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INFORMATION FOLDER
and Ecoflex Individual Variable Annuity Contract

2009
2010

Investment
Funds

Non-registered, TFSA
RRSP/LIRA/LRSP,
RRIF/LIF, RESP

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INDUSTRIAL
ALLIANCE
INSURANCE AND FINANCIAL SERVICES INC.

ECOFLEX INDIVIDUAL VARIABLE ANNUITY CONTRACT (NON-REGISTERED, TFSA, RRSP/LIRA/LRSP, RRIF/LIF)

This document includes the Ecoflex Individual Variable Annuity Contract (Non-registered, TFSA, RRSP/LIRA/LRSP, RRIF/LIF) appearing on page 41, which will be called the "Contract" for purposes of this document, as well as the Information Folder related to this Contract. The Information Folder is a summary of the Contract and presents the numerous Segregated Funds (hereinafter called the “Funds”) offered by Industrial Alliance Insurance and Financial Services Inc. (hereinafter called the “Company”).

The Information Folder is not part of the Contract and must not be considered under any circumstances as a contractual document that binds the Policyholder and the Company. In the event of incompatibility between the Information Folder and the Contract, the Contract takes precedence. The information provided in the Information Folder is up-to-date on the date of the printing of this document, but could be subject to modifications.

Any amount that is allocated to a Fund is invested at the risk of the Policyholder and may increase or decrease in value.

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CERTIFICATION

ECOFLEX INDIVIDUAL VARIABLE ANNUITY CONTRACTS (NON-REGISTERED, TFSA/RRSP/LIRA/LRSP, RRIF/LIF, RESP)

The purpose of this Information Folder is to provide a brief summary of the Ecoflex Individual Variable Annuity Contracts (Non-registered, TFSA/RRSP/LIRA/LRSP, RRIF/LIF, RESP) offered by Industrial Alliance Insurance and Financial Services Inc. (hereafter called the "Company") which permit investments in segregated funds, referred to as "Funds" in this Information Folder.

This document must be accompanied by the Investment Fund Summary Fact Statements and Financial Highlights for each Fund found in the financial statements mentioned in this Information Folder.

This Information Folder provides brief and plain disclosure of the key features of the Ecoflex Individual Variable Annuity Contracts offered by the Company (also referred to as the "Ecoflex Contract" or the "Contract" in this Information Folder).

Dated this 30th day of June 2009

Industrial Alliance Insurance and Financial Services Inc.
1080 Grande Allée West
PO Box 1907, Station Terminus
Quebec City, Quebec G1K 7M3

Yvon Charest
President and Chief Executive Officer

Douglas A. Carrothers
Corporate Secretary

SUMMARY

This Information Folder contains a description of the key features of the **Ecoflex Individual Variable Annuity Contract (the "Contract" or the "Ecoflex Contract")**. This Contract is offered in Non-Registered, TFSA/RRSP/LIRA/Locked-in RSP or RRIF/LIF status between the Policyholder and **Industrial Alliance Insurance and Financial Services Inc.** (the "Company").

Why buy this product?	> Guarantee to protect your investment if the markets go down > Death benefit guarantee > The possibility of protecting the added value of your investments > Protection against possible creditors
Registration Types	> RRSP > TFSA > LIRA > Locked-in RSP > RRIF > LIF > RESP **See Section 1.3 *General Overview***
Maximum Age at Issue*	> Up to age 90 of the Annuitant for non-registered and TFSA contracts > Up to age 71 of the Annuitant for RRSP, Locked-in RSP and LIRA Contracts > Up to age 71 of the Annuitant for RRIF and LIF contracts (if transferred from an RRSP or LIRA contract) > Up to age 90 for RRIF and LIF Contracts (if transferred from a RRIF or LIF Contract) > Up to age 20 for RESP Contracts (see Section1.3.1 for family plan) * The maximum age at issue can vary according to applicable legislation. **See Section 1.4 *Maximum Age at Issue and Investment Period Maturity Date***
Investments of Premiums in the Funds	> Minimum $100 to establish a Contract > Minimum $25 per Fund > Minimum $25 in Pre-Authorized Chequing Plan > Minimum $100 for each additional investment
Surrenders	> Minimum $100 per surrender, except for RRIF and LIF Contracts which must maintain a minimum $100 market value > Surrender Fees may apply > For non-registered RRSP, TFSA and RESP Contracts, Surrender Fees do not apply to surrenders made during the calendar year, for up to 10% of the total value of the Fund Units determined on the last Valuation Date of the preceding year, plus 10% of new investments made in the Fund during the current year. **See Section 3.6 *Surrender Fees***
Investment options	You can choose from a selection of Canadian bonds, Canadian, U.S. and global equity, dividend and specialty Funds. Other investment options are also available such as a daily interest fund, guaranteed investments and life investment (only available with the RRIF Contract) Please refer to the following sections for more information on Funds; > **Section 1.2 *List of Funds Offered by Industrial Alliance Insurance and Financial Services Inc.*** for a complete list of all Funds offered by the Company > **Section 4 *HOW THE FUNDS WORK*** > **Section 5 *INVESTMENT OBJECTIVES AND MANAGEMENT OF THE FUNDS*** for specific descriptions of the Funds, the investment objectives and strategies of the Funds, and specific risks applicable to investing in the Funds. For an underlying fund of Industrial Alliance Insurance and Financial Services Inc. or an underlying mutual fund (or pooled fund) in which a Fund's assets are invested, the Policyholder who invests in the Contract is not a unitholder of these underlying funds by virtue of such investment. The audited annual financial statements and the unaudited semi-annual statements for each investment Fund will be provided upon written request, and are also available on the Company's website, **www.inalco.com (see Section 7 *FUNDS' AUDITED FINANCIAL STATEMENTS*).** **Any amount that is allocated to a Fund is invested at the risk of the Policyholder and may increase or decrease in value.**

Your Guarantees

The Ecoflex Contract is offered under two different guarantees with respect to the Premiums invested in the Funds. The Policyholder has the option to investment Premiums in Funds which offer a 100% guarantee or Funds which offer a 75% guarantee.

Guarantees	100% Guaranteed Funds	75% Guaranteed Funds
Guaranteed Minimum Value at Maturity	100% of all Premiums invested in the Funds, reduced proportionally by all surrenders (75% if the annuitant is 72 years of age or older) **(See Section 2.1.2)**	75% of all Premiums invested in the Funds, reduced proportionally by all surrenders **(See Section 2.1.2)**
Guaranteed Minimum Value at Death	100% of all Premiums invested in the Funds, reduced proportionally by all surrenders (75% if the annuitant is 80 years of age or older) **(See Section 2.3)**	75% of all Premiums invested in the Funds, reduced proportionally by all surrenders **(See Section 2.3)**
Resets	> Automatic reset of the Guaranteed Minimum Value at Maturity at 10 years before the Maturity Date of the Fund Guarantee **(See Section 2.1.2).** > Automatic reset of the Guaranteed Minimum Value at Death at 10 years before the Maturity Date of the Fund Guarantee **(See Section 2.3).** > Automatic reset of the Guaranteed Minimum Value at Death at the Maturity Date of the Fund Guarantee **(See Section 2.3).**	> Automatic reset of the Guaranteed Minimum Value at Maturity at 10 years before the Maturity Date of the Fund Guarantee **(See Section 2.1.2).** > Automatic reset of the Guaranteed Minimum Value at Death at 10 years before the Maturity Date of the Fund Guarantee **(See Section 2.3).** > Automatic reset of the Guaranteed Minimum Value at Death at the Maturity Date of the Fund Guarantee **(See Section 2.3).**

Any amount that is allocated to a Fund is invested at the risk of the Policyholder and may increase or decrease in value.

Transfer Between Funds	The Policyholder may request a transfer from one Fund to another. A transfer between Funds may affect your guarantees and tax implications may occur. **(See Section 3.4)**
Fees	> The Management Expense Ratios ("MER") vary from Fund to Fund and are equal to the sum of the management fees, operating expenses, insurances fees and applicable taxes. All fees included in the MER are deducted from the assets of each Fund once a year. **(See Section 4.3)** > Each Policyholder should consider these choices each time he/she invests a Premium in the Funds in consideration of his/her needs and his/her investment strategy.
Sales Charge Option	**Deferred Sale Charge Option** Surrender Fees equivalent to a percentage of the surrender > 5% for surrender during the 1st and 2nd year > 4% for surrender during the 3rd year > 3% for surrender during the 4th year > 2% for surrender during the 5th and 6th year > 0% for surrender during the 7th and subsequent years **(See Section 3.6)**

1. DESCRIPTION OF ECOFLEX INDIVIDUAL VARIABLE ANNUITY CONTRACTS

1.1 Definitions

All terms used in this Information Folder have the same meanings given to these terms in the Contract. Also, to know the definitions of the terms used in the Information Folder and which begin with a capital letter, the Policyholder must refer to the definitions provided in the Contract.

1.2 List of Funds Offered by Industrial Alliance Insurance and Financial Services Inc.

Industrial Alliance Insurance and Financial Services Inc. Funds	Fund Manager	Investment Advisor	Inception Date
FOCUS FUNDS			
Focus Prudent	IA	Industrial Alliance Investment Management Inc.	NOV 2002
Focus Moderate	IA	Industrial Alliance Investment Management Inc.	NOV 2002
Focus Balanced	IA	Industrial Alliance Investment Management Inc.	NOV 2002
Focus Growth	IA	Industrial Alliance Investment Management Inc.	NOV 2002
Focus Aggressive	IA	Industrial Alliance Investment Management Inc.	NOV 2002
INCOME FUNDS			
Money Market	IA	Industrial Alliance Investment Management Inc.	FEB 1994
Short Term Bonds	IA	Industrial Alliance Investment Management Inc.	JAN 1998
Bonds	IA	Industrial Alliance Investment Management Inc.	FEB 1993
Bonds – series 2	IA	Industrial Alliance Investment Management Inc.	MAR 1998
DIVERSIFIED FUNDS			
Diversified Security	IA	Industrial Alliance Investment Management Inc.	JAN 1999
Diversified	IA	Industrial Alliance Investment Management Inc.	FEB 1993
Diversified Opportunity	IA	Industrial Alliance Investment Management Inc.	JAN 1999
Fidelity Canadian Asset Allocation	IA	Fidelity Investments	JAN 2001
Diversified Income	IA	Industrial Alliance Investment Management Inc.	NOV 2003
Global Diversified (Catapult)	IA	Catapult Financial Management Inc.	NOV 2006
CANADIAN EQUITY FUNDS			
Dividend Income	IA	Industrial Alliance Investment Management Inc.	NOV 2005
Dividend Growth	IA	Industrial Alliance Investment Management Inc.	NOV 2005
Canadian Equity (Leon Frazer)	IA	Leon Frazer & Associates Inc.	NOV 2004
Canadian Equity Index	IA	Industrial Alliance Investment Management Inc.	NOV 2001
Select Canadian[(1)]	IA	Industrial Alliance Investment Management Inc.	JAN 1998
Canadian Equity Value	IA	Industrial Alliance Investment Management Inc.	FEB 1993
Canadian Equity (Dynamic)	IA	Dynamic Mutual Funds	NOV 2001
Fidelity True North®	IA	Fidelity Investments	JAN 1999
Canadian Equity Growth	IA	Industrial Alliance Investment Management Inc.	NOV 2001
Fidelity Canadian Opportunities	IA	Fidelity Investments	JAN 1999
U.S. & INTERNATIONAL EQUITY FUNDS			
Global Dividend (Dynamic)	IA	Dynamic Mutual Funds	NOV 2006
Global Equity (Templeton)	IA	Franklin Templeton Investments	NOV 2001
Global Equity (Oppenheimer)	IA	OppenheimerFunds Inc.	NOV 2005
Fidelity NorthStar®	IA	Fidelity Investments	NOV 2005
Global Equity Small Cap. (DB Advisors)	IA	DB Advisors	NOV 2006
International Equity Index	IA	Barclays	JAN 2000
International Equity (Templeton)	IA	Franklin Templeton Investments	JAN 1996
International Equity (McLean Budden)	IA	McLean Budden	NOV 2001
Fidelity European Equity	IA	Fidelity Investments	JAN 1999
U.S. Equity Index	IA	State Street Global Advisors	JAN 1998
U.S. Equity (McLean Budden)	IA	McLean Budden	NOV 2005
U.S. Equity (Legg Mason)	IA	Legg Mason	NOV 2001
SPECIALTY FUNDS			
Asian Pacific (Dynamic)	IA	Dynamic Mutual Funds	JAN 2000
Emerging Markets (Mackenzie Cundill)	IA	Mackenzie Cundill Investment Management Ltd.	JAN 1997
Global Health Care (Renaissance)	IA	CIBC Asset Management	NOV 2001
Real Estate Income	IA	Industrial Alliance Investment Management Inc.	NOV 2003
U.S. DAQ Index	IA	Industrial Alliance Investment Management Inc.	JAN 2000

[(1)] The Select Canadian Fund is only available in non-registered Contracts.

1.3 General Overview

The Ecoflex Contracts are individual variable annuity contracts offered by Industrial Alliance Insurance and Financial Services Inc. (hereafter called the "Company") and are among the various investment vehicles offered for a worry-free retirement or education planning.

The Ecoflex Contracts can be entered into by completing either a paper application or an electronic application form and the signatures form. Both the paper and electronic applications offer the same features and advantages for each particular type of Ecoflex Contract.

The Ecoflex Contracts allow Premiums to be invested in various investment vehicles offered by the Company. This Information Folder only describes the Funds available under this Contract and the applicable guarantees. However, other investment options are also available such as a daily interest fund, guaranteed investments and life investment (available with RRIF Contracts only). A description of each Fund appears in Section 5 of this Information Folder. The Company may, from time to time, add or remove one or more of these Funds.

See Section 4.1 of this Information Folder, entitled *Market Value of Fund Assets and Current Value of a Fund Unit*, for details on the method used to determine the Current Value of Fund Units or any other information regarding the Current Value of Fund Units.

The Ecoflex Contracts may be non-registered or registered as a Retirement Savings Plan (RSP), a Tax-Free Savings Account (TFSA), a Retirement Income Fund (RIF), a Life Income Fund (LIF), a Locked-in Retirement Account (LIRA), a locked-in RSP, or may be used as an investment for a My Education Registered Education Savings Plan (RESP) (also referred to as an "Education Plan" in this Information Folder) in all provinces where allowed by law. When the Ecoflex Contract is used as an investment for an Education Plan, the Ecoflex Contract is non-registered. Registered Contracts may be more suitable for long-term rather than short-term investments.

When the Contract is registered, the applicable federal and provincial income tax legislation applies (see Section 4.7 *Taxation for more information on registration*). In addition, in order to comply with the legislation, an Ecoflex Contract may be modified by an endorsement when the Contract is issued to obtain the desired registration. As a result, certain provisions set out in the Ecoflex Contract may not apply under the terms of the endorsement provided for registration purposes. Before purchasing a registered Contract, the Policyholder should talk to his/her Industrial Alliance Insurance and Financial Services Inc. life insurance agent about the tax implications of establishing, contributing to, amending and terminating registered Contracts.

Unless otherwise indicated, all references to the "Ecoflex Contract" or to the "Contract" cover the following three Contracts: the Ecoflex non-registered and registered RSP/LIRA or TFSA Contract, the Ecoflex registered RIF/LIF Contract and the Ecoflex RESP Contract used as an investment for an Education Plan.

1.3.1 Ecoflex RESP Contracts

The Education Plan is a federal government program that permits the accumulation of savings for a beneficiary's post-secondary education. On behalf of the subscriber, the Education Plan must invest the contributions in an Ecoflex RESP Contract (also referred to as an "RESP" in this Information Folder). As a result, all Ecoflex RESP investment vehicles are available to the Education Plan for investment purposes (except the Select Canadian Fund).

Contributions to an Education Plan are not tax deductible, and all income tax payable on investment income and capital gains arising from the investment in the Ecoflex RESP Contract can be deferred until such time as the money is used for educational expenses. In addition, on top of the contributions made to an Education Plan, the federal government may, subject to the applicable conditions, add Canada Education Savings Grants (CESGs) and a Canada Learning Bond (CLB) as defined in the Canada Education Savings Act. The provincial governments may also make grant payments provided for under their provincial legislation. For the time being, only Quebec and Alberta provide for a grant which may be paid into an Education Savings Plan subject to the applicable provisions. For Quebec, a refundable tax credit for education savings equivalent to 50% of the CESG can be payable and for Alberta, a grant under the Alberta Centennial Education Savings Plan (ACESP) may also be paid.

Under the CESG program, the federal government will contribute up to 20% of the first $2,500 contributed every year to an Education Plan for each beneficiary aged 17 years and younger, subject to certain terms and conditions. In some situations, this grant can be as high as 40% of the first $500 contributed to the Education Plan.

The Canada Learning Bond (CLB) is also available, subject to certain conditions. With this bond, children born on or after January 1, 2004 are eligible for the $500 bond in the first year, and $100 in subsequent years, up to an overall maximum of $2,000. The Alberta Centennial Education Savings Plan (ACESP) is also available under this Contract. For more information about CESGs, the CLB, the refundable tax credit for education savings (Quebec) or the ACESP and their respective eligibility criteria, the Policyholder should refer to the plan application and the Contract provisions, or contact Canada's Department of Human Resources and Social Development. The Company assumes no responsibility regarding the beneficiary's eligibility for CESGs, the CLB or the ACESP. Upon receipt, the CESGs, the CLB and the ACESP are used to purchase additional Units (see Sections 3.1 and 3.2 for more details).

There are two types of Education Plans available: Individual and Family. There are no restrictions as to the age of the beneficiary in an Individual Plan. However, in a Family Plan, each beneficiary must be under 21 years of age when he/she is named beneficiary.

The Education Plan may also have a joint subscriber. However, the joint subscriber must be the husband, wife or common-law spouse of the subscriber.

For an Ecoflex RESP Contract used as an investment for the Education Plan as described in this Information Folder, every reference to "Annuitant" should be understood to include the subscriber and, where applicable, the joint subscriber of the Education Plan.

When an Ecoflex RESP Contract is issued in the context of an Education Plan, the general conditions of the Education Plan will apply and modify the Ecoflex RESP Contract in such a way as to ensure it adheres to the current laws governing the Education Plan. All benefits under the Contract are held in and distributed by the Education Plan. In addition, the Education Plan is the beneficiary of the Ecoflex RESP Contract, and hence, no creditor protection is available.

1.4 Maximum Age at Issue and Investment Period Maturity Date

Ecoflex Contracts can be issued up to the date the Annuitant (or the beneficiary for an Education Plan) turns the following ages:

Ecoflex Contract	Maximum Age at Issue
Non-registered/TFSA	Age 90
RRSP/LIRA/Locked-in RSP*	Age 71
RRIF/LIF	Age 71 (if transferred from an RRSP/LIRA) Age 90 (if transferred from a RRIF/LIF)
RESP	Age 20 (if family plan, see Section 1.3.1)

The Investment Period Maturity Date corresponds to the following dates:

Ecoflex Contract	**Investment Period Maturity Date**
Non-registered/TFSA	December 31 of the year the Annuitant turns 100
RRSP/LIRA/Locked-in RSP*	December 31 of the year the Annuitant turns 71 (Section 3.10 applies after age 71)
RRIF/LIF	December 31 of the year the Annuitant turns 100 (for LIFs, however, the maturity date may be different depending on the applicable legislation)
RESP	Contract's 35th anniversary

*The listings of the types of registration provided previously are not exhaustive. For any other type of registration under the *Income Tax Act* (Canada) or any applicable pension legislation, please refer to the appropriate pension legislation.

1.5 Guarantees

The Ecoflex Contract includes Fund guarantees at maturity and at death prior to maturity for Premiums invested in the Funds. The guarantees decrease in proportion to each surrender. See Section 2 of this Information Folder for more details on the *Fund Guarantees.*

2. FUND GUARANTEES

The Fund guarantees offered under the Ecoflex non-registered, RRSP, TFSA, LIRA, RRIF and LIF Contract (refer to sections 2.1 and 2.3), and under an Ecoflex RESP Contract used as an investment for an Education Plan (refer to sections 2.2 and 2.3), are applied on the Maturity Date of the Fund Guarantee or at the Annuitant's death prior to the Investment Period Maturity Date, whichever occurs first.

For the purpose of determining the Guaranteed Minimum Value at Maturity and at Death, the Funds are classified according to their guarantees, which can either be 100% or 75%, as indicated below:

100% Guaranteed Funds	**75% Guaranteed Funds**
Focus Prudent Fund	Asian Pacific (Dynamic) Fund
Focus Moderate Fund	Emerging Markets (Mackenzie Cundill) Fund
Focus Balanced Fund	Global Health Care (Renaissance) Fund
Focus Growth Fund	Real Estate Income Fund
Focus Aggressive Fund	U.S. DAQ Index Fund
Money Market Fund	
Short Term Bonds Fund	
Bonds Fund	
Bonds - series 2 Fund	
Diversified Security Fund	
Diversified Fund	
Diversified Opportunity Fund	
Fidelity Canadian Asset Allocation Fund	
Diversified Income Fund	
Global Diversified (Catapult) Fund	
Dividend Income Fund	
Dividend Growth Fund	
Canadian Equity (Leon Frazer) Fund	
Canadian Equity Index Fund	
Select Canadian Fund	
Canadian Equity Value Fund	
Canadian Equity (Dynamic) Fund	
Fidelity True North® Fund	
Canadian Equity Growth Fund	

100% Guaranteed Funds

Fidelity Canadian Opportunities Fund
Global Dividend (Dynamic) Fund
Global Equity (Templeton) Fund
Global Equity (Oppenheimer) Fund
Fidelity NorthStar® Fund
Global Equity Small Cap. (DB Advisors) Fund
International Equity Index Fund
International Equity (Templeton) Fund
International Equity (McLean Budden) Fund
Fidelity European Equity Fund
U.S. Equity Index Fund
U.S. Equity (McLean Budden) Fund
U.S. Equity (Legg Mason) Fund

The specific terms and conditions for applying the Fund guarantees are described in the following sections.

2.1 For Ecoflex Non-Registered, RRSP, TFSA, LIRA, RRIF or LIF Contracts

2.1.1 Maturity Date of the Fund Guarantee

ESTABLISHMENT

The Policyholder shall establish the Maturity Date of the Fund Guarantee on the application. This date must be at least ten (10) years from the date the first Fund Units were credited to the Contract. Furthermore, the Maturity Date of the Fund Guarantee must be between the Annuitant's 60th and 71st birthday. However, if the Annuitant is sixty-two (62) years of age or older at the time the first Fund Units are credited to the Contract, the Maturity Date of the Fund Guarantee shall be set at exactly ten (10) years from this date.

MODIFICATION

Ten (10) years or more from the Maturity Date of the Fund Guarantee, the Policyholder may request, in writing, that this date be modified. The new maturity date shall be set at a date that is at least ten (10) years from the date the modification was made.

Furthermore, the new Maturity Date of the Fund Guarantee must be between the Annuitant's 60th and 71st birthday and must be at least ten (10) years from the date of the modification.

RENEWAL

On the Maturity Date of the Fund Guarantee, this date is automatically renewed for a period of ten (10) years, or some other number of years as requested by the Policyholder.

AUTOMATIC ESTABLISHMENT

If the Annuitant is under sixty-two (62) years of age when the Contract is issued or when the first Fund Units are credited and no maturity date is specified for the Fund guarantee or, if at any time, the said maturity date does not respect the above conditions, the Maturity Date of the Fund Guarantee is deemed to be the Annuitant's 71st birthday or the date exactly ten (10) years from the initial investment in a Fund, whichever date is later.

2.1.2 Guaranteed Minimum Value at Maturity

For the application of the Fund guarantee, the term "Guaranteed Minimum Value at Maturity" is defined as a value equal to 100% (75% if the Annuitant is seventy-two (72) years of age or older or if invested in the 75% guaranteed funds) of the Premiums used for the initial investment in a fund, which varies as follows:

1) the Guaranteed Minimum Value at Maturity increases when additional Fund Units are credited to the Contract (excluding transfers between Funds that offer the same guarantee), in the following proportion: 100% (75% if the Annuitant is seventy-two (72) years of age or older when the investment is made or if invested in the 75% guaranteed funds) of the Premiums if the investment took place at least ten (10) years before the Maturity Date of the Fund Guarantee and if there was no increase under paragraph 3 below; 75% of the Premiums in all other cases;

2) the Guaranteed Minimum Value at Maturity is adjusted in proportion to the decrease in the total value of Fund Units credited to the Contract when any Fund Units are surrendered from the Contract (excluding transfers between Funds that offer the same guarantee);

3) ten (10) years before the Maturity Date of the Fund Guarantee, the Guaranteed Minimum Value at Maturity and the total value of Fund Units credited to the Contract are compared. At this time, if the Annuitant is under seventy-two (72) years of age and if the total value of Fund Units credited to the Contract (or 75% of the total value of Fund Units credited to the Contract in the case of the 75% guaranteed funds) is higher, the Guaranteed Minimum Value at Maturity is automatically increased to 100% (or 75% if invested in the 75% guaranteed funds) of the total value of the Fund Units credited to the Contract ; if the Annuitant is seventy-two (72) years of age or older, the Guaranteed Minimum Value at Maturity is only adjusted if 75% of the total value of the Fund Units credited to the Contract is higher than the current Guaranteed Minimum Value at Maturity; in this case, the Guaranteed Minimum Value at Maturity is increased to 75% of the total value of the Fund Units credited to the Contract;

4) on the Maturity Date of the Fund Guarantee, if the guarantee is renewed for another ten (10) years (see Section 2.1.1), the Guaranteed Minimum Value at Maturity and the total value of Fund Units credited to the Contract (see Section 3.3) are compared. At this time, if the Annuitant is under seventy-two (72) years of age and if the total value of Fund Units credited to the Contract (or 75% of the total value of Fund Units credited to the Contract in the case of the 75% guaranteed funds) is higher, the Guaranteed Minimum Value at Maturity is increased to 100% (or 75% if invested in the 75% guaranteed funds) of the total value of the Fund Units credited to the Contract ; if the Annuitant is seventy-two (72) years of age or older, the Guaranteed Minimum Value at Maturity is only adjusted if 75 % of the total value of the Fund Units credited to the Contract is higher than the current Guaranteed Minimum Value at Maturity; in this case, the Guaranteed Minimum Value at Maturity is increased to 75% of the total value of the Fund Units credited to the Contract;

5) the Guaranteed Minimum Value at Maturity is reduced to zero when the Contract is cancelled or terminated.

2.1.3 Application of the Guaranteed Minimum Value at Maturity on the Maturity Date of the Fund Guarantee

If, on the Maturity Date of the Fund Guarantee (or the first Valuation Date following, if none coincides), the Guaranteed Minimum Value at Maturity is higher than the total Current Value of Fund Units credited to the Contract on that date, the Company will make up the difference by crediting Units at their Current Value on the Maturity Date of the Fund Guarantee. These Units are distributed among the different Funds in proportion to the value of the Units credited, and the date on which they are deemed to be credited to the Contract is the Maturity Date of the Fund Guarantee.

On the Maturity Date of the Fund Guarantee, the Policyholder may choose one of the following options:

1) any annuity offered at the time by the Company;
2) any RRIF offered at the time by the Company (or LIF if the Contract is registered as a LIRA);
3) to cash in the Contract;
4) to continue the Contract, including the subsequent payment of the annuity provided under the Contract.

All options must comply with the applicable legislation.

2.2 For an Ecoflex RESP Contract

2.2.1 Maturity Date of the Fund Guarantee

The Policyholder must establish the Maturity Date of the Fund Guarantee on the application. This date must be at least ten (10) years from the date the first Fund Units were purchased and must not exceed the termination date of the Education Plan.

Ten (10) years or more from the Maturity Date of the Fund Guarantee, the Policyholder may request, in writing, that this date be modified. The new maturity date shall be set at a date that is at least ten (10) years from the date the modification is made and must not exceed the termination date of the Education Plan.

A new Maturity Date of the Fund Guarantee is automatically set at the Investment Period Maturity Date.

2.2.2 Guaranteed Minimum Value at Maturity

For the application of the Fund guarantee, the term "Guaranteed Minimum Value at Maturity" is defined as a value equal to 100% (75% if the subscriber is seventy-two (72) years of age or older or if invested in the 75% guaranteed funds) of the Premiums used for the initial investment in a Fund, which varies as follows:

1) the Guaranteed Minimum Value at Maturity increases when additional Fund Units are credited to the Contract (excluding transfers between Funds that offer the same guarantee) in the following proportion: 100% (75% if the subscriber is seventy-two (72) years of age or older when the investment is made or if invested in the 75% guaranteed funds) of the Premiums if the investment took place at least ten (10) years before the Maturity Date of the Fund Guarantee and if there was no increase under paragraph 3 below; 75% of the Premiums in all other cases;

2) the Guaranteed Minimum Value at Maturity is adjusted in proportion to the decrease in the total value of Fund Units debited to the Contract when any Fund Units are surrendered from the Contract (excluding transfers between Funds that offer the same guarantee);

3) ten (10) years before the Maturity Date of the Fund Guarantee, the Guaranteed Minimum Value at Maturity and the total value of Fund Units credited to the Contract are compared. At this time, if the subscriber is under seventy-two (72) years of age and if the total value of Fund Units credited to the Contract (or 75% of the total value of Fund Units credited to the Contract in the case of the 75% guaranteed funds) is higher, the Guaranteed Minimum Value at Maturity is automatically increased to 100% (or 75% if invested in the 75% guaranteed funds) of the total value of the Fund Units credited to the Contract ; if the subscriber is seventy-two (72) years of age or older, the Guaranteed Minimum Value at Maturity is only adjusted if 75% of the total value of the Fund Units credited to the Contract is higher than the current Guaranteed Minimum Value at Maturity; in this case, the Guaranteed Minimum Value at Maturity is increased to 75% of the total value of the Fund Units credited to the Contract;

4) on the Maturity Date of the Fund Guarantee, if this date is postponed to the Investment Period Maturity Date, the Guaranteed Minimum Value at Maturity and the total value of Fund Units credited to the Contract (see Section 3.3) are compared. At this time, if the subscriber is under seventy-two (72) years of age, if the Investment Period Maturity Date is at least 10 years from the Maturity Date of the Fund Guarantee and if the total value of Fund Units credited to the Contract (or 75% of the total value of Fund Units credited to the Contract in the case of the 75% guaranteed funds) is higher, the Guaranteed Minimum Value at Maturity is increased to 100% (or 75% if invested in the 75% guaranteed funds) of the total value of the Fund Units credited to the Contract ; if the subscriber is seventy-two (72) years of age or older, the Guaranteed Minimum Value at Maturity is only adjusted if 75% of the total value of the Fund Units credited to the contract is higher than the current Guaranteed Minimum Value at Maturity: in this case, the Guaranteed Minimum Value at Maturity is increased to 75% of the total value of the Fund Units credited to the Contract;

5) the Guaranteed Minimum Value at Maturity is reduced to zero when the Contract is cancelled or terminated.

2.2.3 Application of the Guaranteed Minimum Value at Maturity on the Maturity Date of the Fund Guarantee

If, on the Maturity Date of the Fund Guarantee, the Guaranteed Minimum Value at Maturity is higher than the total Current Value of Fund Units credited to the Contract on that date, the Company will make up the difference by crediting Units at their Current Value on the Maturity Date of the Fund Guarantee. These Units are distributed among the different Funds in proportion to the value of the Units credited, and the date at which they are deemed to be credited to the Contract is the Maturity Date of the Fund Guarantee.

On the Maturity Date of the Fund Guarantee, the Policyholder may choose one of the following options:

1) any annuity offered at the time by the Company;
2) to cash in the Contract;
3) to continue the Contract up to the termination date of the Education Plan.

2.2.4 Additional Benefits Applicable to Monthly Contributions

The Contract offers the Education Plan subscriber and joint subscriber, if any, the possibility of purchasing two optional insurance benefits: Contribution in the event of the insured's death (hereafter referred to as "CIDE") and Contribution in the event of the insured's disability (hereafter referred to as "CID"). The CID benefit is not available unless the Education Plan subscriber and joint subscriber, if any, have also purchased the CIDE benefit. However, the CIDE benefit can be purchased individually.

The individuals insured under the CIDE and CID benefits are the Education Plan subscriber and joint subscriber, if any. If these optional insurance benefits are purchased, the corresponding insurance premiums must be paid. Upon the death or disability of the Education Plan subscriber and joint subscriber, if any, who have purchased the CIDE and CID coverage, the Company will continue to pay a monthly amount into the Education Plan, for and on behalf of the Education Plan beneficiary, equal to the contribution paid by the subscriber and the joint subscriber, if any.

Certain eligibility requirements and restrictions apply to the CIDE and CID benefits. The Policyholder should consult the Contract provisions or contact his/her life insurance agent for more details.

2.3 Guaranteed Minimum Value at Death

For the application of the Fund guarantee, the term "Guaranteed Minimum Value at Death" is defined as a variable value equal to 100% (75% if the Annuitant is eighty (80) years of age or older when the investment is made or if invested in the 75% guaranteed funds) of the Premiums used for the initial investment in a Fund, which varies as follows:

1) the Guaranteed Minimum Value at Death increases when additional Fund Units are credited to the Contract (excluding transfers between Funds that offer the same guarantee), in the following proportion: 100% (75% if invested in the 75% guaranteed funds) of the Premiums if the investment took place before the Annuitant reaches eighty (80) years of age. If the Annuitant is eighty (80) years of age or older when the investment took place, 75% of the Premiums;

2) the Guaranteed Minimum Value at Death is adjusted in proportion to the decrease in the total value of Fund Units credited to the Contract when any Fund Units are surrendered from the Contract (excluding transfers between Funds that offer the same guarantee);

3) ten (10) years before the Maturity Date of the Fund Guarantee, the Guaranteed Minimum Value at Death and the total value of Fund Units credited to the Contract are compared. At this time, if the Annuitant is less than 80 years of age and if the total value of Fund Units credited to the Contract (or 75% of the total value of Fund Units credited to the Contract in the case of the 75% guaranteed funds) is higher, the Guaranteed Minimum Value at Death is automatically increased to 100% (or 75% if invested in the 75% guaranteed funds) of the total value of the Fund Units credited to the Contract; if the Annuitant is eighty (80) years of age or older, the Guaranteed Minimum Value at Death is only adjusted if 75% of the total value of the Fund Units credited to the Contract is higher than the current Guaranteed Minimum Value at Death; in this case, the Guaranteed Minimum Value at Death is increased to 75% of the total value of the Fund Units credited to the Contract;

4) on the Maturity Date of the Fund Guarantee, if the guarantee is renewed for another ten (10) years (see Section 2.1.1), the Guaranteed Minimum Value at Death and the total value of Fund Units credited to the Contract (see Section 3.3) are compared. At this time, if the Annuitant is less than eighty (80) years of age and if the total value of Fund Units credited to the Contract (or 75% of the total value of Fund Units credited to the Contract in the case of the 75% guaranteed funds) is higher, the Guaranteed Minimum Value at Death is increased to 100% (or 75% if invested in the 75% guaranteed funds) of the total value of the Fund Units credited to the Contract; if the Annuitant is eighty (80) years of age or older, the Guaranteed Minimum Value at Death is only adjusted if 75% of the total value of the Fund Units credited to the Contract is higher than the current Guaranteed Minimum Value at Death; in this case, the Guaranteed Minimum Value at Death is increased to 75% of the total value of the Fund Units credited to the Contract;

5) the Guaranteed Minimum Value at Death is reduced to zero when the Contract is cancelled or terminated.

2.3.1 For an Ecoflex RESP Contract

For the application of the Fund guarantee, the term "Guaranteed Minimum Value at Death" is defined as a variable value equal to 100% (75% if the subscriber is eighty (80) years of age or older when the investment is made or if invested in the 75% guaranteed funds) of the Premiums used for the initial investment in a Fund, which varies as follows:

1) the Guaranteed Minimum Value at Death increases when additional Fund Units are credited to the Contract (excluding transfers between Funds that offer the same guarantee) in the following proportion: 100% (75% if invested in the 75% guaranteed funds) of the Premiums if the investment took place before the subscriber reaches eighty (80) years of age. If the subscriber is eighty (80) years of age or older when the investment took place, 75% of the Premiums;

2) the Guaranteed Minimum Value at Death is adjusted in proportion to the decrease in the total value of Fund Units debited to the Contract when any Fund Units are surrendered from the Contract (excluding transfers between Funds that offer the same guarantee);

3) ten (10) years before the Maturity Date of the Fund Guarantee, the Guaranteed Minimum Value at Death and the total value of Fund Units credited to the Contract are compared. At this time, if the subscriber is less than 80 years of age and if the total value of Fund Units credited to the Contract (or 75% of the total value of Fund Units credited to the Contract in the case of the 75% guaranteed funds) is higher, the Guaranteed Minimum Value at Death is automatically increased to 100% (or 75% if invested in the 75% guaranteed funds) of the total value of the Fund Units credited to the Contract; if the subscriber is eighty (80) years of age or older, the Guaranteed Minimum Value at Death is only adjusted if 75% of the total value of the Fund Units credited to the Contract is higher than the current Guaranteed Minimum Value at Death; in this case, the Guaranteed Minimum Value at Death is increased to 75% of the total value of the Fund Units credited to the Contract;

4) on the Maturity Date of the Fund Guarantee, if this date is postponed to the Investment Period Maturity Date, the Guaranteed Minimum Value at Death and the total value of Fund Units credited to the Contract (see Section 3.3) are compared. At this time, if the subscriber is less than eighty (80) years of age, if the Investment Period Maturity Date is at least ten (10) years from the Maturity Date of the Fund Guarantee and if the total value of Fund Units credited to the Contract (or 75% of the total value of Fund Units credited to the Contract in the case of the 75% guaranteed funds) is higher, the Guaranteed Minimum Value at Death is increased to 100% (or 75% if invested in the 75% guaranteed funds) of the total value of the Fund Units credited to the Contract; if the subscriber is eighty (80) years of age or older, the Guaranteed Minimum Value at Death is only adjusted if 75% of the total value of the Fund Units credited to the Contract is higher than the current Guaranteed Minimum Value at Death; in this case, the Guaranteed Minimum Value at Death is increased to 75% of the total value of the Fund Units credited to the Contract;

5) the Guaranteed Minimum Value at Death is reduced to zero when the Contract is cancelled or terminated.

2.4 Death Benefit for all Ecoflex Contracts

On the death of the Annuitant, before the Investment Period Maturity Date, the value of the Fund Units credited to the Contract is the higher of:

a) the total value of Fund Units credited to the Contract on the date the Company receives all documents required to settle the claim; and

b) the Guaranteed Minimum Value at Death on the reception date described above.

THE TOTAL VALUE OF FUND UNITS CREDITED TO THE CONTRACT IS NOT GUARANTEED, BUT FLUCTUATES WITH THE MARKET VALUE OF EACH FUND'S ASSETS.

3. GENERAL CONDITIONS

3.1 Premiums

The Policyholder can invest all or part of the Premiums invested in the Contract in the Funds offered by the Company. With regard to the Education Plan, the Premiums invested in the Ecoflex RESP Contract include the contributions made by the subscriber and the joint subscriber, if any, all amounts received in the form of CESGs, CLBs and provincial grants, where applicable, and all amounts transferred from other Education Plans.

The amounts allocated to the Funds will be used to credit Fund Units to the Contract based on the Current Value of a Unit, as determined on the Valuation Date. Units are credited in accordance with Sections 3.2 and 4.1, which describe the Valuation Date and the Current Value of a Unit as referred to throughout this Information Folder.

The Company reserves the right to refuse to accept any new investments in a Fund, and to do so without any prior written notice.

The Premiums are allocated to each Fund according to the Policyholder's written instructions. At this time, a minimum of $25 must be allocated to each Fund in order to credit Fund Units under the Ecoflex Contract. This amount is subject to change at any time in accordance with the Company's administrative regulations.

If the Policyholder fails to give instructions as to the desired allocation of a Premium to the various Funds under the Ecoflex Contract, the Premium will be invested in the daily interest fund.

ANY AMOUNT THAT IS ALLOCATED TO A SEGREGATED FUND IS INVESTED AT THE RISK OF THE POLICYHOLDER AND MAY INCREASE OR DECREASE IN VALUE.

3.2 Date the Units Are Credited to the Contract

Fund Units are credited to the Contract on the Valuation Date coinciding with the date on which the Company receives the purchase request at its head office prior to 4:00 p.m. EST, or at the first Valuation Date following the request if the purchase request is received after 4:00 p.m. Units will be credited to the Contract on this Valuation Date. The number of Fund Units credited to the Contract will be the amount allocated to a Fund, divided by the Current Value of a Unit of the Fund determined on the Valuation Date on which the Units were purchased, as described in Section 4.1.

THE CURRENT VALUE OF EACH FUND'S UNITS CREDITED TO THE CONTRACT IS NOT GUARANTEED, BUT FLUCTUATES WITH THE MARKET VALUE OF EACH FUND’S ASSETS.

3.3 Total Value of Fund Units Credited to the Contract

The total value of Fund Units credited to the Contract on a Valuation Date is equal to the sum of the Current Value of the Units in each Fund credited to the Contract as determined by multiplying the Current Value of a Unit of the Fund on the Valuation Date by the number of Units in the Fund credited to the Contract.

THE TOTAL VALUE OF FUND UNITS CREDITED TO THE CONTRACT AND THE CURRENT VALUE OF EACH UNIT ARE NOT GUARANTEED, SINCE THEY VARY ACCORDING TO FLUCTUATIONS IN THE MARKET VALUE OF THE ASSETS ALLOCATED TO EACH FUND.

3.4 Transfers Between Funds

The Policyholder may request, in writing, that the Current Value of the Fund Units credited to a Fund under the Contract be transferred and invested in another available Fund. The credit date applied to Units credited following a transfer will be the same as the date the cancelled Units were credited to the Contract. However, Units credited following a transfer of Units from the Money Market Fund will be credited on the date the valuation is carried out to determine their Current Value for the transfer.

Furthermore, transfers between the 75% guaranteed funds and the 100% guaranteed funds will be treated as a surrender from one Fund and an investment in the new Fund. The Guaranteed Minimum Value at Maturity and the Guaranteed Minimum Value at Death will be adjusted accordingly. No surrender fee will be charged in this case.

The value of the Fund Units debited or credited following a transfer is determined based on the Current Value of Units in each of the Funds for which a transfer request was received on the date the Company receives the request to transfer Fund Units. The Fund Units whose value is transferred in this way are then cancelled.

After a transfer, the balance in the Fund may not be less than the minimum amount required (currently $25), otherwise the entire amount in the Fund will be transferred to the new Fund. This minimum amount is determined from time to time by the Company. The Company reserves the right to charge transaction fees of $35 on transfers at any time. The Company may modify this transaction fee at any time and will inform the Policyholder in advance.

THE CURRENT VALUE OF EACH FUND'S UNITS SURRENDERED OR ACQUIRED TO EFFECT A TRANSFER IS NOT GUARANTEED, BUT FLUCTUATES WITH THE MARKET VALUE OF THE FUND'S ASSETS.

3.5 Surrender of Premiums

At any time on or before the Investment Period Maturity Date, the Policyholder may request, in writing, that some or all of the Premiums invested in the Funds be surrendered (hereafter referred to as a "surrender"). For Ecoflex RESP Contracts, a surrender is performed in order to make the payments provided under the Education Plan.

A partial or total surrender may entail surrender fees, which are described in Section 3.6. All partial surrenders must be at least $100 for each Fund, and the balance of the Fund Units must not fall below the required minimum (currently $25) as a result of the partial surrender, otherwise all the Units in that Fund will have to be surrendered. The Company reserves the right to change these minimum amounts at any time.

The surrender value of the Premiums invested in the Fund is equal to the number of Units credited to the Contract multiplied by the Current Value of a Unit in the Fund on the Valuation Date coinciding with, or the first Valuation Date following, the date on which the surrender request is received in writing from the Policyholder, minus the applicable surrender fees. The Company reserves the right to delay the cash payment or transfer to another financial institution for up to sixty (60) days from the date the written surrender request is received.

In the event of a partial surrender, the Policyholder must specify both the amount to be surrendered and the particular Fund or Funds from which the partial surrender is to be taken.

THE SURRENDER VALUE OF THE PREMIUMS INVESTED IN THE FUNDS IS NOT GUARANTEED WHEN A PARTIAL OR TOTAL SURRENDER IS MADE, BUT FLUCTUATES WITH THE MARKET VALUE OF THE ASSETS OF THE FUND.

3.5.1 Frequent Trading

An investment in a Fund is a long-term process. A short-term transaction may be detrimental to the performance of a Fund, result in additional administration fees and have a negative impact on the Funds.

Frequent trading consists of carrying out transactions within a short period of time in an attempt to outperform the market. A short period of time is deemed to be 90 days or less. The investment of Premiums in a Fund, the partial or total transfer of Premiums invested in a Fund to other Funds and partial or total surrender of these Premiums are considered as transactions. Frequent trading is not illegal, but may be harmful to the Funds. These types of transactions may result in additional administration fees.

If the Policyholder surrenders or transfers the Premiums invested in a Fund, in whole or in part (except for the Money Market Fund), within ninety (90) days following the date of their investment in the Fund, frequent trading fees equal to 2% of the amount of the transaction apply.

When surrender or transfer occurs within thirty (30) days following the date of the investment in one or another of the following Funds, the Company may waive the fees, at its sole discretion and only when it determines it to be under exceptional circumstances.

- Fidelity Canadian Opportunities Fund
- Global Equity Small Cap. (DB Advisors) Fund
- Global Dividend (Dynamic) Fund
- Global Equity (Templeton) Fund
- Global Equity (Oppenheimer) Fund
- Asian Pacific (Dynamic)
- Emerging Markets (Mackenzie Cundill)
- International Equity (Templeton) Fund
- International Equity Index Fund
- International Equity (McLean Budden) Fund
- Fidelity European Equity Fund
- Fidelity Northstar® Fund
- Global Health Care (Renaissance)
- Real Estate Income
- U.S. DAQ Index

For these Funds, when the transaction occurs between 31 and 90 days following the date of the investment, the Company reserves the right to waive the fees at its sole discretion.

For all other Funds, the Company may waive the fees at any time, at its sole discretion.

All frequent trading fees charged are invested in the Fund subject to the partial or total surrender or transfer of Premiums to increase the assets of the Fund for the benefit of all policyholders having invested in the Fund. The Company reserves the right to modify, at any time, the terms related to frequent trading fees.

These fees do not apply to Premiums surrendered or transferred under the Company's systematic plans (such as the Pre-Authorized Chequing (PAC) Plan and the Periodic Income Program (PIP)).

In addition to any applicable frequent trading fees, the Company may, at its sole discretion, refuse any investment of future Premiums or transfer of Premium requests if the Company determines that the Policyholder's trading activities may be detrimental to the Funds or the underlying funds.

3.6 Surrender Fees

Surrender fees are applied to the surrender of Premiums invested in Funds if the surrender is made within six (6) years following the date the Units were credited to the Contract. The fees correspond to a percentage of the Current Value of the surrendered Units. The following table illustrates how the surrender fees are applied:

YEAR UNITS WERE SURRENDERED	FEES AS A % OF THE CURRENT MARKET VALUE OF SURRENDERED UNITS
1st and 2nd year	5%
3rd year	4%
4th year	3%
5th year and 6th year	2%
7th and subsequent years	0%

Surrenders are carried out so that the Fund Units credited to the Contract least recently are surrendered first. Surrender fees also apply to Units credited under the Fund guarantee that applies to the maturity date of this guarantee.

For Ecoflex non-registered, RRSP, TFSA and RESP* Contracts, surrender fees do not apply to surrenders made during the calendar year, for up to 10% of the total value of the Fund Units determined on the last Valuation Date of the preceding year, plus 10% of new investments made in the Fund during the current year.

Also, within the same Contracts, the right to surrender without surrender fees (10%) also applies for a transfer from a Fund to a guaranteed investment offered by the Company with a term equal to or greater than one (1) year. However, surrender fees shall apply for transfers from a Fund to a daily interest fund, a guaranteed investment with a term of less than one (1) year and for transfers to another contract offered by the Company. Surrender fees also apply to transfers to other financial institutions. The Premiums surrendered under the Periodic Income Program (PIP) are included in the calculation of Premiums surrendered without surrender fees.

The free surrender privilege is not cumulative and cannot be carried forward to future years. The Company may, at any time, modify the free surrender privilege and a transaction fee of $35 may apply. The Company may modify this transaction fee at any time.

*For an Ecoflex RESP Contract, the free surrender privilege described in this Section is applicable only if no Educational Assistance Payments (EAPs) are being made under the Education Plan. In the event that Educational Assistance Payments are being made, refer to Section 3.6.1.

3.6.1 Specific Procedures for Ecoflex RRIF, LIF and RESP Contracts

For a Registered Retirement Income Fund (RRIF), Life Income Fund (LIF) or Ecoflex RESP* Contract, the fees described in Section 3.6 do not apply to surrenders made over the course of a calendar year, for a total amount not to exceed 20% of the Book Value of the Contract on the last business day of the previous year plus 20% of the new Premiums invested in the Contract during the current year. Any surrender in excess of the 20% maximum is subject to surrender fees as described in Section 3.6.

Also, within the same Contracts, the free surrender privilege for the amount set out in the previous paragraph also applies to a transfer from a Fund to a guaranteed investment offered by the Company with a term equal to or greater than one (1) year. However, surrender fees shall apply to transfers from a Fund to a daily interest fund, a guaranteed investment with a term of less than one year and transfers to another contract offered by the Company. Surrender fees also apply to transfers to other financial institutions.

The Book Value of the Contract is equal to the sum of the book value of each guaranteed investment, the book value of each life investment, the daily interest fund plus the total value of Fund Units credited to the Contract. For more details on the book value of the other investment vehicles offered under the Ecoflex Contracts, refer to the specific sections on each investment in the Ecoflex Contract.

*For an Ecoflex RESP Contract, this specific procedure is applied only if Educational Assistance Payments (EAPs) are being made under the plan. If no Educational Assistance Payments (EAPs) have yet been made at the time of surrender, refer to Section 3.6.

3.6.2 Specific Procedures for the Money Market Fund

No surrender fees apply to surrenders of Money Market Fund Units unless these amounts were previously invested in other Funds.

3.6.3 Illustration of Growth and Surrender Fees

For a sum of $1,000 invested in a Fund and for which Fund Units were credited to an Ecoflex Contract, the following table illustrates the surrender fee that may be payable for the Current Value of the surrendered Units if a surrender were to occur during the years indicated (see sections 3.6 and 3.6.1 for details regarding the free surrender privileges used in this table). At or before the Investment Period Maturity Date, the surrender value of the Fund Units credited to the Contract may be used to purchase an annuity. However, if the annuity is purchased on the Maturity Date of the Fund Guarantee or the Investment Period Maturity Date, the surrender value is determined after the application of the Fund guarantee (see Section 2 for more details about the Fund guarantees), if applicable.

Figures shown for a Premium invested in a Fund are based on an assumption that the Unit values increase at a constant rate of 7% per year.

EXAMPLE: $1,000 SINGLE PREMIUM

Year	Current value of Units assuming a 7% growth rate	Surrender fees as a % of the Current Value of the surrendered Units	For a non-registered Contract, RRSP, TFSA or RESP Contract (no EAPs)		For a RRIF and RESP Contract (with EAPs)	
			Surrender fees	Surrender value	Surrender fees	Surrender value
1	$1,070	5	$48	$1,022	$43	$1,027
2	$1,145	5	$52	$1,093	$46	$1,099
3	$1,225	4	$44	$1,181	$39	$1,186
4	$1,311	3	$35	$1,276	$31	$1,280
5	$1,403	2	$25	$1,378	$22	$1,381
6	$1,501	2	$27	$1,474	$24	$1,477
7	$1,606	0	$0	$1,606	$0	$1,606

THE CURRENT VALUE OF EACH FUND'S UNITS FLUCTUATES WITH THE MARKET VALUE OF EACH FUND'S ASSETS, AND CONSEQUENTLY CANNOT BE GUARANTEED.

3.7 Dollar Cost Averaging (for Ecoflex RRSP, LIRA, TFSA, RESP and Non-Registered Contracts)

The Policyholder may, upon written request, join the Dollar Cost Averaging (DCA) investment plan for any Contracts registered as an RSP under the *Income Tax Act* (Canada), LIRA Contracts and non-registered Contracts. The DCA is not available for any Contracts registered as a RIF under the *Income Tax Act* (Canada). Through this plan, the Policyholder invests his/her initial Premium in the Money Market Fund. Each month, a designated amount, determined by the Policyholder, is automatically transferred from the Money Market Fund in order to invest Premiums in the selected Ecoflex Funds for a specified period of time (between 6 and 12 months). This transaction requires a minimum monthly investment of $25 per Fund.

3.8 Periodic Income Program (for Ecoflex Non-Registered, RRSP Contracts Only and TFSA)

The Policyholder may, upon written request, join the Periodic Income Program (PIP). The Policyholder can choose to receive the income on a monthly or annual basis. The periodic income paid to the Policyholder must be at least $1,000 on an annual basis or $100 on a monthly basis.

The amounts needed to pay the PIP are surrendered from the Funds through the debit of Units credited to the Contract in accordance with Section 3.5 in the proportion or the order indicated by the Policyholder.

The Policyholder may terminate the PIP at any time by sending a written request to the Company. The Company reserves the right to modify the PIP from time to time.

ANY PORTION OF THE TOTAL VALUE OF THE PREMIUMS INVESTED IN THE SURRENDERED FUNDS TO MAKE PAYMENTS UNDER THE PERIODIC INCOME PROGRAM IS NOT GUARANTEED, BUT FLUCTUATES WITH THE MARKET VALUE OF EACH FUND'S ASSETS.

3.9 Retirement Income Payments (for Ecoflex RRIF and LIF Contracts Only)

Each year, the Company pays the Policyholder the retirement income payments chosen by the Policyholder, provided the total payments made during each calendar year are not less than the minimum payment defined in paragraph 146.3(1) of the *Income Tax Act* (Canada). The Company makes the stipulated payments in accordance with the provisions of the *Income Tax Act* (Canada).

Payment Options

The Policyholder may choose from the payment options offered by the Company. The option chosen applies for the entire duration of the Contract or until the Policyholder chooses, in writing, another payment option offered by the Company. The Company may modify or cease to offer certain payment options. Failing instructions from the Policyholder, if the annual life income payments from the life investment are lower than the minimum annual payment, or if no investment is made in the life investment, payments will be made according to the Minimum Payment option described in the following paragraph. If the annual life income payments from the life investment are higher than the minimum annual payment prescribed by the *Income Tax Act* (Canada), and failing instructions from the Policyholder, payments will be made according to the Level Payment option described below. These payments correspond to the life income payments.

Minimum Payment

This is the minimum annual payment that must be made under the Contract as prescribed by the *Income Tax Act* (Canada). It is established on January 1 of each year by multiplying the Book Value of the Contract on this date by a percentage prescribed by the *Income Tax Act* (Canada). The percentage is based on the age of the Annuitant or the Annuitant's spouse, as indicated in the application. This option is available only if the sum of the payments from the life investment over the course of a calendar year, where applicable, is lower than the minimum amount prescribed by the *Income Tax Act* (Canada).

Level Payment

The Annuitant receives a fixed amount determined for the duration of the Contract. This amount must include the amount of the payments from the life investment, where applicable.

Indexed Payment

The amount determined by the Policyholder increases at the beginning of each calendar year according to an indexation rate chosen by the Policyholder. The indexation rate cannot exceed 8%. This amount must include the amount of the payments from the life investment, where applicable.

Frequency of Payments

The Policyholder can choose to receive the retirement benefits on a monthly, quarterly, semi-annual or annual basis on the day of his/her choice. However, if the total periodic retirement benefits over the course of a calendar year are lower than $1,200, the frequency must be annual. Failing instructions from the Policyholder and subject to the terms and conditions stated above, payments will be made on a monthly basis. If the Policyholder invests in the life investment, the frequency of payments and the day of the month the benefits are paid may not be modified while the life investment is in force.

Payment of Benefits

The retirement benefit payments are made according to the payment option selected by the Policyholder or, failing instructions from the Policyholder, according to the Contract provisions. For each retirement benefit payment, the amount paid under the life investment, where applicable, is used to make the payment. When an amount in addition to the amount paid under the life investment is required to pay the retirement benefit requested by the Annuitant or is required by law, or when no investment is made in the life investment, the amounts are surrendered from the various other investment vehicles in the proportion or the order indicated by the Policyholder. Failing instructions from the Policyholder, the amounts needed to make up the difference between the amounts paid under the life investment, where applicable, and the retirement benefit payment or the amounts needed to pay the retirement benefits when no investment is made in the life investment, are surrendered in the order indicated on the application (hereafter called the "automatic surrender term") and according to the surrender provisions specific to each investment vehicle. Guaranteed investments are surrendered starting with those having the shortest maturity. The automatic surrender term may be modified by the Company at any time.

3.10 Automatic Conversion (for Ecoflex RRSP and LIRA Contracts Only)

If the Contract is registered as an RRSP or a LIRA and is in force on December 31 of the year in which the Policyholder turns 71, the Contract is automatically converted into an Ecoflex RRIF or LIF Contract, respectively, offered by the Company. The automatic conversion does not, in any way, affect the investments in force at the time of the conversion. The automatic conversion will be made in accordance with the *Income Tax Act* (Canada) or any corresponding provincial legislation and according to the administrative policies currently in effect at the Company.

3.11 Payments Made Under an Education Plan (for Ecoflex RESP Contracts Only)

With an Education Plan, the Contract's assets are held in trust by the trustee for the purpose of making one or more of the following payments:

a) the Educational Assistance Payments (EAPs) for students (beneficiaries) who are enrolled full-time (minimum of ten (10) hours of classes per week) or for students who are enrolled part-time (minimum of twelve (12) hours of classes per month) in an eligible educational program at a post-secondary institution;
b) the Accumulated Income Payments (AIPs) to the subscriber if no beneficiary is eligible to receive the EAPs;
c) the refund of contributions to the subscriber;
d) the refund, in whole or in part, of the Canada Education Savings Grant (CESG), where applicable;
e) the refund of the Canada Learning Bond (CLB), where applicable;
f) the refund of the grant available under the Alberta Centennial Education Savings Plan (ACESP) or any other provincial grants, where applicable;
g) the payments made to eligible educational institutions in Canada or to a trust in favour of such institutions; and
h) the payments made to a trust that irrevocably holds property under a Registered Education Savings Plan for one of the purposes set out in items a) to g).

3.12 Start of Annuity Payments

When the annuity payments under an Ecoflex Contract begin, as stipulated in the Contract or in any applicable endorsement, the Current Value of the Units credited to the Contract will be used to determine the amount of the annuity. For more details on annuity payments, refer to Section 1.9 *Annuity of the Ecoflex* Contract or in the applicable endorsement.

4. HOW THE FUNDS WORK

4.1 Market Value of Fund Assets and Current Value of a Fund Unit

The market value of the assets allocated to each Fund and the Current Value of a Unit of each Fund are determined each day the Company's head office is open for business (hereafter called the "Valuation Date"). However, the Company reserves the right to adjust the frequency of these regular valuations, subject to a minimum frequency of once a month. A decrease in the frequency with which Units of a Fund are valued would give the Policyholder the rights stipulated in the section entitled *Fundamental Changes* (see Section 6). Special valuations may be carried out on days other than regular Valuation Dates. The valuation may be delayed or postponed if the stock market is closed or if transactions are suspended on securities allocated to the Funds. In this case, the valuation will take place as soon as possible. The valuation is based on the previous day's closing price on a nationally recognized stock exchange, and in all other cases, on the fair market value as determined by the Company.

Market Value of Fund Assets

The Market Value of the assets allocated to a Fund (also referred as "Fund assets") on a Valuation Date is determined by calculating the total market value of all the underlying investments allocated to this Fund minus any fees and expenses (such as management fees and operating expenses) on that date. In addition, assets purchased but not paid for, as well as any expenses incurred, are deducted from the value of the assets. The only expenses charged to the Funds are those assignable to those Funds (refer to Section 4.3).

THE MARKET VALUE OF FUND ASSETS FOR EACH FUND IS NOT GUARANTEED, BUT MAY FLUCTUATE WITH THE MARKET VALUE OF THE UNDERLYING INVESTMENT(S) ALLOCATED TO EACH FUND.

Current Value of a Fund Unit

The Current Value of a Fund Unit is determined by dividing the market value of the assets in the Fund by the number of Units of this Fund. The Current Value of a Fund Unit on a specific date is the Current Value of that Unit on the Valuation Date that coincides with this date, or at the first Valuation Date following, if none coincides. When a Fund invests in the Units of an underlying mutual Fund (pooled fund) or an underlying fund (also referred to as an "underlying fund" in this Information Folder), the advisor for the underlying fund will use the method described above to determine the Current Value of a Fund Unit for the Company to use.

The Company reserves the right to divide the Fund Units. In such a case, the Company will modify the number of Fund Units credited to the Contract so that the division will not affect the market value of the Premiums invested in the Funds.

THE CURRENT VALUE OF EACH FUND'S UNITS IS NOT GUARANTEED, BUT MAY FLUCTUATE WITH THE MARKET VALUE OF THE ASSETS ALLOCATED TO EACH FUND.

4.2 Reinvestment of Income

Income from dividends, interest and net capital gains earned from the investments of the Fund assets will be automatically reinvested in the particular Fund to increase the Current Value of the Units. The Company reserves the right to change this method following written notice to the Policyholder.

4.3 Management Fees and Operating Expenses

Management fees are paid to the Company and are deducted from the assets of each Fund. These fees vary from Fund to Fund and are shown on an annual basis in the table below.

The management fee rates may be modified from time to time but shall never exceed the management fee rates in effect on June 30, 2009 (indicated in the following table) plus 2%. The insurance fees, which are the fees associated with the benefits guaranteed under the Contract (see Section 2), are embedded in the management fees. Furthermore, the commission payable to the life insurance agent for the initial investment in the Company's Funds, as well as the service charges payable to the life insurance agent on a monthly basis while the Contract is in force, are also embedded in these fees. Any increase in management fees would be considered a fundamental change and would give the Policyholder certain rights (see Section 6).

In addition to management fees, current operating expenses are deducted from the Fund, including:

- Legal, audit, accounting and transfer agent expenses;
- Operating and administrative fees, costs and expenses;
- Policyholder communication fees;
- All other fees incurred by the Fund; and
- Applicable taxes, including goods and services tax (GST)

MER

The sum of the management fees, operating expenses and applicable taxes make up the total amount charged to the average net assets of the Fund and the ratio of the sum of these fees and expenses is called the "Management Expense Ratio"(MER). The MER includes all expenses for any fund or underlying fund in which the Company invests for the purpose of its Fund.

All the fees included in the MER are deducted on each Fund's Valuation Date. They are currently:

INDUSTRIAL ALLIANCE INSURANCE AND FINANCIAL SERVICES INC. FUNDS	ANNUAL MANAGEMENT FEES (%)	MANAGEMENT EXPENSE RATIO (MER)[1] (%)
FOCUS FUNDS		
Focus Prudent	2.61	2.81
Focus Moderate	2.66	2.87
Focus Balanced	2.70	2.91
Focus Growth	2.75	2.96
Focus Aggressive	2.80	3.01
INCOME FUNDS		
Money Market	1.29	1.43
Short Term Bonds	1.94	2.11
Bonds	1.94	2.11
Bonds – series 2	1.94	2.11
DIVERSIFIED FUNDS		
Diversified Security	2.53	2.73
Diversified	2.56	2.76
Diversified Opportunity	2.60	2.80
Fidelity Canadian Asset Allocation	3.09	3.32
Diversified Income	2.49	2.69
Global Diversified (Catapult)	2.81	3.02
CANADIAN EQUITY FUNDS		
Dividend Income	2.17	2.35
Dividend Growth	2.41	2.60
Canadian Equity (Leon Frazer)	2.69	2.90
Canadian Equity Index	2.49	2.69
Select Canadian	2.49	2.69
Canadian Equity Value	2.56	2.76
Canadian Equity (Dynamic)	2.84	3.06
Fidelity True North®	3.09	3.32
Canadian Equity Growth	2.49	2.69
Fidelity Canadian Opportunities	3.09	3.32

INDUSTRIAL ALLIANCE INSURANCE AND FINANCIAL SERVICES INC. FUNDS	ANNUAL MANAGEMENT FEES (%)	MANAGEMENT EXPENSE RATIO (MER)[1] (%)
U.S. & INTERNATIONAL EQUITY FUNDS		
Global Dividend (Dynamic)	2.94	3.16
Global Equity (Templeton)	3.06	3.29
Global Equity (Oppenheimer)	2.94	3.16
Fidelity NorthStar®	3.14	3.37
Global Equity Small Cap. (DB Advisors)	3.04	3.27
International Equity Index	2.49	2.69
International Equity (Templeton)	3.06	3.29
International Equity (McLean Budden)	2.94	3.16
Fidelity European Equity	3.14	3.37
U.S. Equity Index	2.49	2.69
U.S. Equity (McLean Budden)	2.94	3.16
U.S. Equity (Legg Mason)	3.09	3.32
SPECIALTY FUNDS		
Asian Pacific (Dynamic)	2.73	2.94
Emerging Markets (Mackenzie Cundill)	3.90	4.17
Global Health Care (Renaissance)	3.24	3.48
Real Estate Income	2.49	2.69
U.S. DAQ Index	2.49	2.69

[1] MERs are based on figures as at June 30, 2009 and may vary at all times.

At no time will there be any duplication of management fees and operating expenses when the Company invests some or all of the assets allocated to a Fund in an underlying fund.

Other Taxes

The Funds are subject to foreign withholding taxes on income for non-Canadian investments. Otherwise, according to current tax laws, the Funds are tax-exempt since all capital gains and income are attributed to Policyholders.

Should the Funds become taxable, taxes will be charged against the Funds.

The GST is included in the MER.

4.4 Termination of a Fund

Subject to the fundamental changes provisions that could be applicable (see Section 6), the Company reserves the right to terminate a Fund at any time. At least sixty (60) days before the termination date of the Fund, the Company will send a notice to Policyholders who have Units of this Fund credited to their Contract. Up to five (5) days prior to the termination date of the Fund, Policyholders may request, in writing, that the current value of these Fund Units credited to the Contract be transferred to and invested in another currently available Fund. If the Policyholder does not request a transfer, the Company will transfer the Fund Units into the Fund of its choice. The current value of Units transferred and invested in another Fund will be determined on the Valuation Date on which the Company terminates the Fund. Otherwise, the transfer will be subject to Section 3.4 of this Information Folder entitled *Transfers Between Funds*.

THE VALUE OF EACH FUND'S UNITS DEBITED OR CREDITED TO EFFECT A TRANSFER IN THE EVENT OF A FUND TERMINATION IS NOT GUARANTEED BUT FLUCTUATES WITH THE MARKET VALUE OF THE ASSETS OF THE FUND SUPPORTING THEM.

4.5 Information Provided to the Policyholder

During a calendar year, at least one annual statement will be sent to the Policyholder. This statement will include the following:

- the number of Units credited to the Contract for each Fund;
- the Current Value of the Units for each Fund under the Contract on the date of the statement; and
- a list of all transactions since the last statement (Premiums paid, transfers between Funds, surrenders).

For an Ecoflex RESP, the following information will also be included:

- the amount of Premiums and transfers made to the Contract;
- the CESGs, CLBs or provincial grant amounts invested in the Contract;
- the amount of any refund of subscriber contributions, Accumulated Income Payments, or repayment of CESGs, CLBs or provincial grants; and
- the amount of all Educational Assistance Payments made to the beneficiary.

In addition to an annual statement, the Policyholder may, on request, obtain the fund's audited annual financial statements as well as the fund's unaudited semi-annual financial statements, which cover:

- the annual management fees and other expenses related to the Funds;
- the management expense ratio for each Fund; and
- the overall rate of return, calculated on a net basis for at least 1, 3, 5 and 10 year periods, if applicable.

To obtain a copy of these reports, the Policyholder should send a written request to the Company's head office and specify whether he/she would like to receive a paper or electronic version. In the case of the latter, the Policyholder's email address should be indicated on the request.

The Policyholder will receive an updated Information Folder or an Information Folder addendum whenever a substantial change is made to the Funds in particular, or to the Contract in general. The Policyholder's rights under the Contract will not be affected by any subsequent changes unless he/she has agreed to them in writing.

4.6 Division of Units

The Company reserves the right to divide up the Units of a Fund. In this case, the Company will modify the number of Units credited so that the total value of the Fund Units is not modified.

4.7 Taxation

All income and capital gains realized by a Fund are allocated in proportion to the number of Fund Units credited for each Policyholder. Fund income, net of the management expense ratio, is allocated daily. All taxation references are made with regard to the *Income Tax Act* (Canada). The Policyholder must respect all tax legislation, provincial or otherwise, that may apply regardless of the Company's interpretations contained in this Information Folder. The Company is not responsible for the way in which the taxation is interpreted, since it varies according to each investor's situation and is subject to any changes in the *Income Tax Act* (Canada) or provincial legislation. The Company suggests the Policyholder consult his/her personal tax specialist for advice on his/her particular tax situation.

NON-REGISTERED CONTRACTS

Each year, the Policyholder will receive a receipt for income tax purposes. The amount that appears on this receipt must be included in his/her tax return. The portion of investment income for each Fund that is allocated to the Contract is also reported to the Policyholder each year and must be included in his/her taxable income.

Transfers Between Funds

As described in Section 3.4, the Policyholder may request the transfer of Premiums between the Funds available under the Contract. All transfers involve a disposition of the transferred Fund Units. This disposition may involve a realization of accumulated capital gains that must be taxed in the transfer year, as required by the *Income Tax Act* (Canada).

Guarantees

The Company will apply the guarantees, if applicable, on the Maturity Date of the Fund Guarantee or at death, if death occurs prior to the maturity date. Consult Section 2 for more details on the Fund guarantees. All Premiums invested by the Company in the Contract under the guarantees are taxable only when the Premiums are surrendered from the Contract. All Premiums invested in the Contract under the guarantees and at death are not taxable.

At this time, the taxation of these payments is uncertain and a change in legislation may require a change to the taxation of these payments.

REGISTERED CONTRACTS

The Ecoflex Contract may be registered as a Retirement Savings Plan (RSP), a Tax-Free Savings Account (TFSA), a Retirement Income Fund (RIF), a Life Income Fund (LIF), a Locked-in Retirement Account (LIRA), a locked-in RSP, or may be used as an investment for a Registered Education Savings Plan (RESP) in all provinces where allowed by law and under Section 146 (146.1 for an Education Plan and 146.3 for a RRIF) of the *Income Tax Act* (Canada) or under the Taxation Act (Quebec), where applicable. In these cases, the Premiums (except in an Ecoflex RESP or TFSA Contract) are eligible for preferred tax treatment up to the maximum amount allowed by law. Premiums invested in the various registered accounts must be in accordance with the applicable legislation. When the Ecoflex Contract is invested in an Education Plan, it's not the Ecoflex Contract that is registered, but the Education Plan.

Investment income and capital gains are not subject to taxation when they are invested in the Contract. However, benefits payable under the terms of the Contract will be subject to income tax when they are withdrawn from the Contract except for Ecoflex Contracts registered as a Tax-Free Savings Account. In some cases, the Company is obligated to deduct taxes from the payable benefits.

Contributions to a registered Ecoflex Contract as a Tax-Free Savings Account and to an Ecoflex RESP Contract are not tax deductible and can be withdrawn at any time with no tax implications. Furthermore, all investment income, capital gains and CESGs, CLBs and provincial grant amounts (including returns generated by CESGs, CLBs and provincial grant amounts) are not taxed until they are withdrawn from the Education Plan.

All Educational Assistance Payments (EAPs), which come from the growth of the investments under the Contract, CESGs, CLBs and provincial grant amounts, are taxable upon withdrawal by the beneficiary.

The Accumulated Income Payment, which represents the growth of the investments under the Contract, can be withdrawn from the RESP by the subscriber if no beneficiary attends an eligible post-secondary institution and if the conditions required by the legislation are met. The Accumulated Income Payment is then entirely taxable. However, the subscriber has the option of transferring this accumulated income to his/her own RRSP, or to his/her spouse's RRSP, up to the allowable RRSP contribution limit.

Transfers Between Funds

As described in Section 3.4, the Policyholder may request the transfer of Premiums between the Funds available under the Contract. All transfers involve a disposition of the transferred Fund Units. This disposition may involve a realization of accumulated capital gains that will be deferred and taxed only when the Premiums are surrendered from the registered Contract, except for Contracts registered as a TFSA for which surrenders have no tax implications.

Guarantees

The Company will apply the Fund guarantee, if applicable, on the Maturity Date of the Fund Guarantee or at death, if death occurs prior to the maturity date. Consult Section 2 for more details on the Fund guarantees. All Premiums invested in the Contract under the guarantees at the Investment Period Maturity Date and at death are not taxable when they are invested but when the Premiums are surrendered from the registered Contract, except for Contracts registered as a TFSA.

4.8 Risk Factors

The following risk factors are inherent in both the Funds and the underlying funds. No additional risk factors other than those listed below have an impact on the underlying funds.

General and Market Risk

The market values of the funds fluctuate with the market value of the fund's assets and are not guaranteed. As a result, the current unit value for each fund fluctuates in accordance with the changes in each fund's market values. These changes in the current unit value or market value may result from various factors. Generally, the market value of a fund's assets will change in response to economic and investment market conditions, market expectations for the financial performance of the various securities held in the funds, and in some cases, changes in interest rates. All of the Funds are subject to this risk.

Equities Risk (A)

For equity funds, the price of a Company's stock is affected by its performance in terms of mergers, products, market share, market expectations and general economic conditions. Certain equities are also influenced by interest rates in general, as is the case for interest rate sensitive stocks. Volatility in equity funds may be mitigated by holding a diversified selection of stocks.

Interest Rate Risk (I)

The market value of fixed-income investments, such as government issued bonds, corporate bonds, commercial paper, T-bills or mortgage bonds, is linked to interest rates and can also exhibit volatility. This volatility may be mitigated by holding short-term securities in times of stable short-term rates, for example.

Credit Risk (C)

A mortgage's market value is influenced by the mortgagee's credit quality and by interest rates in general. Also, the market value volatility is increased when the mortgage maturity date is longer. Volatility in mortgage funds may be mitigated by diversifying the selection and the maturity dates of mortgages in the fund. For more information on mortgage loans receivable, the Policyholder should consult the investment funds' annual report.

Foreign Currency Risk ($)

When international funds are invested in companies located in other countries or through derivatives, such as futures contracts (on a non-leveraged basis), there may be additional volatility associated with changes in the foreign currency compared to the Canadian dollar. Risks such as currency exposure can be mitigated by using various hedging techniques.

Sovereign Risk (E)

Fluctuations in the market value of international funds may also occur due to changes in a country's political and economic situation and restrictions placed on currency movements.

Real Estate Risk (M)

A fund can also use investments related to specific activities such as real estate. Real estate is often relatively illiquid. Its value is influenced by local and general economic conditions such as the availability of rentable space and the attractiveness of the property in the market. Its value is also influenced by the appraisal and how frequently an appraisal is done. If a fund invests in real estate, such investments would be described in the fund's annual report.

Special Equities Risk (AS)

Some funds can also invest in small companies where securities are often less liquid, less marketable and more volatile than well-established companies.

Risks Associated with Index Funds (R)

Index funds were created to reflect the performance of specific market indices; as a result, for a fund that has the same objective, a greater proportion than that normally allowed for funds may be invested in or exposed to one or more issuers. This kind of concentration may have an impact on the liquidity and diversification of the fund, its ability to meet surrender requests, and its volatility.

Liquidity Risk (L)

Some funds may also invest in small companies where securities are considered to be less liquid and more volatile than larger companies.

One or more of the above-mentioned risks may influence the Current Value of a Fund's Units and make the returns more volatile.

4.9 Use of Derivatives and Loans for Funds

The Funds and underlying funds may use derivatives in order to reach their investment objectives. However, derivatives and loans may not be used to create leverage for investment purposes. Loans are only permitted temporarily for the purpose of accommodating unit surrender requests while effecting an orderly liquidation of portfolio securities. Loans must not exceed 5% of the market value of the assets of the particular fund at the time of the transaction.

Derivatives may only be used to modify certain characteristics of the portfolio, to replicate an index present in the reference portfolio, or to hedge currency exposure to the extent the manager deems appropriate in the event that the funds are invested in foreign currencies. The derivatives that may be used by each Fund are options on indexes, swaps, structured notes, futures and forward contracts traded on exchange boards or over the counter according to their market availability.

Derivative Risk (D)

A fund's ability to dispose of the derivatives depends on the liquidity of such positions in the market, if the market direction should go against the manager's forecast, and the ability of the other party to fulfill its obligations. Thus, there is no guarantee that transactions involving derivatives will always be beneficial to the Fund.

4.10 Interest of Management and Other Entities in Material Transactions

Any transaction carried out in the three (3) years preceding the distribution of this Information Folder or any transaction considered by a director, a member of management, or one of the Company's subsidiaries or affiliated companies will not have any material negative impact on the Funds.

4.11 Material Contracts

No Contract involving the Funds that can reasonably be deemed material by the Policyholder, or that may have an impact on the Funds available, has been concluded by the Company or any of its subsidiaries in the last three (3) years.

4.12 Other Material Facts

No other material facts related to the Contracts and the Funds offered have been omitted under the previously outlined provisions.

5. INVESTMENT OBJECTIVES AND MANAGEMENT OF THE FUNDS

The Ecoflex Contracts currently offer the opportunity to invest in a full range of Funds. Professional management of the Funds is provided by the investment advisors listed below.

Professional management is aimed at providing clients of the Company with all the advantages that arise from investing in Funds.

The assets allocated to the following Funds are invested in Units of underlying funds and are managed by experienced investment advisors who specialize in the management of similar funds. The Company reserves the right to change the investment advisor of the Fund at any time without changing the stated investment objectives of the Fund. Such changes to the investment advisor shall not require prior written notification to be sent to the Policyholder.

The Value of a Fund Unit will be determined for any Company Fund that invests in an underlying fund. Investment advisors will follow the Company's investment policy with respect to a particular Fund.

Industrial Alliance Insurance and Financial Services Inc. Funds	Investment Advisor's Logo	Investment Advisor's Address
GLOBAL EQUITY (TEMPLETON) **INTERNATIONAL EQUITY (TEMPLETON)**	FRANKLIN TEMPLETON INVESTMENTS	Franklin Templeton Investments 1 Adelaide Street East, Suite 2101 Toronto, Ontario M5C 3B8
GLOBAL DIVERSIFIED (CATAPULT)	CATAPULT FINANCIAL MANAGEMENT INC.	Catapult Financial Management Inc. Energy Plaza, suite 500 321 6th Avenue Calgary, Alberta T2P 3H3
GLOBAL EQUITY (OPPENHEIMER)	OppenheimerFunds® The Right Way to Invest	OppenheimerFunds Inc. Two World Financial Centre, 11th Floor 225 Liberty Street New York, New York 10281-1008
INTERNATIONAL EQUITY INDEX	BARCLAYS GLOBAL INVESTORS	Barclays Global Investors Canada Limited Toronto 161 Bay Street, Suite 2500 PO Box 614 Toronto, Ontario M5J 2S1
U.S. EQUITY INDEX	SSgA	State Street Global Advisors 770 Sherbrooke Street West, Suite 1100 Montreal, Quebec H3A 1G1
FIDELITY CANADIAN ASSET ALLOCATION **FIDELITY TRUE NORTH®** **FIDELITY CANADIAN OPPORTUNITIES** **FIDELITY NORTHSTAR®** **FIDELITY EUROPEAN EQUITY**	Fidelity Investments®	Fidelity Investments Canada Ltd. Toronto Dominion Center Ernst & Young Tower 222 Bay Street, Suite 900 Toronto, Ontario M5K 1P1
CANADIAN EQUITY (DYNAMIC) **GLOBAL DIVIDEND (DYNAMIC)** **ASIAN PACIFIC (DYNAMIC)**	Dynamic Funds™ Invest with Advice.	Dynamic Mutual Funds Scotia Plaza 40 King Street West, 55th Floor Toronto, Ontario M5H 4A9
CANADIAN EQUITY (LEON FRAZER)	Leon Frazer & Associates Inc. INVESTMENT COUNSEL	Leon Frazer & Associates Inc. 8 King Street East, Suite 2001 Toronto, Ontario M5C 1B6
U.S. EQUITY (LEGG MASON)	LEGG MASON FUNDS	Legg Mason Funds Management Inc. 100 Light Street, 22nd Floor Baltimore, Maryland 21202-1099

Industrial Alliance Insurance and Financial Services Inc. Funds	Investment Advisor's Logo	Investment Advisor's Address
GLOBAL EQUITY SMALL CAP. **(DB Advisors)**	DB Advisors A Member of Deutsche Bank Group	DB Advisors 345 Park Avenue New York, New York 10154-0010
INTERNATIONAL EQUITY **(MCLEAN BUDDEN)** **U.S. EQUITY** **(MCLEAN BUDDEN)**	McLean Budden Investment Managers since 1947 Institutions · Private Clients · Mutual Funds	McLean Budden Ltd. 145 King Street West, Suite 2525 Toronto, Ontario M5H 1J8
GLOBAL HEALTH CARE **(RENAISSANCE)**	CIBC CIBC Asset Management	CIBC Asset Management 1500 University Street, Suite 800 Montreal, Quebec H3A 3S6
EMERGING MARKETS **(MACKENZIE CUNDILL)**		Mackenzie Financial Corporation 180 Queen Street West Toronto, Ontario M5V 3K1

Following are the investment objectives and risk factors associated with the Funds offered by Industrial Alliance Insurance and Financial Services Inc.

FOCUS FUNDS

Focus Prudent Fund

Investment Objectives
Invests in units of a number of underlying funds to generate a regular long-term return by favouring Canadian fixed-income securities. Maintains a certain diversity of the investments that make up the portfolio using different asset classes such as fixed-income securities issued by Canadian governments and corporations, Canadian equities and foreign equities, and the integration of several managers.

Investment Strategy
Diversified portfolio made up of Fund Units offered by Industrial Alliance Insurance and Financial Services Inc. These Funds include two bond funds (75%), three Canadian equity funds (15%) and three global equity funds (10%).

Risk:	All risks
Volatility:	Low

Focus Moderate Fund

Investment Objectives
Invests in units of a number of underlying funds to generate a high long-term return by placing a slight emphasis on Canadian fixed-income securities. Maintains a certain diversity of the investments that make up the portfolio using different asset classes such as fixed-income securities issued by Canadian governments and corporations, Canadian equities and foreign equities, and the integration of several managers.

Investment Strategy
Diversified portfolio made up of Fund Units offered by Industrial Alliance Insurance and Financial Services Inc. These Funds include two bond funds (60%), three Canadian equity funds (25%) and three global equity funds (15%).

Risk:	All risks
Volatility:	Medium

Focus Balanced Fund

Investment Objectives
Invests in units of a number of underlying funds to generate a superior long-term return by favouring a balance between Canadian equities, foreign equities and fixed-income securities. Maintains a certain diversity of the investments that make up the portfolio using different asset classes such as fixed-income securities issued by Canadian governments and corporations, Canadian equities and foreign equities, and the integration of several managers.

Investment Strategy
Diversified portfolio made up of Fund Units offered by Industrial Alliance Insurance and Financial Services Inc. These Funds include two bond funds (45%), three Canadian equity funds (35%) and three global equity funds (20%).

Risk:	All risks
Volatility:	Medium

Focus Growth Fund

Investment Objectives
Invests in units of a number of underlying funds to generate a superior long-term return by placing a slight emphasis on Canadian and foreign equities. Maintains a certain diversity of the investments that make up the portfolio using different asset classes such as fixed-income securities issued by Canadian governments and corporations, Canadian equities, foreign equities, and the integration of several managers.

Investment Strategy
Diversified portfolio made up of Fund Units offered by Industrial Alliance Insurance and Financial Services Inc. These Funds include two bond funds (30%), three Canadian equity funds (45%) and three global equity funds (25%).

Risk:	All risks
Volatility:	High

FOCUS FUNDS

Focus Aggressive Fund

Investment Objectives
Invest in units of a number of underlying funds to maximize the long-term return by favouring Canadian and foreign equities. Maintains a certain diversity of the investments that make up the portfolio using different asset classes such as fixed-income securities issued by Canadian governments and corporations, Canadian equities and foreign equities, and the integration of several managers.

Investment Strategy
Diversified portfolio made up of Fund Units offered by Industrial Alliance Insurance and Financial Services Inc. These Funds include two bond funds (15%), three Canadian equity funds (55%) and three global equity funds (30%).

Risk:	All risks
Volatility:	High

INCOME FUNDS

Money Market Fund

Investment Objectives
Aims to maintain excellent capital protection and a high level of liquidity by investing in Canadian short-term securities guaranteed by Canadian governments and certain companies.

Investment Strategy
The Money Market Fund is composed of quality securities with maturities under one year guaranteed by federal, provincial and municipal governments and their agencies.

Risk:	I D
Volatility:	Low

Short Term Bonds Fund

Investment Objectives
Provides a reasonably high return by reinvesting the interest income in the Fund while ensuring capital protection. Mainly invests in bonds issued and guaranteed by Canadian governments and corporations.

Investment Strategy
The Short Term Bonds Fund is mainly composed of bonds and other high-quality debt securities, with short and medium-term maturities, from the federal and provincial governments and from corporations offering good income and capital security potential.

Risk:	I C D
Volatility:	Low

Bonds Fund

Investment Objectives
Aims to maximize the returns from interest income and capital appreciation through a diversified portfolio composed of quality bond securities from Canadian governments and corporations.

Investment Strategy
The Bonds Fund is composed of bonds, coupons and other high-quality debt securities from the private sector and the federal and provincial governments. The selection of securities is mostly based on forecasting the evolution of interest rates on the market.

Risk:	I C D
Volatility:	Low

Bonds – series 2 Fund

Investment Objectives
Maximizes returns without incurring undue risk in a well-diversified high-quality portfolio of Canadian government and corporate fixed-income securities.

Investment Strategy
The Bonds - series 2 Fund places emphasis on federal and provincial government issues that provide good quality as well as selected high-quality corporate issues that provide added return. This Fund is actively managed based on anticipating variations in interest rates and by closely monitoring the average term to maturity of the portfolio.

Risk:	I C D
Volatility:	Low

DIVERSIFIED FUNDS

Diversified Security Fund

Risk:	All risks
Volatility:	Medium

Investment Objectives
Generates regular long-term revenues as well as some capital appreciation. It focuses on reducing risk through a careful selection of different categories of fixed-income securities from the federal and provincial governments and corporations as well as Canadian and foreign equities of large capitalization companies

Investment Strategy
The Diversified Security Fund's strategy is based on active and prudent management of the investment through careful diversification of the asset classes (equities and fixed-income securities). The Fund's advisor pursues a balance between security and capital growth, and typically favours fixed-income securities.

Diversified Fund

Risk:	All risks
Volatility:	Medium

Investment Objectives
Maximizes the long-term returns and reduces the risk through a balanced distribution of investments among the Fund's asset classes: fixed-income securities, Canadian equities and foreign equities. The equity portion is mainly invested in securities equities of large capitalization companies.

Investment Strategy
The Diversified Fund's assets are distributed among Canadian and foreign equities and fixed-income securities to meet the Fund's long-term return objective. Active management is designed to target the ideal combination of growth and security based on trends in the economy and the financial markets.

Diversified Opportunity Fund

Risk:	All risks
Volatility:	Medium

Investment Objectives
Maximizes long-term returns while minimizing risks through a careful diversification in the asset classes: Canadian fixed-income securities, Canadian equities and foreign equities. The Fund mainly invests in equities of large capitalization companies and fixed-income securities.

Investment Strategy
The strategy focuses on a distribution of the assets between Canadian and foreign equities, and fixed-income securities. The advisor typically favours equities over fixed-income securities but has above-average flexibility in terms of asset allocation in order to position the Fund in a beneficial situation given trends in the economy and financial markets.

Fidelity Canadian Asset Allocation Fund*

Risk:	All risks
Volatility:	Medium

Investment Objectives
Invests in units of an underlying fund that aims to achieve a high long-term total investment return through a judicious allocation of assets among Canadian and foreign equities, corporate and government bonds and short-term securities. Mainly invests in equities of large capitalization Canadian companies.

Investment Strategy
Units of the Fidelity Canadian Asset Allocation Fund invest in equity securities, fixed-income securities and money market instruments.

Diversified Income Fund

Risk:	A I $
Volatility:	Medium

Investment Objectives
Generates a regular long-term return by investing mostly in trust units, common stocks and fixed-income securities from Canadian corporations and Canadian governments. The common stock portion mainly invests in equities of large capitalization Canadian companies.

Investment Strategy
Invests primarily in a diversified portfolio of income trusts such as oil, gas and other commodity-based royalty trusts, real estate investment trusts, pipeline and power trusts, common stocks and fixed-income instruments.

DIVERSIFIED FUNDS

Global Diversified (Catapult) Fund*

Investment Objectives
Invests in units of an underlying fund that aims to provide capital appreciation by investing primarily in equity securities of large capitalization companies, fixed-income investments and money market instruments from around the world.

Investment Strategy
Invests in Units of the IA Clarington Global Income Fund which invests in global fixed-income and equity securities following a fundamental bottom-up approach to investing.

Risk:	All risks
Volatility:	High

Diversified Funds bear all the risks because of the variety of securities that make up the Funds. However, the diversification of assets greatly limits the impact of such risks since these assets do not react in the same direction as financial market movements. Therefore, some securities will be negatively impacted by certain market movements while others will be positively influenced by these movements.

CANADIAN EQUITY FUNDS

Dividend Income Fund*

Investment Objectives
Invests in an underlying fund which aims to generate modest long-term growth and regular dividend and interest income subject to the preferential tax treatment given to dividends. Invests mainly in high-yield quality dividend common and preferred shares of Canadian companies.

Investment Strategy
The Fund invests in Units of the IA Clarington Dividend Income Fund which is mainly invested in Canadian common stocks, income trusts and preferred shares of large Canadian blue chip style companies with a good potential to generate profits and the payment of dividends.

Risk:	A D
Volatility:	Medium

Dividend Growth Fund*

Investment Objectives
Invests in an underlying fund which aims to generate regular dividends that will be reinvested in the Fund while seeking long-term capital growth. The Fund is mostly composed of stocks of Canadian blue chip style companies. Mainly invests in equities of large capitalization companies.

Investment Strategy
The Fund invests in Units of the IA Clarington Dividend Growth Fund which is mainly composed of common and preferred shares of large Canadian blue chip style companies with a substantial capital appreciation and good payment of dividends.

Risk:	A D
Volatility:	Medium

Canadian Equity (Leon Frazer) Fund*

Investment Objectives
Invests in units of an underlying fund which aims to achieve long-term capital growth through investments in Canadian preferred and common shares. The fund's policy is to provide its unitholders with diversification through investments in securities of companies representing many classes of industry. Securities are selected for the purpose of deriving income, protecting the value of investments and achieving long-term capital appreciation. Mainly invests in equities of large capitalization companies.

Investment Strategy
Units of the IA Clarington Canadian Conservative Equity Fund which is actively managed by Leon Frazer & Associates Inc. The investment advisor selects the securities of companies based on a history of strong financials, prospects for increasing dividends and reasonable value.

Risk:	A I M
Volatility:	Medium

CANADIAN EQUITY FUNDS

Canadian Equity Index Fund*

Risk:	A D R
Volatility:	Medium

Investment Objectives
The Fund aims to obtain high long-term capital appreciation by attempting to reproduce the return of the S&P/TSX 60 Index, which represents the 60 largest companies in Canada.

Investment Strategy
The Fund invests in units of an underlying fund which is primarily composed of trust units of the S&P/TSX 60 Index.

Select Canadian Fund

Risk:	A D
Volatility:	Medium

Investment Objectives
Provides capital growth and maximum tax deferral by holding long-term stocks from mostly large capitalization Canadian companies.

Investment Strategy
The Select Canadian Fund is mainly composed of common stocks of attractively priced large Canadian companies, several of which are found on the S&P/TSX 60 Index. Sales transactions are limited to favour tax deferral, often called "buy and hold".

Canadian Equity Value Fund

Risk:	A $ E D
Volatility:	High

Investment Objectives
Aims to generate high capital appreciation over the long-term through diversified investments in all economic sectors of the Canadian stock market. Mainly invests in equities of large capitalization companies.

Investment Strategy
The Canadian Equity Value Fund is actively managed in order to profit from the stock market sectors that have the best growth potential based on the major economic trends. The investment advisor selects the securities of companies that meet strict criteria of soundness, profitability and stability; an approach characterized by a value-based investment style.

Canadian Equity (Dynamic) Fund*

Risk:	A D
Volatility:	High

Investment Objectives
Invests in units of an underlying fund to achieve long-term capital appreciation by investing mainly in a well-diversified portfolio of equities of Canadian companie.

Investment Strategy
Units of the APEX Canadian Value (Dynamic) Fund, which is mainly comprised of common stocks from solid, attractively priced Canadian companies that are well positioned in their respective industries.

CANADIAN EQUITY FUNDS

Fidelity True North® Fund* Investment Objectives Invests in units of an underlying fund to seek long-term capital growth by investing in equities of Canadian companies across all market sectors and market capitalizations. Investment Strategy Units of the Fidelity True North® Fund. The Fund invests in fundamentally sound companies that are undervalued by the market. The investment advisor seeks companies that consistently increase their revenues, operating cash flow and investment opportunities.	Risk: A $ E D Volatility: High
Canadian Equity Growth Fund Investment Objectives Obtain an increase in capital over the long term by investing mainly in equities of large capitalization Canadian companies which demonstrate above-average growth potential Investment Strategy The investment strategy is to invest in a well-diversified portfolio of Canadian companies with good growth prospects. Therefore, the selection process favours companies that demonstrate characteristics such as good profit growth as well as superior growth of sales and superior return on equity. Moreover, risk management is an important component of the investment process.	Risk: A D Volatility: High
Fidelity Canadian Opportunities Fund* Investment Objectives Invests in units of an underlying fund that pursues long-term capital appreciation by investing in the stocks of smaller and mid-size Canadian companies that are poised for growth over a market cycle. A variable portion of the Fund may be allocated to international assets to take advantage of geographic diversification without affecting the foreign content limit for RRSPs. Mainly invests in small capitalization Canadian companies. Investment Strategy Units of the Fidelity Canadian Growth Company Fund. The advisor selects stocks using Fidelity's traditional "bottom-up" investment approach. The advisor seeks fundamentally solid companies that continue to improve their value. These are typically strong, earnings-based companies that are just starting a growth phase or those that appear to have significant earnings potential.	Risk: A $ AS E D Volatility: High

U.S. & INTERNATIONAL EQUITY FUNDS

Global Dividend (Dynamic) Fund* Investment Objectives Invests in units of an underlying fund to provide long-term capital growth through investment in a broadly diversified portfolio consisting primarily of equity securities of businesses located around the world. Investment Strategy Units of the Dynamic Global Dividend Value Fund which is primarily invested in the equity securities of businesses located around the world that have current or anticipated dividend policies which the portfolio advisor believes are an indicator of long-term growth potential.	Risk: A $ E D Volatility: High
Global Equity (Templeton) Fund* Investment Objectives Invests in units of an underlying fund to provide high long-term capital appreciation by investing mainly in equities of medium and large capitalization companies around the world. Investment Strategy Units of the Templeton Master Trust-Series 1 Fund invested primarily in common shares of companies located anywhere in the world. The Fund is composed of a selection of low-priced, high-quality securities from various global financial markets.	Risk: A $ E D Volatility: High

U.S. & INTERNATIONAL EQUITY FUNDS

Global Equity (Oppenheimer) Fund*

Investment Objectives
Invests in units of an underlying fund that aims for long-term capital appreciation by investing primarily in stocks of large capitalization companies throughout the world.

Investment Strategy
Units of the IA Clarington Global Equity Fund. The Fund is invested in common or convertible securities of North American or foreign companies. The Fund's active management seeks to reduce the risk associated with foreign investing by diversifying investments across many different countries and industries. The Fund may invest in preferred stocks, convertible securities and debt securities to reflect general market or economic conditions.

Risk:	A $ E D
Volatility:	High

Fidelity NorthStar® Fund*

Investment Objectives
Invests in units of an underlying fund that aims to achieve long-term capital growth. This Fund invests primarily in equity securities of companies anywhere in the world.

Investment Strategy
The Fund invests in Units of the Fidelity NorthStar® Fund. The Fund is invested in a well diversified portfolio of equities of companies operating around the world. The Fund's active management aims to achieve an absolute positive return.

Risk:	All risks
Volatility:	High

Global Equity Small Cap. (DB Advisors) Fund*

Investment Objectives
Invests in units of an underlying fund that aims to provide superior returns by investing primarily in securities of small capitalization companies throughout the world.

Investment Strategy
The Fund invests in Units of the IA Clarington Global Small Cap Fund. The Fund invests in securities of U.S. small cap companies and small cap issuers located in certain foreign countries with developed markets as well as those with emerging markets. The Fund may invest in preferred stocks, convertible securities and debt securities and may hold a portion of its assets in cash or short-term money market securities while seeking investment opportunities, or for defensive purposes to reflect general market or economic conditions.

Risk:	A $ E D L
Volatility:	High

International Equity Index Fund*

Investment Objectives
Invests in units of an underlying fund that aims to provide high long-term capital appreciation by investing in securities in the index to reproduce the return of the Morgan Stanley Capital International EAFE Index (MSCI EAFE Index). Mainly invests in the securities of equities of large capitalization companies that operate in Europe, Australasia and the Far East.

Investment Strategy
Invests in units of the BGICL Daily EAFE Equity Index Fund, which is made up of securities that are included in the MSCI EAFE Index. Passive management of this fund is designed to reproduce, as accurately as possible, the return of the index, converted into Canadian dollars, over a medium- and long-term horizon.

Risk:	I $ E D R
Volatility:	High

International Equity (Templeton) Fund*

Investment Objectives
Invests in units of an underlying fund that aims to ensure long-term capital appreciation through investments in stocks of large and medium capitalization companies located outside North America.

Investment Strategy
Units of Templeton International Stock Trust which is comprised of a selection of low-priced, superior-quality international equity securities from the financial markets of a large number of countries excluding North America. Active management of the Fund is characterized by a value-based investment strategy.

Risk:	A $ E D
Volatility:	High

U.S. & INTERNATIONAL EQUITY FUNDS

International Equity (McLean Budden) Fund* Investment Objectives Invests in units of an underlying fund that aims to provide high long-term capital growth through investments in equities of mostly large capitalization companies outside North America. Investment Strategy Units of the McLean Budden International Equity Fund which are comprised of international equity securities excluding North America. The companies are chosen according to their growth potential, which means that their earnings are expected to grow at a faster rate than the overall market. Using an ascending method, the investment advisor seeks out large capitalization companies that demonstrate superior earnings growth, a solid financial situation and a high-quality management team.	Risk: A $ E D Volatility: High
Fidelity European Equity Fund* Investment Objectives Invests in units of an underlying fund that aims to provide long-term capital appreciation by mainly investing in equities of large capitalization companies from continental Europe and the United Kingdom. Investments are made primarily in the member countries of the European Economic Community and the European Free Trade Association. Investment Strategy Units of the Fidelity Europe Fund are invested primarily in companies from continental Europe and the United Kingdom. The investment advisor generally constructs the portfolio stock by stock and follows industries more closely than countries.	Risk: A $ E D Volatility: High
U.S. Equity Index Fund* Investment Objectives Invests in units of an underlying fund to provide medium and long-term capital appreciation through U.S. financial instruments, such as future contracts, that reproduce the return of the Standard and Poor's 500 Index. Mainly exposed to equities of large capitalization companies. Investment Strategy Units of the SSGA MA S&P 500 Stock Index Futures Fund, which are comprised of financial instruments that reproduce the return of the Standard & Poor's Index. Passive management is designed to reproduce the return of the index as accurately as possible, converted into Canadian dollars.	Risk: I $ D R Volatility: High
U.S. Equity (McLean Budden) Fund* Investment Objectives Invests in units of an underlying fund which provides high long-term capital appreciation by primarily investing in stocks of high-performing U.S. companies. Mainly invests in equities of large capitalization companies. Investment Strategy Units of the IA Clarington American Fund, which mainly invests in large U.S. capitalization equity securities companies with solid financial statements. The advisor selects the securities that are anticipated to provide consistent growth in profits.	Risk: A $ E D Volatility: High
U.S. Equity (Legg Mason) Fund* Investment Objectives Invests in units of an underlying pooled fund to provide long-term capital growth by investing primarily in U.S. equity securities believed to offer above-average potential for capital appreciation. Mainly invests in equities of large capitalization companies. Investment Strategy Units of the Legg Mason U.S. Value Fund which is composed of selected stocks that have been priced by the market at significant discounts to their intrinsic value. The advisor seeks to generate excess returns by owning these securities. It avoids macroeconomic forecasting and looks rather for financially sound businesses and favours sector or industry leaders.	Risk: A $ E D Volatility: High

SPECIALTY FUNDS

Asian Pacific (Dynamic) Fund*

Investment Objectives
Invests in units of an underlying fund to obtain maximum long-term capital growth by investing primarily in equities of companies located in the entire Pacific region including Japan. Mainly invests in equities of large capitalization companies.

Investment Strategy
Units of the Dynamic Far East Value Fund which is comprised of a selection of equities of companies located in the entire Pacific region including Japan. Companies with a sustainable competitive advantage where growth is not fully reflected in the price are selected.

Risk:	A $ E M AS
Volatility:	High

Emerging Markets (Mackenzie Cundill) Fund*

Investment Objectives
Invests in units of an underlying fund which seeks long-term capital appreciation by investing primarily in equities of companies in emerging markets. The Fund may also invest in companies that trade in emerging markets or that trade elsewhere in the world and earn at least 50% of their revenue from production or sales in emerging markets. Mainly invests in equities of large capitalization companies.

Investment Strategy
Units of the Mackenzie Cundill Emerging Markets Value Class Fund which are mostly invested in a selection of companies located around the world having commercial activities in emerging markets.

Risk:	A $ E M AS
Volatility:	High

Global Health Care (Renaissance) Fund*

Investment Objectives
Invests in units of an underlying fund to seek long-term capital appreciation by investing mainly in medium and large capitalization companies engaged in the design, development, manufacturing and distribution of products or services in the healthcare sector.

Investment Strategy
Units of the Renaissance Global Health Care Fund. The approach is to shift assets of the Fund into subsectors of the healthcare field with a better potential for future performance. Within each subsector, focus is on bottom-up stock selection using value management filters to identify portfolio candidates. There is also a fundamental approach to understanding the science and technology behind a prospective company's products and services.

Risk:	A $ E D
Volatility:	High

Real Estate Income Fund

Investment Objectives
Generates a regular long-term income by mainly investing in trust units of Canadian companies and short-term fixed-income securities issued and guaranteed by the federal and provincial governments as well as Canadian corporations.

Investment Strategy
Invests primarily in trust units, mostly real estate trust units, preferred securities and some short-term fixed-income securities.

Risk:	A I C M L D
Volatility:	High

SPECIALTY FUNDS

U.S. DAQ Index Fund*

Risk:	A $ E D R
Volatility:	High

Investment Objectives
Provides high long-term capital appreciation through investments that reproduce the return of the NASDAQ 100 Index of the U.S. Stock Exchange.

Investment Strategy
The Fund invests in units of PowerShares QQQ™, which seeks to replicate the NASDAQ 100 Index® of the U.S. Stock Exchange. Passive management of this Fund aims to reproduce, as accurately as possible, the return of the index, converted into Canadian dollars, over a medium and long-term horizon. This index is characterized by the securities of companies that offer promising products and services such as telecommunications equipment, computer services, high-technology products, etc.

***The Ecoflex individual variable annuity Contract is issued by Industrial Alliance Insurance and Financial Services Inc. and the guarantees provided are pursuant to that Contract.**

All risk factors are explained in detail in Sections 4.8 and 4.9 of the Information Folder. More information about the investment policy and restrictions of each Fund is available upon request at the Company's head office. The Company reserves the right to modify and/or change the investment policy of the Fund at any time to better meet the stated investment objectives of the Fund. Such changes to the investment policy shall not require prior written notification to be sent to the Policyholder. The detailed description, restrictions and investment policy of any underlying fund in which a Fund invests is available upon request at the Company's head office.

A change in the fundamental investment objectives of a Fund represents a fundamental change and confers certain rights on the Policyholder.

6. FUNDAMENTAL CHANGES

The Company must notify the Policyholder in writing at least sixty (60) days before making a fundamental change to a Fund. This written notice will advise the Policyholder what change will be made and when it will become effective. A fundamental change includes an increase in the management fee charged against the assets of a Fund, a change in the investment objectives of a Fund and/or a decrease in the frequency with which Units of a Fund are valued.

With respect to an increase in the management fee, if the assets allocated to one of the Company's Funds are invested in an underlying fund, the increase in the management fee for the underlying fund, which translates into an increase in the management fee for the Company's Fund, will be deemed to be a fundamental change.

The fundamental change notice gives the Policyholder the right to: (i) transfer the Premiums invested in the Fund subject to the fundamental change to a similar Fund offered by the Company that is not subject to the fundamental change, without incurring any surrender fees or similar fees and without affecting the Policyholder's other rights or obligations under the Contract; (ii) if the Company does not offer a similar Fund, surrender the Premiums invested in the Fund without incurring any surrender fees or similar fees. The Policyholder's election must be received by the Company at least five (5) days prior to the expiry of the notice period required for fundamental changes. The notice will be sent by regular mail to the Policyholder's last known address on file with the Company.

For the purpose of applying this provision, a similar Fund means a Fund that has similar fundamental investment objectives to the original Fund, is in the same Fund category (in accordance with the Fund categories published in a financial publication with broad distribution) and has the same or lower management fee at the time the notice is given.

During the notice period, the Company may decide that the Policyholder shall not be permitted to transfer to the Fund subject to the change, unless the Policyholder agrees to waive the free surrender privilege.

7. FUNDS' AUDITED FINANCIAL STATEMENTS

The audited annual financial statements and unaudited semi-annual financial statements for the Funds are available on the Company website at www.inalco.com. To obtain a paper version of these documents, the Policyholder should send a written request to the Company's head office at the following address:

Industrial Alliance Insurance and Financial Services Inc.
1080 Grande Allée West
PO Box 1907, Station Terminus
Quebec City, Quebec G1K 7M3

ECOFLEX INDIVIDUAL VARIABLE ANNUITY CONTRACT
CONTRACTUAL PROVISIONS

ANY AMOUNT THAT IS ALLOCATED TO A SEGREGATED FUND IS INVESTED AT THE RISK OF THE POLICYHOLDER AND MAY INCREASE OR DECREASE IN VALUE.

1. GENERAL PROVISIONS

1.1 Definitions

In this Contract, the following definitions shall apply:

Annuitant

The Annuitant is the person on whose life the guarantees and annuity payments under this Contract are based and on whose death the death benefit is payable.

If the Contract is registered as a Retirement Savings Plan (hereinafter referred to as an "RSP") or a Retirement Income Fund (hereinafter referred to as a "RIF") under the terms of the *Income Tax Act* (Canada), the term "Annuitant" is as defined in subsections 146(1) and 146.3(1) of the *Income Tax Act* (Canada), depending on the situation.

If the Contract is registered as a Tax-Free Savings Account (hereinafter referred to as "TFSA") under the *Income Tax Act* (Canada), the Annuitant must be the Policyholder under the Contract and is referred to as the holder as defined in subsection 146.2(1) of the *Income Tax Act* (Canada).

Beneficiary(ies)

The Policyholder may designate one or more Beneficiaries. If there are co-Beneficiaries and if one of them dies before the Annuitant, his or her rights will accrue in equal shares to the other Beneficiaries. If no Beneficiary survives the Annuitant or if none has been designated, the death benefit will be paid to the Policyholder or to his or her estate. The Company assumes no responsibility for the validity of a change of Beneficiary.

Book Value of the Contract

The Book Value of the Contract is equal to the sum of the book value of each guaranteed investment, the book value of the daily interest fund, the book value of each life investment plus the total value of Fund Units credited to the Contract. If, at any time, the Book Value of the Contract is lower than the minimum determined by the Company, the Company reserves the right to cancel the Contract and reimburse the Policyholder. The book value and the total value are described in the specific provisions to each investment vehicle (see the appropriate specific provisions).

Company

Industrial Alliance Insurance and Financial Services Inc.

Current Value of a Fund Unit

The Current Value of a Fund Unit is determined on a Valuation Date by dividing the market value of the assets allocated to the Fund by the number of Units of that Fund (also referred to as "Current Value").

Effective Date of the Contract

The date on which this Contract becomes effective. The Effective Date of the Contract will be the day on which the first Premium is received by the Company and when the application is accepted by the Company.

Fund Units

Fund Units are a notional measurement that is used by the Company to determine the value of the Premiums invested in the Funds and its benefits (also called "Unit" or "Units" in this Contract) and a Policyholder does not acquire any ownership interest in them. Fund Units can be whole or fractional.

Investment Funds

The segregated fund(s) established by the Company and available for the investment of a Premium under this Contract from time to time (also referred to as "Fund(s)").

Guaranteed Minimum Value at Death

If the Annuitant dies before the Investment Period Maturity Date, a minimum guaranteed value is provided under the Contract. The terms and conditions applicable to the Guaranteed Minimum Value at Death are specified under the terms of Section 3.14 GUARANTEES of this Contract.

Guaranteed Minimum Value at Maturity

The "Guaranteed Minimum Value at Maturity" is defined as a minimum guaranteed value provided under this Contract as of the Guarantee Maturity Date. The terms and conditions applicable to the Guaranteed Minimum Value at Maturity are specified under the terms of Section 3.14 GUARANTEES of this Contract.

Investment Period Maturity Date

The Investment Period Maturity Date is the date as of which no further Premiums can be paid into this Contract. For non-registered contracts, and Contracts registered as a RIF or TFSA under the *Income Tax Act* (Canada), the Investment Period Maturity Date is December 31 of the year in which the Annuitant reaches the age of one hundred (100) years. The Investment Period Maturity Date for Contracts registered as an RSP under the *Income Tax Act* (Canada) is December 31 of the year in which the Annuitant reaches the age of seventy-one (71) years and Section 1.10 AUTOMATIC CONVERSION of this Contract will then apply.

If the Contract is a Life Income Fund under any applicable pension legislation (hereinafter referred to as a "LIF"), the Investment Period Maturity Date may be different depending on the applicable legislation.

Maturity Date of the Fund Guarantee

The Maturity Date of the Fund Guarantee is the date on which the guarantee at maturity is applicable. The Policyholder shall establish the Maturity Date of the Fund Guarantee on the application. This date must be at least ten (10) years from the date the first Fund Units were credited to the Contract, subject to certain restrictions (please refer to Sections 2.1.1 and 2.2.1 of the Information Folder for more details).

Policyholder

The Policyholder is the individual or entity who is the holder of the rights under this Contract and is identified as the "Applicant" in the application for this Contract. The Policyholder is entitled to the benefits conferred under this Contract, subject to its terms and conditions and applicable legislation, during the Annuitant's lifetime.

Premium(s)

A Premium is the amount received by the Company for investment under the Contract.

Subject to restrictions by any applicable legislation, the Policyholder may invest Premiums at any time prior to the Investment Period Maturity Date.

Valuation Date

A business day on which the Toronto Stock Exchange is open for trading and on which a value is available for the underlying investments held by a particular Fund.

1.2 Contract

The Contract is made up of this Contract, the application for this Contract, and any endorsements or amendments to the Contract that have been duly approved by the Company.

If this Contract is registered as an RSP, a TFSA, a Locked-in Retirement Account (hereinafter referred to as a "LIRA"), a RIF or a Life Income Fund ("hereinafter referred to as a "LIF") under the *Income Tax Act* (Canada) or any other applicable legislation, the provisions of any RSP, TFSA, LIRA, RIF and LIF endorsements, as the case may be, form part of this Contract and will override any conflicting provisions of this Contract.

The Company may modify the Contract in order to respect the *Income Tax Act* (Canada).

This Contract does not grant any right to participate in the profits or surplus realized by the Company.

The Information Folder, which provides a summary of this Contract and which appears on page 3 of this document, does not form part of the Contract and must not be considered under any circumstances as a contractual document.

1.3 Assignment

No assignment of this Contract will bind the Company unless it is in writing and until the assignment is filed with the Company. The Company assumes no liability for the validity of an assignment. However, a Contract registered as an RSP or a RIF under the *Income Tax Act* (Canada) may not be assigned.

1.4 Currency

All amounts payable to or by the Company shall be in the legal currency of Canada.

1.5 Administrative Fees

A transaction fee of $15 may be charged if a cheque or pre-authorized payment is not honoured on its first presentation. A transaction fee of $35 may be charged for a surrender or transfer in accordance with the Company's administrative policies then in force. At any time, the Company may modify these fees and additional fees may be added without prior notice. Each investment vehicle currently offered may include its own administration fees and surrender charges (see specific provisions of each investment vehicle).

1.6 Investment Vehicles

The Policyholder may invest all or part of the Premiums paid under the Contract in the investment vehicles currently offered by the Company, provided these amounts respect the minimum amount required for each of these vehicles. These minimums are determined by the Company and may be modified from time to time.

Four types of investment vehicles are currently offered, the daily interest fund, fixed term guaranteed interest rate investments (guaranteed investments), the life investment (only available on a Contract registered as a RIF under the terms of the *Income Tax Act* (Canada)) and Funds (segregated funds).

The Company reserves the right to withdraw certain investment vehicles and to add new ones which must comply with the provisions of the *Income Tax Act* (Canada). Each investment vehicle currently offered includes its own requirements concerning investment and reinvestment, interest, administration fees and surrender charges. The same applies to any other investment vehicle that the Company may decide to offer.

If no instructions are provided with respect to the investment of a Premium in each investment vehicle, the entire Premium will be invested in the daily interest fund (see Section 2 *SPECIFIC PROVISIONS FOR THE DAILY INTEREST FUND AND THE GUARANTEED INVESTMENTS*).

1.7 Surrender of the Contract

The Contract may be surrendered in whole or in part according to the surrender rules governing each investment vehicle. The Company reserves the right to postpone the cash payment or transfer to another financial institution by up to sixty (60) days from the date on which the written surrender request is received.

The surrender value of the Contract is the aggregate of the surrender value of the daily interest fund, the surrender value of each guaranteed investment, the surrender value of each life investment and the surrender value of the Premiums invested in the Funds. The surrender value of the investment vehicles is established according to the method indicated in the specific provisions to each investment vehicle. (see the appropriate specific provisions).

1.8 Death Benefits

Before Annuity Payments Begin

If the Annuitant dies before annuity payments begin, the Company pays the Beneficiary the sum of:

- the value of the daily interest fund;
- the book value of the guaranteed investments;
- the book value of the life investments; and
- the total value of the Fund Units credited to the Contract. The Unit values used to calculate the death benefit are subject to Section 3.14 *Guarantees*.

The payment of the death benefit will discharge the Company of all of its obligations under this Contract.

Subject to applicable legislation and to the administrative rules of the Company, the Company may agree to maintain the investments in the various investment vehicles, if the Annuitant's spouse is the Beneficiary and chooses to become the Policyholder under the terms of this Contract.

After Annuity Payments Begin

If the Annuitant dies after annuity payments begin but before the expiry of the period during which the annuity payments are guaranteed, if any, the annuity continues to be paid to the Beneficiary or, failing a Beneficiary, to the Policyholder or to his or her estate until expiry of the guaranteed period of the annuity.

1.9 Annuity

Life annuity with 120 guaranteed payments

From the time the Annuitant turns sixty-five (65), upon written request from the Policyholder, the Company pays a life annuity with 120 guaranteed payments (hereafter "Guaranteed Annuity") to the Annuitant. The amount of the monthly payments under this Guaranteed Annuity is equal to the Book Value of the Contract on the date the Guaranteed Annuity is calculated, less charges in the amount of $600, multiplied by X:

where X is equal to: 0.016% x age of Annuitant on the date the Guaranteed Annuity is calculated – 0.90%.

If, on the Investment Period Maturity Date, the Company has not received any written instructions from the Policyholder as to the start of Guaranteed Annuity payments, Guaranteed Annuity payments will begin automatically, with no further notice to the Policyholder, and will be paid to the Annuitant.

Life annuity without guaranteed payments

Notwithstanding the foregoing and in order to comply with income tax legislation from the time the Annuitant reaches age 80 and if the Contract is registered as a retirement income Fund (RIF) under the *Income Tax Act* (Canada), at the request of the Policyholder, the Company pays a life annuity without guaranteed payments (hereafter "Annuity Without Guarantee") to the Annuitant. The amount of the monthly payments under the Annuity Without Guarantee is equal to the Book Value of the Contract on the date the Annuity Without Guarantee is calculated, less charges in the amount of $600, multiplied by Y:

where Y is equal to: 0.0165% x age of the Annuitant on the date the Annuity Without Guarantee is calculated – 0.90 %.

On the Investment Period Maturity Date of the Contract registered as a retirement income fund (RIF), if the Company has not received any written instructions from the Policyholder as to the start of the Annuity Without Guarantee payments, the Annuity Without Guarantee payments will begin automatically, with no further notice to the Policyholder, and will be paid to the Annuitant.

Application of the Guarantee

If the Guaranteed Annuity or the Annuity Without Guarantee is established on the Maturity Date of the Fund Guarantee and if the Fund Units have been credited to the Contract on this date, the value of the Units used to calculate the Book Value of the Contract is determined in accordance with Section 3.14.3 *Application of Fund Guarantee.*

Surrender Before Annuity Begins

Notwithstanding the present clause, the Policyholder may, at any time before Guaranteed Annuity or Annuity Without Guarantee payments begin, surrender the Contract and use the surrender value (refer to Section 1.7 *Surrender of the Contract*) to purchase another annuity offered by the Company.

Surrender After Annuity Begins

Notwithstanding the other terms and conditions of this Contract, after the Guaranteed Annuity or Annuity Without Guarantee payments begin, no surrenders or transfers are permitted.

Proof of Age

Evidence satisfactory to the Company of the age of the Annuitant must be furnished before any Guaranteed Annuity or Annuity Without Guarantee payment is made.

Proof of Survival

Whenever a payment provided for under this Contract is contingent on the existence of the Annuitant, the Company reserves the right to require proof that this Annuitant is alive on the date on which an annuity payment is due.

Registered Contracts

Notwithstanding Section 1.9 of this Contract, if the Contract is held as an investment for a Registered Nominee or Intermediary Account, as these terms are defined in the application for this Contract, the Guaranteed Annuity payments will be paid into that Registered Nominee or Intermediary Account for the benefit of the holder of the Registered Nominee or Intermediary Account.

1.10 Automatic Conversion

If this Contract is registered as a retirement savings plan (RSP) and it is in force on December 31 of the year in which the Annuitant reaches the age of seventy-one (71) years, the Contract is automatically converted into a registered retirement income Fund (RRIF) or a life income fund (LIF) of the Company, if applicable.

This automatic conversion will be made in accordance with the *Income Tax Act* (Canada) or any corresponding provincial legislation and according to the administrative policies then in effect at the Company. The conversion does not in any way affect the investments in place at the time of conversion and does not constitute the issuance of a new Contract.

1.11 File and Personal Information

In order to ensure the confidentiality of the Policyholder personal information, the Company will establish a file (the "Policy File"), the purpose of which is to provide insurance, annuity products and financial services to the Policyholder. The information concerning the request to be underwritten for a deferred annuity contract, as well as the information concerning any request related to the execution of this Contract will be kept in this file.

Only the Company's employees and authorized representatives who will be responsible for administering the insurance and annuity contracts and financial services, or any other person whom the Policyholder authorizes, will have access to the Policy File.

The Policy File will be kept in the Company's offices. The Policyholder is entitled to access the personal information contained in this file and, if necessary, to have it rectified by sending a written request to the following address:

Industrial Alliance Insurance and Financial Services Inc.
Information Access Officer
1080 Grande Allée West
PO Box 1907, Station Terminus
Quebec City, QC G1K 7M3

The Company may establish a list of clients for prospecting purposes for use by the Company itself or other companies of the Industrial Alliance group. The Policyholder may remove his/her name from this list by sending a written request to the Information Access Officer at the abovementioned address.

2. SPECIFIC PROVISIONS TO THE DAILY INTEREST FUND AND THE GUARANTEED INVESTMENTS

2.1 Daily Interest Fund

All amounts invested in the daily interest fund earn interest at a rate declared by the Company from time to time.

Value of the daily interest fund

The book value and the surrender value correspond to the total amount invested in this investment vehicle plus accrued interest.

2.2 Guaranteed Investments

A guaranteed investment is made up of an amount invested at a guaranteed interest rate for a fixed period. The interest rate on guaranteed investments will be set according to the Company's administrative rules in effect at the time of investment. The interest rate applicable to a particular Premium will vary according to the amount and the term of the Premium invested.

Book Value

The book value of a guaranteed investment is equal to the amount invested in the guaranteed investment with accrued interest.

Surrender Value

The surrender value of any guaranteed investment is the lesser of A) and B), where:

A) is the book value of the guaranteed investment on the date of the request minus the difference between i) and ii), multiplied by the number of years and twelfths of years remaining, where:

- i) is the annual future interest that the guaranteed investment would produce, taking into consideration the current rate offered by the Company for a duration equivalent to the original duration chosen and the type of interest chosen for the amount invested, increased by 1%; and
- ii) is the annual future interest that the guaranteed investment would produce taking into consideration its guaranteed rate; and

B) is the book value of the guaranteed investment on the date of the request.

Moreover, when a guaranteed investment is surrendered, the Company will deduct from the lesser of A) or B) above an amount equal to 0.065% for each month remaining on the term of the guaranteed investment multiplied by the book value of the investment on the date of the surrender.

3. SPECIFIC PROVISIONS TO FUNDS (SEGREGATED FUNDS)

3.1 Investing in Funds (Segregated Funds)

The Policyholder may request, at any time, in writing, to invest in one or more Funds offered by the Company. The Company reserves the right to refuse to accept any new investments in a Fund without any prior written notice.

Fund Units are credited to the Contract on the Valuation Date coinciding with the date on which the Company receives at its head office prior to 4:00 p.m. EST the request to invest in Funds, or at the first Valuation Date following, if the request to invest is received after that time. The number of Fund Units credited to the Contract will be the amount allocated to a Fund, divided by the Current Value of a Unit of the Fund determined on the Valuation Date on which the Units were credited to the Contract.

The total value of Fund Units credited to the Contract on a Valuation Date is equal to the sum of the current value of Units in each Fund credited to the Contract multiplied by the number of Units in the Fund credited to the Contract.

THE TOTAL VALUE OF FUND UNITS CREDITED TO THE CONTRACT AND THE CURRENT VALUE OF EACH FUND'S UNITS ARE NOT GUARANTEED SINCE THESE VALUES FLUCTUATE WITH THE MARKET VALUE OF THE ASSETS ALLOCATED TO EACH FUND.

3.2 Funds

The Company offers a variety of Funds. From time to time, existing Funds may be terminated (see Section 3.12 Termination of a Fund) or new Funds may be added. **If no instructions are provided as to the investment of a Premium in each Fund, the entire Premium will be invested in the daily interest fund (see Section 2 *SPECIFIC PROVISIONS FOR THE DAILY INTEREST FUND AND THE GUARANTEED INVESTMENTS* for more details).**

3.3 Fundamental Changes

The Company will notify the Policyholder in writing at least sixty (60) days before making a fundamental change. This written notice will advise the Policyholder what change will be made and when it will become effective. A fundamental change includes an increase in the management fee charged against the assets of a Fund, a change in the fundamental investment objectives of a Fund and/or a decrease in the frequency with which Units of a Fund are valued.

The Policyholder will then have the right to:

i) transfer the Premiums invested in the Fund subject to the fundamental change to a similar Fund offered by the Company that is not subject to the fundamental change without incurring any surrender fees or similar fees and without affecting any other rights or obligations of the Policyholder under the Contract;

ii) surrender the Premiums invested in the Fund subject to the fundamental change if the Company does not offer a similar Fund, without incurring any surrender fees or similar fees.

A similar Fund means a Fund that has similar fundamental investment objectives is in the same Fund category (in accordance with the Fund categories published in a financial publication with broad distribution) and has the same or a lower management fee than the management fee of the Fund in effect at the time notice is given.

The Policyholder's election must be received by the Company at least five (5) days prior to expiry of the notice period required for a fundamental change. The notice will be sent by regular mail to the Policyholder's last known address as shown in the Company records.

During the notice period, the Company may provide that the Policyholder shall not be permitted to invest in the Fund subject to the fundamental change, unless he/she agrees to waive the right to redeem without fees.

3.4 Market Value of Fund Assets and Current Value of a Fund Unit

The market value of the assets allocated to each Fund and the Current Value of a Unit are determined each business day, referred to as a "Valuation Date" hereafter, on which the Company's head office is open for business. The Company reserves the right to adjust the frequency and dates of these regular valuations. However, in no event, will a valuation be made less frequently than once a month (see Section 3.3 *Fundamental Changes*).

Special valuations may be made on days other than regular Valuation Dates. The valuation may be delayed or postponed if the stock market is closed or if transactions are suspended on assets allocated to the Funds. In this case, the valuation will take place as soon as possible. The valuation will be based on the closing sales price on the preceding business day on a nationally recognized stock exchange, and in all other cases, on the fair market value as determined by the Company.

Income from dividends, interest and net capital gains is reinvested in the Fund and is used to increase the Current Value of a Unit. The Company reserves the right to change this method following written notice to the Policyholder.

Current Value of a Fund Unit

The Current Value of a Fund Unit is determined by dividing the market value of the assets allocated to the Fund by the number of Units of the Fund. The Current Value of a Fund Unit on a specific date is the Current Value on the Valuation Date that coincides with this date, or at the first Valuation Date following, if none coincides. When Units of an underlying fund are allocated to a Fund, the investment advisor of the underlying fund will also use the method described above for the determination of the Current Value of a Fund Unit for the Company to use.

The Company reserves the right to divide the Fund Units. In such a case, the Company will modify the number of Units credited to the Contract so that the total value of Fund Units will not be affected by the division.

THE CURRENT VALUE OF EACH FUND'S UNITS IS NOT GUARANTEED, BUT MAY FLUCTUATE WITH THE MARKET VALUE OF THE ASSETS OF THE PARTICULAR FUND SUPPORTING THEM.

Market Value of Fund Assets

The Market Value of the assets allocated to a Fund (also referred as "Fund assets") on a Valuation Date is determined by calculating the total market value of all the underlying investments allocated to this Fund minus any fees and expenses (such as management fees and operating expenses) on that date. In addition, assets purchased but not paid for, as well as any expenses incurred, are deducted from the value of the assets. The only expenses charged to the Funds are those assignable to those Funds.

THE MARKET VALUE OF FUND ASSETS FOR EACH FUND IS NOT GUARANTEED, BUT MAY FLUCTUATE WITH THE MARKET VALUE OF THE UNDERLYING INVESTMENT(S) ALLOCATED TO EACH FUND.

3.5 Surrender Fees

Surrender fees, if applicable, will be charged on surrenders of Premiums invested in Fund Units if the surrender is made within six (6) years following the date on which each debited Unit was credited to the Contract. The fees correspond to a percentage of the Current Value of the debited Units.

Year of surrender	Percentage of the current value of the debited Units
1st and 2nd year	5%
3rd year	4%
4th year	3%
5th and 6th years	2%
7th and subsequent years	0%

Surrender fees are applied such that the Fund Units with the least recent date upon which the Unit was credited to the Contract shall be debited first from the Contract.

The surrender fees also apply to Units credited pursuant to the Fund guarantee at the Maturity Date of the Fund Guarantee, if applicable.

Surrender fees do not apply to surrender of Premiums invested in the Money Market Fund Units unless these amounts were previously invested in other Funds.

Right to Surrender–Without surrender fees

The Premiums may be surrendered without incurring a surrender fee as long as the surrender amount does not exceed a certain amount (the "Surrender Limit") for each calendar year.

The Surrender Limit is calculated as follows: Up to 10% of the total value of Fund Units credited to the Contract determined on the last Valuation Date of the year preceding the surrender, increased by 10% of new investments made in the Funds during the year in which the surrender is requested.

Also, under the same Contract, the right to surrender without surrender fees (10%) may also apply to transfers from a Fund to guaranteed investments offered by the Company with a term equal to or greater than one (1) year.

However, surrender fees shall apply in all cases to surrenders made for the purpose of transferring from Funds to the daily interest fund or when the transfer is made to another contract of the Company. Surrender fees also apply in all cases for transfers to other financial institutions. The Premiums surrendered pursuant to the Periodic Income Program are included in calculating the Premiums surrendered without surrender fees.

The right to surrender without surrender fees is not cumulative and cannot be carried forward to future years. The Company may modify at any time the right to surrender without surrender fees and a transaction fee of $35 may apply. The Company may modify at any time this transaction fee.

3.6 Management Fees and Operating Expenses

Management fees are paid to the Company. They vary from Fund to Fund and are deducted from each Fund on each Valuation Date. The fees are evaluated based on the market value of the Fund's assets on each Valuation Date.

The management fee rates may be modified from time to time, but shall never exceed the rate of management fees in effect on June 30, 2009 plus 2.00%. The insurance fees, which are the fees associated with the benefits guaranteed under the Contract (see Section 3.14 Guarantees), are embedded in the management fee. The commission payable to the life insurance agent for the initial investment in the Company's Funds and the service fees which are paid monthly to the life insurance agent as long as the Contract is in force are also embedded in the management fees. An increase in the management fees would be considered to be a fundamental change and would give the Policyholder certain rights (see Section 3.3 *Fundamental Changes*).

In addition to the management fees, current operating expenses are deducted from the Fund, including:

- Legal, audit, accounting and transfer agent expenses;
- Operating and administrative fees, costs and expenses;
- Policyholder communications fees;
- All other fees incurred by the Fund; and
- Applicable taxes, including goods and services tax (GST).

MER

The sum of the management fees, operating expenses and applicable taxes constitute the total amounts charged to the average net assets of the Fund and are called the "Management Expense Ratio" (MER). The MER includes all fees of any underlying fund in which the Company invests for the purpose of its Fund. (Please refer to Section 4.3 of the Information Folder for greater detail on the current MER of each Fund, expressed on an annual basis).

When the Company invests in an underlying fund for the purpose of its Funds, in no event will there be any duplication of fees at any time.

3.7 Surrender of Premiums

At any time on or before the Investment Period Maturity Date, the Policyholder may make a partial or total surrender of the Premiums invested in the Funds (hereinafter called a "surrender"). All requests for partial or total surrender must be made in writing. A partial or total surrender may entail surrender fees (see Section 3.5 Surrender Fees). The surrender value of the Premiums invested in Funds is equal to the number of Fund Units debited from the Contract multiplied by the Current Value of the Fund Unit on the Valuation Date coinciding with, or next following, the date on which the Company's head office receives the request to surrender, minus the applicable surrender fees.

The Policyholder must indicate both the amount to be surrendered in the event of a partial surrender and the particular Fund or Funds from which a portion of the surrender value is to be surrendered.

All partial surrenders must respect the minimum surrender amount established by the Company. This amount is determined from time to time by the Company.

The Company may suspend the right to surrender Premiums invested in a Fund or postpone the date of payment upon surrender during any period when normal trading is suspended on any exchange listing securities in which the Fund or the underlying investment invests and if those securities are not traded on any other exchange that represents a reasonably practical alternative or with the prior permission of the Canadian securities regulatory authorities.

During any period of suspension there will be no calculation of the Current Value of the Fund Units and no Units will be credited or debited. The calculation of the Current Value of the Fund Unit will resume when trading resumes on the exchange or with the permission of the Canadian securities regulatory authorities. If the right to surrender Premiums invested in a Fund is suspended and the Policyholder makes a surrender request during that period, he/she may either withdraw his/her surrender request prior to the end of the suspension period or the Fund Units credited to his/her Contract will be debited in accordance with the request to surrender when the Current Value of the Fund Units is first calculated following the end of the suspension period.

THE SURRENDER VALUE OF PREMIUMS INVESTED IN A FUND IS NOT GUARANTEED WHEN A PARTIAL OR TOTAL SURRENDER IS MADE BUT MAY FLUCTUATE WITH THE MARKET VALUE OF THE ASSETS OF THE FUND SUPPORTING THEM.

3.8 Dollar Cost Averaging (DCA)

The Policyholder may, upon request, participate in the Dollar Cost Averaging (DCA) investment plan for any Contracts registered as an RSP or a TFSA under the *Income Tax Act* (Canada), LIRA Contracts and non-registered Contracts. The Dollar Cost Averaging investment plan is not available for any Contracts registered as a RIF under the *Income Tax Act* (Canada). Through this plan, the Policyholder initially invests his/her Premium in the Money Market Fund. Each month, a designated amount, determined by the Policyholder, is automatically transferred from the Money Market Fund in order to invest in selected Ecoflex Funds for a specified length of time (between 6 and 12 months). This transaction requires a monthly minimum investment of $25 per Fund.

3.9 Periodic Income Program (PIP)

The Policyholder may, upon written request, participate in the Periodic Income Program (PIP). The Policyholder can choose to receive the income on a monthly or annual basis. The minimum amount of periodic income paid to the Policyholder must be at least $1,000 on an annual basis or $100 on a monthly basis.

The Policyholder may terminate the PIP at any time by sending a written request to the Company. The Company can modify the PIP from time to time.

ANY PORTION OF THE TOTAL VALUE OF PREMIUMS INVESTED IN FUNDS SURRENDERED TO MAKE PAYMENTS UNDER THE PERIODIC INCOME PROGRAM IS NOT GUARANTEED BUT MAY FLUCTUATE WITH THE MARKET VALUE OF EACH FUND'S ASSETS.

3.10 Transfers Between Funds

The Policyholder may request, in writing, that the Current Value of Fund Units credited to the Contract be transferred and invested in another available Fund. The Units credited following a transfer will retain the date the debited Units were credited to the Contract. However, Units credited to the Contract following a transfer to a Fund of the value of the Units of the Money Market Fund shall be credited to the Contract at the Valuation Date on which the Current Value of the Money Market Fund Units was determined. Furthermore, transfers between the 75% guaranteed funds and the 100% guaranteed funds will be treated as a surrender from one Fund and an investment in the new Fund for the purposes of determining the guaranteed minimum value. No surrender fee will be charged in these circumstances.

The value of the Units credited and debited following a transfer will be based on the Current Value of each Unit of the Funds for which a transfer request is received and on the Valuation Date upon which the transfer request is received by the Company.

The balance of the investment in a Fund after a transfer may not be less than the minimum amount required, otherwise the entire investment in the Fund must be transferred to the new Fund. This minimum is determined from time to time by the Company. The Company reserves the right to charge transaction fees on transfers at any time.

THE CURRENT VALUE OF FUND UNITS DEBITED OR CREDITED WHEN A TRANSFER IS MADE IS NOT GUARANTEED BUT MAY FLUCTUATE WITH THE MARKET VALUE OF THE ASSETS OF THE PARTICULAR FUND SUPPORTING THEM.

3.11 Frequent Trading

If the Policyholder surrenders or transfers the Premiums invested in a Fund, in whole or in part (except for the Money Market Fund), within ninety (90) days following the date of their investment in the Fund, frequent trading fees equal to 2% of the amount of the transaction apply.

When surrender or transfer occurs within thirty (30) days following the date of the investment in any of the Global, International, Specialty or Small Capitalization Funds (for the complete list of Funds subject to restriction, please refer to Section 3.5.1 of the Information Folder), the Company may waive the fees, at its sole discretion and only if it determines it to be under exceptional circumstances. For these Funds, when the transaction occurs between 31 and 90 days following the date of the investment, the Company reserves the right to waive the fees at its sole discretion.

For all other Funds, the Company may waive the fees at any time, at its sole discretion.

All frequent trading fees charged are invested in the Fund subject to the partial or total surrender or transfer of Premiums to increase the assets of the Fund for the benefit of all policyholders having invested in the Fund. The Company reserves the right to modify, at any time, the terms related to frequent trading fees.

These fees do not apply to Premiums surrendered or transferred under the Company's systematic plans (such as the Pre-Authorized Chequing (PAC) Plan and the Periodic Income Program (PIP)).

In addition to any applicable frequent trading fees, the Company may, at its sole discretion, refuse any investment of future Premiums or transfer of Premium requests if the Company determines that the Policyholder's trading activities may be detrimental to the Funds or the underlying funds.

3.12 Termination of a Fund

Subject to Section 3.3 *Fundamental Changes*, the Company reserves the right to terminate a Fund at any time. At least sixty (60) days before the termination date of the Fund, the Company will send a notice to Policyholders who have Units of this Fund credited to the present Contract. Up to five (5) days prior to the termination date of the Fund, Policyholders may request in writing that the Current Value of this Fund's Units credited to the Contract be transferred to and invested in another Fund currently available. If the Policyholder does not request a transfer, the Company will transfer the Fund Units into the Fund of its choice. The Current Value of Units transferred and invested in another Fund will be determined on the Valuation Date on which the Company terminates the Fund. Otherwise, the transfer will be subject to Section 3.10 *Transfers Between Funds*.

THE CURRENT VALUE OF FUND UNITS DEBITED OR CREDITED IS NOT GUARANTEED WHEN A TRANSFER IS MADE BUT MAY FLUCTUATE WITH THE MARKET VALUE OF THE ASSETS OF THE PARTICULAR FUND SUPPORTING THEM.

3.13 Investment Policy Changes

The Company reserves the right to modify the investment policy of a Fund at any time to better meet the stated investment objectives of the Fund. Such changes to investment policy shall not require prior written notification to be sent to the Policyholder. Any change in the investment objectives of a Fund will be considered to be a fundamental change (see Section 3.3 *Fundamental Changes*).

3.14 Guarantees

3.14.1 Maturity Date of the Fund Guarantee

Establishment

The Policyholder shall establish the Maturity Date of the Fund Guarantee on the application. This date must be at least ten (10) years from the date Fund Units are first credited to the Contract.

Further, the Maturity Date of the Fund Guarantee must be between the 60th and 71st birthdays of the Annuitant. However, if at the time that Units are initially credited to the Contract, the Annuitant is 62 years of age or older, the Maturity Date of the Fund Guarantee shall be set at exactly ten (10) years from this date.

Modification

Up to ten (10) years preceding the Maturity Date of the Fund Guarantee, the Policyholder may request, in writing, a modification of this date. The new Maturity Date of the Fund Guarantee shall be set at a date that is at least ten (10) years from the date the modification is processed.

Further, the new Maturity Date of the Fund Guarantee must be between the 60th and 71st birthday of the Annuitant and shall be at least at ten (10) years from the effective date of the modification.

Renewal

On the Maturity Date of the Fund Guarantee, this date is automatically renewed for another ten (10) year period unless otherwise requested by the Policyholder.

Automatic establishment

If the Annuitant is less than 62 years old when the Contract is issued or at the initial investment in a Fund and if no Maturity Date of the Fund Guarantee is specified or, if at any time, the said date does not respect the above conditions, the Maturity Date of the Fund Guarantee is deemed to be the Annuitant's 71st birthday or the date exactly ten (10) years from the initial investment in a Fund, whichever date is later.

3.14.2 Guaranteed Minimum Value at Maturity and Guaranteed Minimum Value at Death

For the purpose of determining the Guaranteed Minimum Value at Maturity and the Guaranteed Minimum Value at Death, the Funds are classified as either 100% guaranteed or 75% guaranteed as follows:

100% Guaranteed Funds

Focus Prudent	Select Canadian
Focus Moderate	Canadian Equity Value
Focus Balanced	Canadian Equity (Dynamic)
Focus Growth	Fidelity True North®
Focus Aggressive	Canadian Equity Growth
Money Market	Fidelity Canadian Opportunities
Short Term Bonds	Global Dividend (Dynamic)
Bonds	Global Equity (Templeton)
Bonds - series 2	Global Equity (Oppenheimer)
Diversified Security	Fidelity NorthStar®
Diversified	Global Equity Small Cap. (DB Advisors)
Diversified Opportunity	International Equity Index
Fidelity Canadian Asset Allocation	International Equity (Templeton)
Diversified Income	International Equity (McLean Budden)
Global Diversified (Catapult)	Fidelity European Equity
Dividend Income	U.S. Equity Index
Dividend Growth	U.S. Equity (McLean Budden)
Canadian Equity (Leon Frazer)	U.S. Equity (Legg Mason)
Canadian Equity Index	

75% Guaranteed Funds

Asian Pacific (Dynamic)	Real Estate Income
Emerging Markets (Mackenzie Cundill)	U.S. DAQ Index
Global Health Care (Renaissance)	

The specific terms and condition for applying the Guaranteed Minimum Value at Maturity and the Guaranteed Minimum Value at Death are described in the following sections.

3.14.2.1 Guaranteed Minimum Value at Maturity

For the application of the Fund guarantee, the term "Guaranteed Minimum Value at Maturity" is defined as a variable value equal to 100% (75% if the Annuitant is seventy-two (72) years of age or older when the investment is made or if invested in the 75% guaranteed funds) of the Premiums used for the initial investment in a Fund and varying as follows:

1) the Guaranteed Minimum Value at Maturity increases when additional Fund Units are credited to the Contract (excluding transfers between Funds of the same guarantee), in the following proportion: 100% (75% if the Annuitant is seventy-two (72) years of age or older when the investment is made or if invested in the 75% guaranteed funds) of the Premiums if the investment took place at least ten (10) years before the Maturity Date of the Fund Guarantee and if there was no increase under paragraph 3 below; 75% of the Premiums in all other cases;
2) the Guaranteed Minimum Value at Maturity is adjusted in proportion to the decrease in the total value of Fund Units credited to the Contract when any Fund Units are debited from the Contract (excluding transfers between Funds of the same guarantee);
3) ten (10) years before the Maturity Date of the Fund Guarantee, the Guaranteed Minimum Value at Maturity and the total value of Fund Units credited to the Contract are compared. At this time, if the Annuitant is less than seventy-two (72) years of age and if the total value of Fund Units credited to the Contract (or 75% of the total value of Fund Units credited to the Contract in the case of the 75% guaranteed funds) is higher, the Guaranteed Minimum Value at Maturity is automatically increased to 100% (or 75% if invested in the 75% guaranteed funds) of the total value of the Fund Units credited to the Contract ; if the Annuitant is seventy-two (72) years of age or older, the Guaranteed Minimum Value at Maturity is only adjusted if 75% of the total value of the Fund Units credited to the Contract is higher than the current Guaranteed Minimum Value at Maturity: in this case, the Guaranteed Minimum Value at Maturity is increased to 75% of the total value of the Fund Units credited to the Contract;
4) on the Maturity Date of the Fund Guarantee, if the Annuitant elects to renew this date by ten (10) years, the Guaranteed Minimum Value at Maturity and the total value of Fund Units credited to the Contract are compared. At this time, if the Annuitant is less than seventy-two (72) years of age and if the total value of Fund Units credited to the Contract (or 75% of the total value of the Fund Units credited to the Contract in the case of the 75% guaranteed funds) is higher, the Guaranteed Minimum Value at Maturity is increased to 100% (or 75% if invested in the 75% guaranteed funds) of the total value of the Fund Units credited to the Contract ; if the Annuitant is seventy-two (72) years of age or older, the Guaranteed Minimum Value at Maturity is only adjusted if 75% of the total value of the Fund Units credited to the Contract is higher than the current Guaranteed Minimum Value at Death is increased to 75% of the total value of the Fund Units credited to the Contract;
5) is reduced to zero when the Contract is cancelled or terminated.

3.14.2.2 Guaranteed Minimum Value at Death

For the application of the Fund guarantee, the term "Guaranteed Minimum Value at Death" is defined as a variable value equal to 100% (75% if the Annuitant is eighty (80) years of age or older when the investment is made or if invested in the 75% guaranteed funds) of the Premiums used for the initial investment in a Fund, which varies as follows:

1) the Guaranteed Minimum Value at Death increases when additional Fund Units are credited to the Contract (excluding transfers between Funds that offer the same guarantee), in the following proportion: 100% (75% if invested in the 75% guaranteed funds) of the Premiums if the investment took place before the Annuitant reaches eighty (80) years of age. If the Annuitant is eighty (80) years of age or older when the investment took place, 75% of the Premiums;
2) the Guaranteed Minimum Value at Death is adjusted in proportion to the decrease in the total value of Fund Units credited to the Contract when any Fund Units are surrendered from the Contract (excluding transfers between Funds that offer the same guarantee);
3) ten (10) years before the Maturity Date of the Fund Guarantee, the Guaranteed Minimum Value at Death and the total value of Fund Units credited to the Contract are compared. At this time, if the Annuitant is less than 80 years of age and if the total value of Fund Units credited to the Contract (or 75% of the total value of Fund Units credited to the Contract in the case of the 75% guaranteed funds) is higher, the Guaranteed Minimum Value at Death is automatically increased to 100% (or 75% if invested in the 75% guaranteed funds) of the total value of the Fund Units credited to the Contract; if the Annuitant is eighty (80) years of age or older, the Guaranteed Minimum Value at Death is only adjusted if 75% of the total value of the Fund Units credited to the Contract is higher than the current Guaranteed Minimum Value at Death; in this case, the Guaranteed Minimum Value at Death is increased to 75% of the total value of the Fund Units credited to the Contract;
4) on the Maturity Date of the Fund Guarantee, if the Annuitant elects to renew this date by ten (10) years, the Guaranteed Minimum Value at Death and the total value of Fund Units credited to the Contract are compared. At this time, if the Annuitant is less than 80 years of age and if the total value of Fund Units credited to the Contract (or 75% of the total value of Fund Units credited to the Contract in the case of the 75% guaranteed funds) is higher, the Guaranteed Minimum Value at Death is increased to 100% (or 75% if invested in the 75% guaranteed funds) of the total value of the Fund Units credited to the Contract; if the Annuitant is eighty (80) years of age or older, the Guaranteed Minimum Value at Death is only adjusted if 75% of the total value of the Fund Units credited to the Contract is higher than the current Guaranteed Minimum Value at Death; in this case, the Guaranteed Minimum Value at Death is increased to 75% of the total value of the Fund Units credited to the Contract;
5) the Guaranteed Minimum Value at Death is reduced to zero when the Contract is cancelled or terminated.

3.14.3 Application of the Fund Guarantee

On the Maturity Date of the Fund Guarantee

If, on the Valuation Date coinciding with the Maturity Date of the Fund Guarantee (or the first Valuation Date following, if none coincides), the Guaranteed Minimum Value at Maturity is higher than the total value of Fund Units credited to the Contract on that date, the Company will make up the difference by crediting Units at their Current Value on the Maturity Date of the Fund Guarantee which have an aggregate value equal to the difference between the Guaranteed Minimum Value at Maturity and the total value. Said Units are distributed among the different Funds in proportion to the value of the Units and the date on which the Units are credited to the Contract is deemed to be the date upon which the Fund guarantee has just matured.

At death

On the death of the Annuitant, before the Investment Period Maturity Date, the value of the Fund Units credited to the Contract is the higher of:

1) the total value of Fund Units credited to the Contract on the date the Company receives all documents required to settle a claim; and
2) the Guaranteed Minimum Value at Death on the reception date described previously.

THE TOTAL VALUE OF FUND UNITS CREDITED TO THE CONTRACT IS NOT GUARANTEED SINCE IT VARIES ACCORDING TO FLUCTUATIONS IN THE MARKET VALUE OF THE ASSETS OF THE PARTICULAR FUND SUPPORTING THEM.

4. SPECIFIC PROVISIONS TO THE LIFE INVESTMENT

(Only available if the Contract is registered as a RIF under the terms of the *Income Tax Act* (Canada))

In these provisions, the Annuitant refers to the Policyholder.

A life investment is made up of a Premium invested in this investment vehicle at a guaranteed interest rate. Once this Premium is invested, the Company agrees to pay a life income to the Annuitant. The life income is determined based on the Premium invested, the selected payment frequency, the applicable interest rate, the Company's administrative rules, mortality tables, fees in effect at the Company, the guarantee at death selected by the Annuitant, as well as the age of the Annuitant when the Premium is invested in a life investment. The guaranteed interest rate that applies to the invested Premium varies according to the amount of the Premium and the age of the Annuitant when the investment is made.

Payment of the Life Income

Life income payments are made according to the selection made by the Annuitant in the section of the application referring to the Contract's retirement benefits and life income payments or failing selection, according to the terms of the Contract. No modification can be made to the frequency of the life income payments nor to the day of the month on which the payments are made.

Unless a partial or total surrender is made from the life investment, no amendment can be made to the life income payment, even if the total life income payments for a year is higher than the minimum prescribed by law (see the Retirement Income Payments subsection in Section 6 *RETIREMENT INCOME FUND ENDORSEMENT.*

Guarantees

Two types of guarantee are offered to the Annuitant when the initial investment is made under the life investment. The Annuitant selects the type of guarantee in the application. The following guarantees are offered:

Cash refund guarantee

The Company guarantees that when the Annuitant dies, the book value of the life investment on the date of death will be payable. It is possible for the book value of the life investment to equal zero.

Floor cash refund guarantee

The Company guarantees that on the death of the Annuitant, the value of the life investment payable will be the higher of a) and b), where:

a) is equal to the book value of the life investment on the date of death; and

b) is equal to 10% of the Premium initially invested in the life investment, reduced in the event of a partial surrender in proportion to the decrease in the book value of the life investment following the partial surrender made (hereinafter called the "floor cash refund").

Book Value

The book value of the life investment is equal to the higher of a) and b), where:

a) is equal to the Premium initially invested in the life investment less partial surrenders and less the total life income payments already made; and

b) is equal to the value of the floor cash refund. The value of the floor cash refund will only be applicable if the Annuitant selects the floor cash refund guarantee option in the application. See the Guarantees subsection for more details on the floor cash refund option and the floor cash refund.

Surrender

The Annuitant may make a partial or total surrender of the life investment at any time on or before the Investment Period Maturity Date.

Any partial surrender shall result in a decrease in the future life income payments. Once a partial surrender is made, life income payments are reduced in proportion to the decrease in the book value of the life investment following the partial surrender.

Surrender Value

The surrender value of a life investment is equal to:

- total surrender: the book value of the life investment on the surrender date minus the surrender fees; and
- partial surrender: amount of the surrender minus surrender fees.

When a partial or total surrender is made, surrender fees (see the Surrender Fees subsection below) and administrative fees of $100 are applicable.

Surrender Fees

The surrender fees for a life investment are calculated as follows:

Surrender fees = amount of surrender x (3% + D x (y2 – y1))

Where:

y1 is equal to the average yield on Government of Canada marketable bonds with a maturity of more than 10 years in effect when the Contract is issued; and

y2 is equal to the average yield on Government of Canada marketable bonds with a maturity of more than 10 years in effect when the surrender is requested

where the difference between y2 and y1 cannot be negative. Where D is defined as being the higher of i) and ii), which are defined as follows:

i) is equal to 100 minus the age of the Annuitant when the surrender is made, divided by 3; and

ii) is equal to 3.

Termination of the Life Investment

The life investment payments terminate on the death of the Annuitant or on the total surrender of this investment vehicle. At the Investment Period Maturity Date, the surrender value of the life investment at this date is transferred to a life annuity as defined in Section 1.9 Annuity of the *GENERAL PROVISIONS*.

5. RETIREMENT SAVINGS PLAN ENDORSEMENT

SECTION 146 OF THE *INCOME TAX ACT* (CANADA) IF SELECTED IN THE APPLICATION

Further to the Annuitant's request to register this Contract as a registered retirement savings plan under the terms of the *Income Tax Act* (Canada) and provincial income tax laws, this rider modifies the Contract as follows:

General

In this plan:

- the term "*Income Tax Act* (Canada)" or simply the "Act", refers to Section 146 of the Act and any other applicable provisions of that Act, as amended from time to time, as well as any applicable provincial income tax legislation;
- "you" and "your" refer to the Owner of the policy or the Annuitant as defined in the Act;
- "spouse" means spouse or common-law partner in accordance with the Act;
- "RRSP" means Registered Retirement Savings Plan as defined in the Act;
- "RRIF" means Registered Retirement Income Fund as defined in the Act.

Conferring Benefits

No advantage conditional in any way upon the existence of this plan may be extended to you or to a person with whom you are not dealing at arm's length in accordance with paragraph 146(2)c.4) of the Act.

Investment Period Maturity Date

The maturity date of this plan is any date selected by you which must not be after the end of the calendar year in which your 71st birthday occurs, or any other age which may be stipulated in the Act as the maximum maturity age. Upon maturity you may elect an immediate annuity income, in any form permitted by the Act, or you may elect to purchase a RRIF, as defined in the Act. If you do not make an election then a RRIF benefit, as described in the Contract (see Section 1.10 *Automatic Conversion*), will be deemed to have been selected on your behalf by the Company. The immediate annuity must provide for equal annual or more frequent income payments.

The Company will not accept any contributions after the maturity date.

Death Benefit

If you die before income payments commence, the proceeds will be paid to your designated Beneficiary or to your estate, if there is no designated Beneficiary, in cash as a lump sum, unless a "Refund of Premiums" as defined in the Act has been requested. If you die after income payments have commenced under the annuity or the RRIF option and the Beneficiary is not your spouse, the commuted value of any remaining income payments if any, will be paid in one sum to your designated Beneficiary, if there is one, otherwise to your estate.

The total amount of the annuity instalments paid to the spouse from the plan during a year following the death of the Annuitant may not exceed the total amount of the annuity payments made during one of the years prior to the Annuitant's death.

Over-contributions

This plan permits the payment of an amount, not exceeding the current value of the policy, where such amount is paid to reduce the amount of tax otherwise payable under Part X.1 of the Act.

Surrenders and Transfers

Subject to any restrictions contained in this Policy, prior to the maturity date of this plan, you may elect to direct the Company to:

- transfer all or a portion of the Premiums invested in the Plan to
  a) a registered pension plan;
  b) another RRSP;
  c) a RRIF;
  d) purchase an immediate annuity as per the Act: or
- surrender an amount in cash, subject to applicable withholding taxes.

Assignment

This plan and payments thereunder may not be assigned, either in whole or in part.

Legislation Changes

The Company shall have the right to amend any of the registration provisions of this plan resulting from changes to the applicable legislation without providing written notice to the Policyholder.

6. RETIREMENT INCOME FUND ENDORSEMENT

IN REFERENCE TO SECTION 146.3 OF THE *INCOME TAX ACT* (CANADA) AND IN ACCORDANCE WITH THE CHOICE SPECIFIED IN THE REQUEST.

Further to the Annuitant's request to register this Contract as a registered retirement income fund under the terms of the *Income Tax Act* (Canada) and provincial income tax legislation or where the Annuitant has attained age 71 on a registered retirement savings plan and has not selected another option (see Section 1.10 *Automatic Conversion* of the Contract), this endorsement modifies the Contract as follows:

In this endorsement:

- "Act" means the *Income Tax Act* (Canada);
- "spouse" means spouse or common-law partner in accordance with the Act;
- "RRSP" means Registered Retirement Savings Plan as defined by the Act;
- "RRIF" means Registered Retirement Income Fund as defined by the Act.

Proof of Age

Evidence satisfactory to the Company of the age of the Annuitant must be furnished before the conversion of the RRSP Contract to a RRIF is made.

Assignment

Payments from the Fund may not be assigned in whole or in part to comply with to paragraph 146.3(2) b) of the Act.

Transaction Fees

The Company reserves the right to charge transaction fees for any modifications to the terms of payment or for any other transaction.

Advantage

No benefit or loan that is conditional in any way on the existence of this plan may be granted to the Annuitant or to a person with whom he/she is not dealing at arm's length, except:

i) a benefit whose value must be added to the calculation of the Annuitant's income;

ii) a benefit as defined in paragraph 146.3(5)(a) and (b) of the Act;

iii) a benefit derived from the provision of administrative or investment services with respect to this Contract.

Request to Transfer

Upon receipt of written instructions from the Annuitant, the Company shall, in the prescribed manner, transfer all or part of the surrender value of the Contract at the time such request is received at the head office, together with all information necessary for the continuance of the Fund, to any person who has agreed to be an issuer of another RRIF for the Annuitant, subject to the amount retained by the Company to comply with paragraph 146.3(2) e) of the Act.

Upon receipt of written instructions from the Annuitant, the Company shall transfer an amount from a RIF of an Annuitant in accordance with subsection 146.3(14) of the Act if the amount:

(a) is transferred on behalf of an individual who is a spouse or common-law partner or former spouse or common-law partner of the Annuitant and who is entitled to the amount under a decree, an order or a judgment of a competent tribunal, or under a written agreement, that relates to a division of property between the Annuitant and the individual in settlement of rights that arise out of, or on a breakdown of, their marriage or common-law partnership; and

(b) is transferred directly to:

 (i) a registered retirement income fund under which the individual is the Annuitant; or

 (ii) a registered retirement savings plan under which the individual is the Annuitant.

Premiums

The Company shall only accept Premiums from the following sources:

i) an RRSP of which the Annuitant is the owner;

ii) another RRIF of which the Annuitant is the owner;

iii) an RRSP or a RRIF under which the spouse or former spouse of the Annuitant, is the Annuitant pursuant to a decree, order or judgement of a competent tribunal or a written separation agreement, providing for the division of property between the Annuitant and his/her spouse or former spouse, during or after the breakdown of their marriage;

iv) a registered pension plan of which the Annuitant is a member as this term is defined in subsection 147.1(1) of the Act;

v) a registered pension plan in accordance with subsection 147.3(5) or (7) of the Act;

vi) a provincial pension plan under the circumstances provided for in subsection 146(21) of the Act;

vii) the Annuitant, to the extent that the Premium is an amount described in sub-paragraph 60(l)(v) of the Act; or

viii) a deferred profit sharing plan in accordance with subsection 147(19) of the Act.

Retirement Income Payments

Each year, the Company pays the Annuitant the retirement income payments that he/she has chosen, subject to the total payments made during each calendar year being at least equal to the minimum payment required by the Act.

The Company makes the payments in accordance with the provisions of the Act.

The Company agrees to pay to the Annuitant:

i) annually, commencing the first calendar year following the year in which the retirement income fund is established, the minimum amount prescribed by the Act. Upon receipt of a written request, amounts in excess of the minimum amount shall be paid without, however, surpassing the surrender value of the Contract before the payment date. The terms of payment are subject to the agreement between the Annuitant and the Company; and

ii) at the end of the year in which the final payment must be made, an amount equal to the surrender value of the Contract.

Payment options

The Annuitant may choose from the following payment options offered by the Company. The option chosen applies for the entire duration of the Contract or until the Annuitant chooses, in writing, another payment option offered by the Company. The Company may modify or cease to offer certain payment options. Failing instructions from the Annuitant and if the annual life income payments from the life investment do not exceed the minimum annual payment that may be made under the Contract as prescribed by the Act, payments will be made according to the minimum payment option described below. If the annual life income payments from the life investment exceed the minimum annual payment prescribed by the Act and failing instructions from the Annuitant, payments will be made according to the level payment option described below which will be equivalent to the life income payment. When no investment is made in a life investment, payments will be made according to the minimum payment option described below.

Minimum payment

This is the minimum annual payment that must be made under the Contract as prescribed by the Act. It is established on January 1 of each year by multiplying the Book Value of the Contract on this date by a percentage prescribed by the Act. The percentage is based on the age of the Annuitant or his/her spouse's age, as indicated on the application. This option is only available if the total payments from the life investments for a given calendar year, if applicable, are lower than the minimum prescribed by law.

Level payment

The Annuitant receives a fixed amount for the duration of the Contract. The amount must include the amount received through a life investment, if any.

Indexed payment

The amount determined by the Annuitant increases at the beginning of each calendar year according to an indexation rate chosen by the Annuitant. The indexation rate cannot exceed 8%. The amount must include the amount received through a life investment, if any.

Frequency of payments

The Annuitant can choose to receive the payments under his/her Contract on a monthly, quarterly, semi-annual or annual basis on the day of his/her choice. However, if the total periodic retirement benefits over the course of a calendar year are lower than $1,200, the frequency must be annual. Failing instructions from the Annuitant and subject to the preceding, the payments are made on a monthly basis.

If the Annuitant invests in a life investment, the frequency of the payments and the day of the month on which the payments are made cannot be modified while the life investment is in place.

Income payments

Retirement income payments are made in accordance with the payment option chosen by the Annuitant or failing such choice, according to the terms of the Contract. For each retirement income payment, the amount paid under the life investment, if any, is used to make this payment. When an amount in addition to the amount paid under the life investment is required to make the retirement income payment requested by the Annuitant or as required by Act, or when no investment is made in the life investment, the amounts are redeemed from other investment vehicles in order of surrender or in the proportion indicated by the Annuitant.

Failing instructions from the Annuitant, the amounts required to cover the difference, if any, between the amounts paid under the life investment and the retirement income payment or the amounts required to pay the retirement income, when no investment is made in a life investment, are surrendered in the order indicated in the application (referred to as the "automatic surrender term"), in accordance with the specific provisions for each investment vehicle. Guaranteed investments are surrendered according to those with the shortest maturity. The Company may modify the automatic surrender term at any time.

Surrenders made over the course of a calendar year not exceeding the higher of:

a) 20% of the Book Value of the Contract less the book value of the life investment, on the last business day of the preceding year plus 20% of the Premiums invested in the Contract other than those invested in the life investment, during the current year; and

b) the minimum annual payment that must be made under the Contract as prescribed by the Act

will be paid at their book value without any surrender fees. However, surrender fees will apply to surrenders made for transfers to other financial institutions of for surrenders of a life investment (see Section 1.5 *Administrative Fees* and the Surrender Fees subsection of Section 4 *SPECIFIC PROVISIONS FOR THE LIFE INVESTMENT*).

This right to surrender without surrender fees is not cumulative and cannot be carried forward to future years. The Company may modify at any time the right to surrender without surrender fees and a transaction fee may apply.

Income Tax

The Act requires that income tax be retained by the Company from the retirement income payments. The income retained will be the minimum amount permitted by law, unless the Annuitant chooses a higher amount.

The provisions of this endorsement apply notwithstanding any provision to the contrary in the Contract.

7. TAX-FREE SAVINGS ACCOUNT ENDORSEMENT

SECTION 146.2 OF THE *INCOME TAX ACT* (CANADA) IF SELECTED IN THE APPLICATION

This endorsement shall only apply if the Policyholder is also the Annuitant under the Contract.

Further to the Policyholder's request to the Company to file an election to register this Contract as a Tax-Free Savings Account (hereinafter referred to as the "Arrangement") under the terms of the *Income Tax Act* (Canada) and provincial income tax legislation, this endorsement modifies the Contract as follows:

7.1 General

In this Arrangement:

a) the term "Act" refers to the *Income Tax Act* (Canada), as amended from time to time, as well as any applicable provincial income tax legislation;

b) the term "contributions" has the same meaning as given in the Act and constitute the Premiums under the Contract;

c) the term "holder" means:

1. until the death of the Policyholder who entered into the Arrangement with the Company, the Policyholder;
2. at and after the death of the holder, the holder's survivor subject to conditions specified in Section 10 of this endorsement;

d) the term "spouse" means spouse or common-law partner in accordance with the Act;

e) the term "survivor" means another individual who is, immediately before the holder's death, the spouse of the holder;

f) the term "TFSA" means Tax-Free Savings Account as referred to in the Act.

7. 2 Exclusivity

This Arrangement is maintained for the exclusive benefit of the holder determined without regard to any right of a person to receive a payment out of or under this Arrangement only on or after the death of the holder.

No individual other than the holder or the issuer of the Arrangement has any rights under the Arrangement relating to the amount and timing of distribution and the investing of Funds.

The holder is solely responsible for the tax consequences that may result from his actions under this Arrangement.

7.3 Proof of Age

The holder must have attained the age required in accordance with the Act to make contributions to the Arrangement. Evidence satisfactory to the Company of the age of the holder must be furnished at the time the Arrangement is entered into.

7.4 Contributions

This Arrangement prohibits any individual other than the holder from making contributions under the Arrangement.

However, the holder is solely responsible for ensuring that these contributions are lower than the limits prescribed by the Act to avoid any tax consequences.

7.5 Over-contributions

If, at any time in a calendar month, the holder has an excess TFSA amount, as this term is defined under Part XI.01 of the Act, the holder shall, in respect of that month, pay a tax under this Part of the Act which is equal to 1% of the highest excess TFSA amount in that month.

However, the Arrangement permits distributions, as this term is defined in the Act, to be made to reduce the amount of tax otherwise payable by the holder under Part XI.01 of the Act.

7.6 Unused Contributions

The unused TFSA contributions can be carried forward for future years and are determined as stipulated in the Act.

7.7 Non-resident

If, at any time, a non-resident holder makes a contribution under the Arrangement, the non-resident holder shall pay a tax under Part XI.01 of the Act which is equal to 1% of the amount of the contributions in respect of each month for the period determined in section 207.03 of the Act.

7.8 Transfers

Subject to any restrictions under this Contract, the holder may elect to direct the Company to:

a) transfer directly all or any part of the property held in connection with the Arrangement, or an amount equal to its value, to another TFSA of the holder; or

b) transfer to another TFSA, the holder of which is the spouse of the holder of this Arrangement, if the following conditions are satisfied:

1. the holder and the spouse are living separate and apart at the time of the transfer; and
2. the transfer is made under a decree, order or judgment of a competent tribunal, or under a written separation agreement, relating to a division of property between the holder and the spouse in settlement of rights arising out of, or on the breakdown of, their marriage or common-law partnership.

7.9 Distributions

The Company may make a payment out of the Arrangement in satisfaction of all or part of the holder's interest in the Arrangement.

The investment income earned in this Arrangement, including capital gains, is not taxed in accordance with the Act.

7.10 Death

At and after the death of the holder, upon receipt of satisfactory proof of death, the survivor shall become the holder under the Arrangement if the survivor acquires:

a) all of the holder's rights under this Arrangement; and

b) an unconditional right to revoke any Beneficiary designation under the Contract.

If the holder has designated his/her spouse as the Beneficiary, the latter may become the holder under the terms of the Arrangement, subject to the applicable conditions as provided under the Act.

Subject to any applicable legislation, if the previous conditions are not met at or after the death of the holder, the survivor shall not become the holder under the Arrangement and subject to Section 1.9 of the

Contract, if the Contract remains in force after the death of the holder, the Contract shall cease to be registered as a TFSA under the Act and tax implications may occur.

Notwithstanding the foregoing, the Contract shall cease to be registered as a TFSA under the Act immediately before the death of the last holder of the Arrangement.

7.11 Legislation Changes

The Company shall have the right to amend any of the registration provisions of this Arrangement resulting from changes to the applicable legislation without providing written notice to the holder.

7.12 Prescribed Conditions

This Arrangement complies with conditions prescribed by the Act and the regulations promulgated under the Act. The conditions of this endorsement will take precedence over the provisions in the Contract in the case of conflicting or inconsistent provisions.

Yvon Charest
President and Chief Executive Officer

Douglas A. Carrothers
Corporate Secretary

ABOUT THE COMPANY

Founded in 1892, Industrial Alliance Insurance and Financial Services Inc. is a life and health insurance company that offers a wide range of life and health insurance products, savings and retirement plans, RRSPs, mutual and segregated funds, securities, auto and home insurance, mortgage loans and other financial products and services. The fourth largest life and health insurance company in Canada, Industrial Alliance is at the head of a large financial group which has operations across the country, as well as in the Western United States. Industrial Alliance contributes to the financial wellbeing of over three million Canadians, employs more than 3,500 people and manages and administers over $54 billion in assets. Industrial Alliance stock is listed on the Toronto Stock Exchange under the ticker symbol IAG. Industrial Alliance is among the 100 largest public companies in Canada.

For more information, contact:

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1 800 463-6236

The contract is administered by Industrial Alliance Insurance and Financial Services Inc., which is incorporated under *An Act respecting insurance* (Quebec).

Investment Funds

Non-registered, TFSA,
RRSP/LIRA/LRSP,
RRIF/LIF, RESP

INDUSTRIAL ALLIANCE

INSURANCE AND FINANCIAL SERVICES INC.

F13-282A(09-10)