSV, the contract will lapse and is subject to termination without prior notice.

17.3 Policy loan interest

The policy loan interest rate which applies for any calendar year will be determined by the Company from time to time. A Rate Schedule is available in the secure section of the Advisor Centre (Extranet), which means that you must authenticate then follow this path: Products tab/Life Insurance/Universal Life Insurance/EquiBuild/Useful Links.

Policy loan interest accrues daily and is capitalized on each monthly anniversary.

18. DISABILITY BENEFITS

The disability benefit is included in the contract without additional charge. Through this contract option, the client can receive disability benefits when a life insured, who is 18 years of age or older, becomes totally disabled.

Unlike a traditional partial withdrawal, disability benefits are not subject to taxation and do not affect the contract's adjusted cost basis (ACB).

18.1 Benefit

- The amount of the disability benefit is determined by the client and specified in a written request.
- Each disability benefit cannot be less than $500.
- Each disability benefit cannot exceed the surrender value less any tax refund and the value of the Life Investment Accounts.
- The client may receive up to four payments in a calendar year.
- Each disability benefit payment is subject to the same conditions as a partial withdrawal (see section 16.2). However, a disability benefit payment will not trigger a tax refund.
- Each disability benefit payment is subject to a transaction fee which is the same as for "partial withdrawals". Please refer to the Policies and Procedures Guide – Administration, Life Insurance, available in the Extranet Document Centre.

18.2 Total Disability

A total disability occurs under one of the following conditions:

- Before age 65, as the direct result of an illness or injury, the total and continuous inability to perform the duties of his/her regular occupation, for a life insured who practises a remunerated occupation at the onset of total disability,
- Before age 65, as the direct result of an illness or injury, the total and continuous inability to perform the duties of any occupation for which he/she is reasonably qualified, regardless of the availability of employment, for a life insured who is temporarily unemployed or on employment insurance at the onset of total disability,
- At any age, the total, permanent and irrevocable loss of sight in both eyes, or use of both hands, or use of both feet, or use of one hand and one foot, as confirmed by a medical practitioner,
- At any age, an illness or injury which, according to the diagnosis of a medical practitioner, is expected to result in the death of the life insured within 24 months of the date of the diagnosis,
- At any age, the continued inability to perform, by himself/herself, any one of the primary activities of daily living as defined below.

18.2.1 Primary activities of daily living

Primary activities of daily living are:

- Walking;
- Feeding – the ability to consume food or drink that already has been prepared and made available, with or without the use of adaptive utensils;
- Dressing – the ability to put on and remove necessary clothing including braces, artificial limbs or other surgical appliances;
- Bladder and bowel continence – the ability to manage bowel and bladder function
- Bathing – the ability to wash oneself in a bathtub, shower or by sponge bath, with or without the aid of equipment;
- Talking to make himself/herself understood in a quiet place, by a person of his acquaintance
- Hearing so as to understand, in a quiet place, a person of his/her acquaintance;
- Using the mental functions necessary for everyday activities such as:
  - Memory
  - Problem solving, goal-setting and decision making (taken together)
  - Adaptive functioning

18.3 Elimination period

A continuous period of 90 days must elapse from the starting date of the total disability before a disability benefit is payable.

19. TRANSACTION FEES

To find the transaction fees schedule, please refer to the Documentation centre of the Extranet in the "Policies and Procedures Guide – Administration, Life Insurance". Keywords: *Policies and procedures.*

APPENDIX A - ACRONYMS

Acronym	Complete wording
AII	Automatic Investment Instructions
CAD	Contribution in the event of the applicant's disability
CADE	Contribution in the event of the applicant's death
CID	Contribution in the event of the insured's disability
COI	Cost of Insurance
DDA	Designed Deduction Account
GCSV	Guaranteed Cash Surrender Value
IIT	Investment Income Tax
JLD	Joint Last to Die
LIA	Life Investment Account
MVA	Market Value Adjustment
PUA	Paid-up additional insurance

APPENDIX B - GLOSSARY

Age

At any time, “age”, in respect of a coverage, is the age of the life insured rounded to his/her nearest birthday. The age on the effective date of a coverage appears on the Specifications pages.

Amounts owed to the Company

The amounts owed to the Company correspond, at any time, to the sum of:

- any transaction fees incurred and unpaid, and
- any outstanding policy loan balance, and
- any amount required to keep the policy in force until that time

Attained age (for individual coverage)

At the time of any transaction, “attained age”, in respect of a coverage, is the age of the life insured.

Attained age (for joint last-to-die coverage)

At the time of any transaction, “attained age”, in respect of any joint coverage (except for a joint term life insurance rider), means the equivalent age plus the number of years that have elapsed from the effective date of the coverage to the closest coverage anniversary.

Automatic loan advance balance

The sum of the automatic loan advances plus interest less any repayments.

Equivalent Age

Except with respect to a joint term life insurance rider, the age which is established for a joint last coverage on the later of the effective date of the coverage, or the modification date of the coverage, which appears on the policy Specifications pages and is based on the age and the rate category of each life insured.

Base GCSV

Base GCSV is the portion of the total guaranteed cash surrender value attributable to the Lifetime Payment coverage or 15-year Payment coverage.

Outstanding policy loan balance

At any time, the total of all policy loan advances which have been made to the extent that they have not been repaid plus all accrued interest.

EquiBuild Bonus

The total GCSV is eligible for a Bonus on each policy year when the bonus rate is greater than the threshold rate indicated on the policy Specifications pages. The Bonus is used to either purchase PUA coverage or is deposited in the Accumulation fund according to the option elected by the policy owner.

PUA Allocation

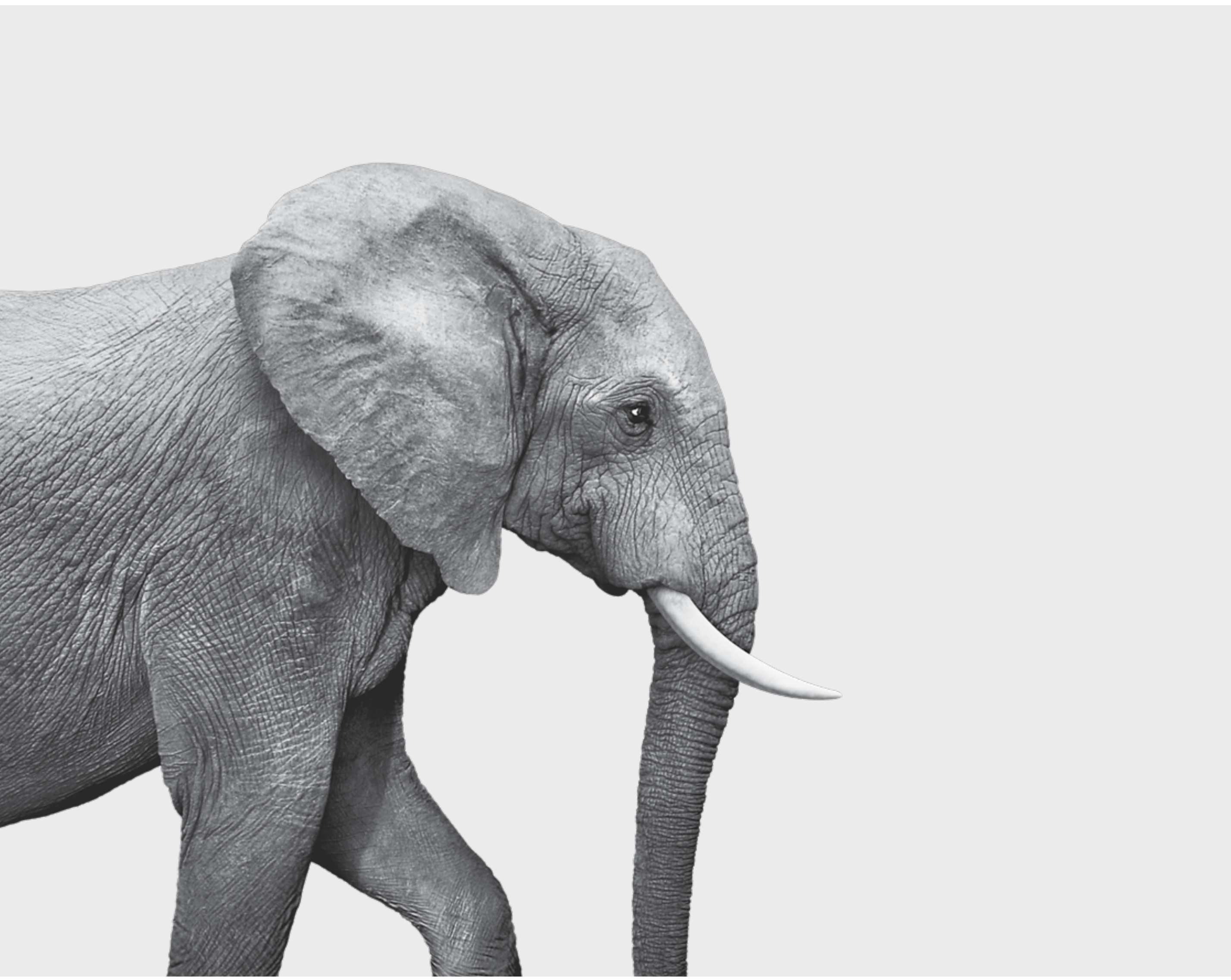
The Paid-Up additional insurance can be purchased with the Bonus or with a predetermined amount of the Accumulation fund. The predetermined amount of the Accumulation fund, which is selected by the policy owner, is called the PUA Allocation.

PUA GCSV

PUA GCSV is the portion of the total Guaranteed Cash Surrender Value attributable to the PUA coverage. The PUA GCSV for any policy year is calculated using the guaranteed PUA factors.

Total GCSV

The Base coverage has an associated guaranteed cash surrender value (Base GCSV) and any PUA coverage has an associated GCSV (PUA GCSV). The sum of the Base GCSV and the PUA GCSV is the Total GCSV.



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