

# Compassionate Benefit Program







## BMO Insurance's Compassionate Benefit Program

BMO Insurance offers the Compassionate Benefit Program to its policy owners who have a limited life expectancy and require a source of funds to help them manage their finances. Under this program, they may be able to qualify for an advanced payment of the death benefit on their policies.



BMO Insurance is pleased to announce that it has extended its program and will now offer two types of benefits: **Terminal Illness Life Advance** and a **NEW Financial Hardship Life Advance** – the first of its kind in Canada!

These non-contractual benefits are granted as an advance payment of a portion of the death benefit of the policy where the insured demonstrates that his/her life expectancy is limited.

# Compassionate Benefit Program Overview

The following is a comparative summary of both the Terminal Illness Life Advance and Financial Hardship Life Advance options. Consider your clients current situation and individual needs to determine if they could benefit from one of these options.

	Terminal Illness Life Advance	Financial Hardship Life Advance NEW
<b>Target Client</b>	Provided to eligible policy owners who have a limited life expectancy of 12 months or less.	Provided to eligible policy owners who have a limited life expectancy of five years or less and are experiencing a financial hardship.
<b>Eligible BMO Insurance Policies</b>	<ul style="list-style-type: none"> <li>• Permanent life insurance                             <ul style="list-style-type: none"> <li>– e.g., T100, Universal Life (UL), Whole Life</li> </ul> </li> <li>• Term life insurance                             <ul style="list-style-type: none"> <li>– e.g., T10, T20, T30</li> <li>– there must be at least 24 months remaining to a policy renewal date, or</li> <li>– 36 months to a policy expiry date</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Permanent life insurance                             <ul style="list-style-type: none"> <li>– e.g., T100, Universal Life (UL), Whole Life</li> </ul> </li> </ul>
<b>Coverage Types</b>	<ul style="list-style-type: none"> <li>• Personally-owned single life policies where the policy owner is the insured.</li> <li>• Personally-owned Joint First-to Die (JFTD) policies with a maximum of two lives insured and where the owner is one of the lives insured.</li> </ul>	<ul style="list-style-type: none"> <li>• Personally-owned single life policies where the policy owner is the insured.</li> <li>• Personally owned Joint First-to Die (JFTD) policies with a maximum of two lives insured and where the owner is one of the lives insured.</li> <li>• Personally owned Joint Last-to-Die (JLTD) policies with one (last surviving) life insured only.</li> </ul>
<b>Excluded Policies</b>	<ul style="list-style-type: none"> <li>• Policies with excluded underwriting conditions, e.g. dangerous sports</li> <li>• Policies with facultative reinsurance</li> <li>• Policies with third party owners</li> <li>• Policies where the policy owner-insured is acting through a representative, e.g. power of attorney</li> </ul>	<ul style="list-style-type: none"> <li>• Policies with excluded underwriting conditions, e.g. dangerous sports</li> <li>• Policies with facultative reinsurance</li> <li>• Policies with third party owners</li> <li>• Policies where the policy owner-insured is acting through a representative, e.g. power of attorney</li> <li>• Policies with a Cash Surrender Value (CSV) that is more than five times the annual premium</li> </ul>
<b>Service Fee</b>	None	A one-time Service Fee of \$500 is paid by BMO Insurance to compensate advisors for the time and effort they will need to review the details of the program with clients as well as assisting them in collecting, completing and submitting all of the information and documents required to process this Financial Hardship Life Advance application to BMO Insurance.



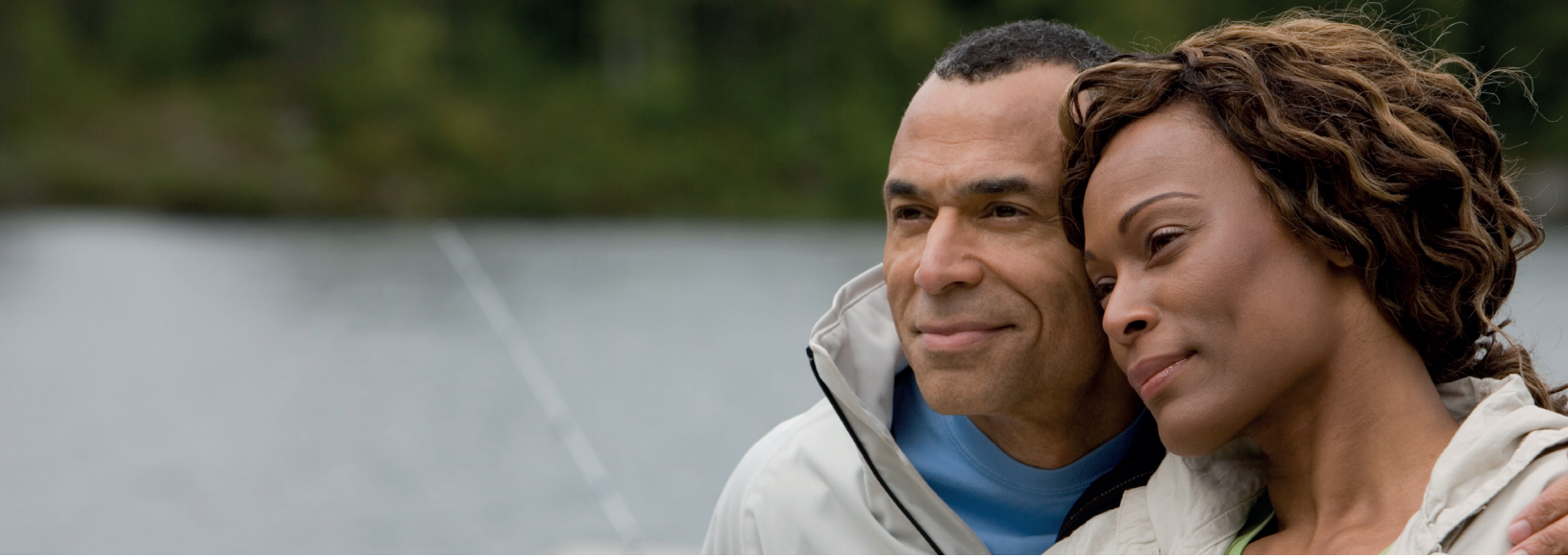
After you have familiarized yourself with the BMO Insurance Compassionate Benefit Program and you are unsure if your client is eligible or you have questions, please contact our Claims Department, toll free at 1-866-355-8855.

# Structure and Amount of the Life Advance

	Terminal Illness Life Advance	Financial Hardship Life Advance
<b>Structure of the Life Advance</b>	The Life Advances are made as a loan secured by an assignment in the policy.	The Life Advances are made as a loan secured by an assignment in the policy.
<b>Interest Charged on Life Advances</b>	<p>Advances against the policy's death benefit will be charged a fixed interest rate, published and disclosed at the time of the initial Life Advance.</p> <p>The interest rate available on these Life Advance agreements is subject to change and based on prevailing market rates.</p> <p>We currently do not charge interest on the Terminal Illness Life Advance.</p>	<p>Advances against the policy's death benefit will be charged a fixed interest rate, published and disclosed at the time of the initial Life Advance.</p> <p>The interest rate available on these Life Advance agreements is subject to change and based on prevailing market rates.</p> <p>The current interest rate is set at 6.5% per year.</p> <ul style="list-style-type: none"> <li>Interest charges on outstanding advances (principal amount of the loan) are calculated daily and are compounded annually at the fixed interest rate published and agreed to at the time of the initial advance.</li> <li>No repayment of advances or interest charges is required until the death benefit is paid under the terms of the policy.</li> <li>Advances are secured by BMO Insurance against the policy's death benefit.</li> </ul>
<b>Life Advance Amount</b>	An initial Advance of up to 50% of the face amount of the policy's base coverage (death benefit) to a maximum of \$250,000 is paid in one lump sum to the policy owner-insured less applicable policy costs.	<p>An initial advance of up to 50% of the face amount of the policy's base coverage (death benefit) to a maximum of \$250,000 paid in annual instalments over five years to the policy owner-insured less applicable policy costs (e.g. maximum \$250,000/5 years = \$50,000 maximum annual advance).</p> <p>The minimum Financial Hardship Life Advance is \$10,000 per year, net of all policy costs.</p>
<b>Payment of Policy Costs</b>	<p>BMO Insurance will withhold two years of policy costs from the single lump sum Life Advance to ensure that policy costs are covered on the full value of the policy.</p> <ul style="list-style-type: none"> <li>Additional annual advances of death benefit to pay policy costs will be required if the life insured survives longer than two years.</li> <li>All death benefit advances and policy costs are covered by the policy's death benefit on death.</li> </ul>	<p>BMO Insurance will withhold one year of policy costs from each of the five annual advances to the policy owner-insured to ensure that policy costs are covered on the full value of the policy.</p> <ul style="list-style-type: none"> <li>Additional annual advances of death benefit to pay policy costs will be required if the life insured survives longer than five years.</li> <li>All death benefit advances and policy costs are covered by the policy's death benefit on death.</li> </ul>
<b>Assignment of the Policy</b>	<p>Changes to ownership and rights which could impair repayment of these advances are restricted.</p> <p>Policies with Life Advances cannot be surrendered for any reason.</p> <p>The policy is collaterally assigned to BMO Insurance and the policy owner-insured agrees to certain terms, including:</p> <ul style="list-style-type: none"> <li>no surrenders and cash withdrawals</li> <li>on a UL policy, the fund value must be invested in the Daily Interest Account and investment option switches will not be allowed</li> <li>no change in ownership and beneficiaries will be allowed without BMO Insurance's approval</li> <li>additional advances to cover policy costs as required are considered pre-authorized</li> </ul>	<p>Changes to ownership and rights which could impair repayment of these advances are restricted.</p> <p>Policies with Life Advances cannot be surrendered for any reason.</p> <p>The policy is collaterally assigned to BMO Insurance and the policy owner-insured agrees to certain terms, including:</p> <ul style="list-style-type: none"> <li>no surrenders and cash withdrawals</li> <li>on a UL policy, the fund value must be invested in the Daily Interest Account and investment option switches will not be allowed</li> <li>no change in ownership and beneficiaries without BMO Insurance's approval</li> <li>additional advances to cover policy costs if required are considered pre-authorized</li> </ul>

# Structure and Amount of the Life Advance (cont'd...)

	Terminal Illness Life Advance	Financial Hardship Life Advance
<b>Conditions and Requirements</b>	<p>The life insured has a terminal illness and his/her life expectancy is 12 months or less as determined by a qualified Licensed Physician.</p> <p>Policy owner-insured to complete a Life Advance application form and provide sufficient medical information to enable BMO Insurance's claims team to confirm life expectancy.</p> <p>Full medical claims adjudication is completed at time of application.</p> <p>Policy owner-insured to enter into a loan and assignment agreement to document the terms of the Advance and the security in the policy.</p>	<p>The life insured is experiencing financial hardship and his/her life expectancy is less than five years as determined by a qualified Licensed Physician and BMO Insurance's medical team.</p> <p>Policy owner-insured is to complete a Life Advance application form and provide evidence of financial hardship <u>and</u> sufficient medical information to enable BMO Insurance's claims team to confirm life expectancy and financial condition.</p> <p>Full medical and financial claims adjudication is completed at time of application.</p> <p>Proof of financial hardship must be provided in writing from the policy owner-life insured.</p> <p>The Life Advance application form will request information such as:</p> <ul style="list-style-type: none"> <li>• evidence of pre-disability income (e.g., tax returns, other)</li> <li>• proof of current income, (e.g., Long Term Disability benefits, any personal insurance benefits, Canada/Quebec Pension plan income, Old Age Security, Other)</li> <li>• medical/care expenses</li> </ul> <p>BMO Insurance may order an Inspection Report to confirm the policy owner-insured's financial position.</p> <p>Policy owner-insured to enter into a loan and assignment agreement to document the terms of the Advance and the security in the policy.</p>
<b>In Force Requirement</b>	<p>The policy must be in force for a minimum of five years or five years from the last reinstatement.</p> <p>For a Term Life policy, there must be at least 24 months remaining to a policy renewal date or 36 months to a policy expiry date.</p>	<p>The policy must be in force for a minimum of five years or five years from the last reinstatement.</p>
<b>Joint Eligibility</b>	<p>For a Joint First-to-Die (JFTD) policy with joint ownership, both insureds must agree to the terms and conditions of the Life Advance.</p>	<p>For Joint First-to-Die (JFTD) and eligible Joint Last-to-Die (JLTD) policies with joint ownership, both insureds must agree to the terms and conditions of the Life Advance.</p>
<b>Outstanding Policy Loans and Collateral Assignments</b>	<p>Where there is an outstanding loan, the policy loan must first be re-paid from other sources before you can apply for the Life Advance.</p> <p>The Life Advance is not available on a policy that is already collaterally assigned unless BMO Insurance receives a release of assignment from the assignee.</p>	<p>Where there is an outstanding loan, the policy loan must first be re-paid from other sources before you can apply for the Life Advance.</p> <p>The Life Advance is not available on a policy that is already collaterally assigned unless BMO Insurance receives a release of assignment from the assignee.</p>
<b>Insurable Interest</b>	<p>There must be an insurable interest between the policy owner-insured and beneficiary at the time of application for the Life Advance.</p>	<p>There must be an insurable interest between the policy owner-insured and beneficiary at the time of application for the Life Advance.</p>
<b>Irrevocable Beneficiaries</b>	<p>Policies with irrevocable beneficiaries must agree to the terms and conditions of the Life Advance.</p>	<p>Policies with irrevocable beneficiaries must agree to the terms and conditions of the Life Advance.</p>
<b>Net Amount Paid at Death</b>	<p>Death Benefit* less (Advances plus Interest Charges) *as defined in the policy (for UL, it depends on Death Benefit Option chosen)</p>	<p>Death Benefit* less (Advances plus Interest Charges) *as defined in the policy (for UL, it depends on Death Benefit Option chosen)</p>



## Have a conversation with your client

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You may want to consider if it's better for the policy owner-insured to access the policy's Cash Surrender Value prior to requesting a Life Advance. You should encourage your client to seek advice from their legal and financial advisors.

For example, the policy owner-insureds entitlement to social assistance may be affected by the payment of the Life Advance.

## Riders

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Term Life riders will not be taken into consideration when determining the amount of the Life Advance. The amount of the Life Advance is determined by the policy's base coverage. However, the cost of any rider will be included to cover policy costs.

Riders are treated as additional coverages which are adjudicated independently.

## Definitions

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**Licensed Physician** is a legally licensed medical practitioner who practises medicine or surgery in Canada or the United States of America (or other such jurisdiction as We may approve). Licensed Physician cannot be the Insured, the Owner of the Policy, a relative or business associate of either the Owner or the Insured.

**Financial hardship** means that the policy owner-insured's expenses (for medical and household expenses such as rent, mortgage payments, utilities, food, and property taxes) exceed their after-tax income.

In addition, BMO Insurance will also evaluate the policy owner-insured's net worth which includes all of their assets such as real estate and

investment assets. We will ask for a declaration of their net worth and will only approve an advance to those insureds who have a net worth of \$250,000 or less including their principal residence.

**Life Expectancy less than 5 years** – BMO Insurance's medical team will take into consideration the life insured's current medical condition, care needs and long-term illness history to estimate life expectancy.

## Let's connect

To find out more about BMO Insurance products, please call your MGA, contact the BMO Insurance regional sales office in your area or call 1-877-742-5244.



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**Ontario Region**  
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