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A Better Place For You®

Mortgage Guard® Resource Guide

Versatile Term™
Mortgage Guard Critical Illness II Rider
Mortgage Guard Disability Insurance Rider

About This Guide

Navigating the Guide

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Mortgage Guard® Suite of Products

Overview

The Mortgage Guard Suite of products consists of:

- The **Versatile Term** plan, which provides life insurance protection.
- The optional **Mortgage Guard® Disability Insurance (MDI) Rider**, which can help offset the effect of time away from work due to illness or injury. The product is not intended to pay mortgage payments forever – the period chosen by the clients (2 or 5 years) gives clients time to make adjustments.
- The optional **Mortgage Guard® Critical Illness II (MCI II) Rider**, which can help clients offset medical expenses, home renovations to accommodate wheelchairs, etc.

Both the MDI and MCI II benefit payments are provided independent of the VT death benefit, and **are not** paid to the creditor – a distinct advantage over many similar products offered by banks.

Some important aspects to keep in mind about the "living benefits" provided by the MDI and MCI II products are:

- Underwriting and claims handling have different characteristics and the same Life Insured may have different results under each component of the Mortgage Guard Suite.
- Some illnesses may trigger "critical illness" status without necessarily disabling or killing the Life Insured.
- Disability insurance necessitates underwriting the individual's incentive to return to work.

Sample Contracts

Base plan, rider and benefit sample contracts are available by selecting *Policy Contracts* from the *Product Resources* menu on the LIFE Pages.

Versatile Term™ Product

An Overview of the Versatile Term Underwriting Method

In response to changes in both demographics and the marketplace, we've refined our approach to insurance risk assessment. Many Canadians are living longer, healthier lives. With our Versatile Term insurance product, we are pleased to offer a variety of term durations (10, 15, 20, 25, and 30 years) and insurance premiums that are based (where the face amount is $500,000 or greater) more specifically on each individual client's health and lifestyle.

For all term plans and riders $500,000 or greater, there are now five Non-Smoker and two Smoker premium rate (underwriting) classes. This underwriting method is generally referred to within the life insurance industry as **preferred underwriting**.

Note: Non-preferred rates are available for all term plans and riders under $500,000.

Our version of preferred underwriting - Versatile Term underwriting - is a more equitable approach to pricing the cost of insurance because:

- By deciding to lead a healthy lifestyle, clients can, in part, influence the premium they qualify for. Those who live a healthy lifestyle will most likely pay lower premiums.
- Clients who are healthy and maintain a good lifestyle will not be subsidizing individuals who are not.

With this underwriting program, **additional evidence of insurability will have to be obtained.** Factors such as height/weight, cholesterol, blood pressure, family medical history, alcohol/drug abuse, driving record, avocation, foreign travel and recreational activities will be used to objectively assess the appropriate underwriting class and premium.

This guide has been designed to provide you with technical information about Co-operators Life's preferred underwriting program for our Versatile Term insurance plans. By reviewing this Guide, you'll gain a good understanding of both the new underwriting method and the Versatile Term products. By working with your clients, you can generate an indication of their underwriting class. This is a key factor in managing client expectations of which rate class they will be approved for.

Overview of Versatile Term Plans

Description

The Versatile Term plan is appropriate for clients with temporary needs or limited budgets and for those interested in more flexible term lengths. Clients can choose the term duration of their Versatile Term plan: 10, 15, 20, 25, or 30 years.

All premiums for this plan are fully guaranteed, and are available from the illustration system. The policy renewal premiums are also guaranteed, as shown on the illustration system and on the policy contract for the Life Insured's attained age (nearest birthday) at the current renewal date. Premiums increase each year after renewal.

Note: Renewal premiums are higher than premiums for newly underwritten policyholders of the same attained age.

Death Benefit

Upon the death of the Life Insured, the sum insured is paid to the beneficiary, and the policy is terminated.

Policy Ownership

An individual policy may have only one policyowner. The policyowner may be one or more (up to five) individuals. Joint ownership must be indicated on the E-Apps system. All policyowners must authorize any policy changes.

Assignments

Assignments are allowed on the base plans.

Minimum & Maximum Sum Insured

The minimum sum insured accepted is $25,000.
The maximum sum insured accepted is $10,000,000.
Amounts above $10,000,000 require Head Office approval. Existing insurance may reduce the maximum amount available.

Sum Insured Increases

Increases are not allowed. A new application will be required that will be subject to full underwriting and evidence of insurability.

Sum Insured Decreases

Decreases are allowed, subject to the allowable sum insured minimum of $25,000.

Age Eligibility

The minimum issue age is 16; the maximum issue age equals 85 less the level term duration.

Dividends

The Versatile Term insurance product is non-participating and no dividends are payable.

Conversion Privileges
Conversion of a Versatile Term insurance plan to any permanent insurance product then offered by the Company for the purposes of conversion at the date of conversion will be permitted without evidence of insurability at any time prior to the policy anniversary nearest the Life Insured's 70th birthday.

The premiums charged for the new insurance will be subject to then current rules governing rate classes, and will be based on the Life Insured's attained age nearest birthday at the date of conversion.

Premium Modes
Premiums are accepted on an annual or semi-annual basis and on a monthly Pre-Authorized Debit (PAD) basis subject to the current rules governing each mode.

Premiums
The premiums for these plans are made up of two parts: The basic premium per thousand plus a policy fee. The policy fee is a set charge added to the basic premium, which pertains to those costs that are independent of age, gender and the amount of the policy. The policy fee is added **after** the modal premium is calculated.

Premiums are level for the initial term and then increase annually during the renewal period.

Policy Fee
The policy fee added to the total modal premium is:

		Modal Factor
Annual Mode	$75.00	N/A
Semi-Annual Mode	$39.00	.52
Monthly (PAD) Mode	$6.75	.09

Premium Rate Bands
1. $25,000 - $249,999
2. $250,000 - $499,999
3. $500,000 - $2,499,999
4. $2,500,000+

Premium Rate Classes

For amounts under $500,000	**For amounts $500,000+:**
• N4 (Non-Smoker 4)*	• N1 (Non-Smoker 1)*

• S2 (Smoker 2)	• N2 (Non-Smoker 2)*
	• N3 (Non-Smoker 3)*
	• N4 (Non-Smoker 4)*
	• N5 (Non-Smoker 5)*
	• S1 (Smoker 1)
	• S2 (Smoker 2)

*Rate classes N1, N2, N3, N4 and N5 are not available for ages 16 and 17.
Refer to the *Versatile Term Premium Rate Classes* section of this Guide for additional details.

Premium Deposit Fund (PDF)
Clients can prepay their premiums. Any amount over the annual premium would go into the Premium Deposit Fund (PDF). Premium payments are deducted annually from the PDF. Any shortfall of the annual premium over the PDF will have to be paid in cash by the owner. The interest earned on the PDF will be taxable. The PDF interest rate is not guaranteed, is subject to change at any time, and is published on the LIFE Pages.

Availability as a Rider
The VT plan is available as a rider on the Life Insured and/or an Additional Life; refer to the *Overview of Individual Life Products* document on the LIFE Pages for availability with other products.

Versatile Term Rider Fees
The rider coverage fee added to the total modal premium for all products other than UL/ULII and ULIIa is:

		Modal Factor
Annual Mode	$35.00	N/A
Semi-Annual Mode	$18.20	.52
Monthly (PAD) Mode	$3.15	.09

For UL/ULII and ULIIa, the rider fee added to the total modal premium is:

Monthly (PAD) Mode	$3.15

Multi-Life Versatile Term Plans

Unless explicitly stated, the same specifications listed above for Single Life cases apply also to Multi-Life cases.

Description

These plans are appropriate for clients with temporary needs or limited budget. **On Multi-Life VT plans, all lives must be insured under the same term plan.** These plans are available to a maximum of 5 lives.

For all Lives to be Insured (maximum of 5), the minimum issue age is 16; the maximum issue age equals 85 less the level term duration.

Under a Multi-Life Versatile Term plan, each Life Insured will have his/her own:

- coverage amount;
- expiry date;
- age and gender category; and
- Versatile Term rate class and rating (if any).

Death Benefit

Upon the death of any Life Insured on a Multi-Life Versatile Term plan, the coverage amount associated with that Life Insured is paid to the beneficiary. Provided premiums continue to be paid, the policy remains in force until the death of the last Life Insured under the policy, when the coverage amount associated with that Life Insured is paid to the beneficiary, and the policy is terminated. After each death, the premium for the policy will be adjusted to remove the premiums for the deceased.

Policy Ownership

An individual policy may have only one policyowner. The policyowner may be one or more individuals. Joint ownership must be indicated on E-Apps (list as "one name" – for example, John and Jane Doe).

For the Multi-Life product, it is important the client understands that any change requires the written consent of the Policyowner. For example:

- John and Mary Smith are joint owners and each is insured on a Multi-Life Versatile Term Life policy.
- Mary wishes to convert her coverage. This requires written consent by both John and Mary, the Joint Policyowners.

Conversion Privileges

Under a Multi-Life VT plan, each Life Insured is free to convert his/her coverage, with the permission of the owner, to a Single or, with another of the Multiple Lives Insured, to a Multi-Life life insurance product then offered by the Company for the purposes of conversion, until the date of conversion (the policy anniversary nearest the oldest Life Insured's 70th birthday), without evidence of insurability.

Premiums for the continuing Multi-Life Versatile Term plan would then be adjusted to remove the premiums for the converted Life Insured. The premiums charged for the new insurance will be subject to then current rules governing rate classes, and will be based on the Life Insured's attained age nearest birthday at the date of conversion. The rate class for the new policy will be determined by the Company's then current rules.

Benefits and riders can be added to the new plan, subject to the rules governing them, with evidence of insurability. Any substandard rating will continue to apply.

Note: In the event of a partial conversion, the remaining term coverage will revert to the available class for the remaining amount. If preferred underwriting is not available for that amount on the rate scale under which the policy was issued, the class will revert to N4 or S2.

Note: Conversion to a Universal Life Suites Joint Last-to-Die plan is not available. Benefits and riders can be added to the new plan, subject to the rules governing them, with evidence of insurability. Any substandard rating will continue to apply. Some features such as the Return of Premium Option and Indexing Insurance Option always require full underwriting, and are available only to lives that are standard risks at the date of the new contract.

Availability as a Rider

Multi-Life VT plans are not sold as riders.

Multi-Life versus Single Life Premium Savings

As at March 17, 2003, the savings on Multi-Life Versatile Term relate to the policy fee. One base policy fee of $75 is charged for the policy. Each additional life pays the coverage fee of $35. This represents a savings of:

- $40 for two life policies;
- $80 for three life policies;
- $120 for four life policies; and
- $160 for five life policies.

Benefits and Riders Available on Versatile Term Plans

Disability Premium Waiver (DPW)

Availability
DPW is available on both Single and Multi-Life cases.

General
This benefit provides that, after the Life Insured has been **totally disabled** for a period of not less than six consecutive months, **premiums that have become due** and are paid during the period of "total disability" will be reimbursed, and/or **future premiums falling due** under the policy will be waived during the continuance of "total disability." The total disability must have commenced prior to the policy anniversary nearest the oldest of the Lives Insured's 60st birthday.

"Total disability" and "totally disabled" means such a stage of incapacity resulting from bodily injury or disease as shall wholly prevent the Life Insured from engaging in any occupation and from performing any work for remuneration or profit.

For Multi-Life Versatile Term plans, the Disability Premium Waiver Benefit (DPW) will only be granted on **two life** cases, and only if both Lives to be Insured qualify for it (i.e., if one Life to be Insured does not qualify for underwriting or age limit reasons, the benefit is not available on the policy). If a third life is added to a Multi-Life Versatile Term case with DPW, the DPW will be removed.

The premiums for this benefit are available on the illustration system. Benefits are payable upon disability of either Life Insured under the plan.

Eligibility
DPW is available to persons:
- who meet the health qualifications*; and
- whose age at issue is in the range of 16 to 55*.

*On two life cases, both lives must qualify.

Premiums
The additional premium required for this benefit is shown on the illustration system. Premiums are payable for the same term as the basic plan and/or rider or until the policy anniversary nearest the oldest Life Insured's 60th birthday, whichever is the shorter term. The benefit ceases at the policy anniversary nearest the oldest Life Insured's 60th birthday. The premium for DPW at each renewal date increases as the premium for the basic plan increases.

Exclusions
Premiums will not be waived if total disability results directly or indirectly from, or is associated with:
- self-inflicted injuries while sane or insane;
- civil disorder, war or act of war whether declared or not;

- aircraft accident unless the Life Insured was traveling as a passenger having no duties on, or relating to, the aircraft for flight; or
- service in the armed forces of any country, combination of countries, or international organization at war, whether war is declared or not.

If the Versatile Term policy contains the Disability Premium Waiver benefit, this benefit will provide a waiver of premiums for the ADB (in full) and Child Rider (if either is included in the policy) at no additional Disability Premium Waiver premium.

If the basic policy contains a term rider(s), a disability benefit premium is charged for **both** the basic plan and the rider(s).

Automatic Conversion

When a Disability Premium Waiver (DPW) benefit is included and total disability occurs, the policy will be automatically converted at the end of the conversion period to a permanent insurance plan including a DPW benefit provision.

Special Notes

- This benefit is available provided (both) the Life (Lives) to be Insured is (are) employed for compensation on a **full-time basis** or is (are) attending a recognized institution of learning on a full-time basis.
- The benefit will not be offered to certain risks which may be granted insurance, but where there is an increased morbidity risk, such as applicants with a history of back problems.
- This benefit is not available to children under premium age 16.
- DPW is available on homemakers.

Guaranteed Insurability Option (GIO)

Availability

GIO is available on Single Life and Multi-Life Versatile Term plans.

General

Issue Ages are between 16 and 38. Non-smoker rates are available starting at age 18.
The GIO rider guarantees that a new individual life insurance policy on the Life Insured may be purchased, without evidence of insurability, on each of a series of option dates. It is available on a Single life basis only.

Note: A Policyowner can only have one type of GIO on the same policy.

Option Dates

The option dates are the policy anniversaries at which the Life Insured's attained age nearest birthday is 25, 28, 31, 34, 37, 40 and 43. The right to purchase a new policy must be exercised within 30 days following an option date.

Alternate Option Dates

Under the Guaranteed Insurability Option benefit the Policyowner can also exercise a future option right during the 90 day period following these events:

- the marriage of the Life Insured;
- the live birth of each child of the Life Insured; and
- the legal adoption of each child adopted by the Life Insured.

These dates are called alternative option dates and the exercise of the right to purchase a new policy on one of these dates cancels the option right of the following effective regular option date.

Application Process to Exercise Option

The procedure is to complete the electronic GIO Application and collect the initial premium for the new policy. The initial premium for the new policy is due on the option date. If the application is in accordance with an alternative option date, legal evidence of the marriage, birth or adoption must be submitted.

Minimum and Maximum Amounts

The GIO rider minimum option amount is $10,000. The base term policy must be at least $25,000.
The maximum, whether issued as a rider under one or more policies, is the lesser of $50,000 or the face amount on any one life under all policies. The option amount of $50,000 is the maximum available on any one life under all policies.

Note: In order to exercise the GIO to obtain a Universal Life policy, the GIO amount must be a minimum of $25,000.

Exclusions

The GIO rider is **not** issued to:

- certain borderline risks which may be granted standard insurance, but where insurability may depreciate in the future, such as cases of borderline overweight and blood pressure.
- applicants whose financial condition is such that additional insurance is not warranted.

Termination

GIO Riders and premium payments terminate upon:

- the expiry of 30 days following the last of the regular option dates; or
- upon lapse, surrender or termination of the basic policy.

Accidental Death Benefit (ADB)

Availability

ADB is available on both Single and Multi-Life cases.

General

The benefit provides for the payment of an amount additional to the basic sum insured when death has resulted from injury sustained by accidental means. The injury must have occurred prior to the policy anniversary nearest age 70 and death must have resulted within ninety days of the injury.

Maximum Amount

The amount insured under this benefit that can be issued on any one life cannot be greater than twice the basic plan amount of insurance (no credit may be given for Riders). The maximum amount of this benefit that may be issued on **any one life** by the Company is $150,000 for ages 16 and over. Included in the maximum are any Direct ADB amounts and any ADB on Responsibility products. The benefit will be paid to the beneficiary.

Minimum Amount

The minimum amount is $10,000.

Premiums

The additional premium required is shown on the illustration system. Premiums are payable for the same term as the basic plan or until the policy anniversary nearest age 70, whichever is the shorter term.

Exclusions

This benefit does not cover death arising from:

- insurrection, war or armed conflict or armed aggression or an act or hazard of war or armed conflict or armed aggression;
- Service in the naval, military or air force of any country, combination of countries or international organization at war, whether war be declared or not;
- travel or flight anywhere, (a) in any species of aircraft of any armed force except solely as a passenger having no duties on or relating to such aircraft of flight or (b) as a student pilot, pilot, or officer or other member of the crew in any species of aircraft or (c) in any species of aircraft for training, testing or experimental purposes (descent from any species of aircraft in flight shall be deemed to be part of such flight);
- suicide or self-inflicted injuries, whether sane or insane;
- any drug, poison, gas or fumes, voluntarily or otherwise taken, administered, absorbed or inhaled, other than as a result of an accident arising from a hazard incident to the Life Insured's occupation;
- committing, attempting or provoking an assault or criminal offence; and
- driving a vehicle with alcohol in the blood in excess of 80 milligrams per 100 millilitres of blood (a "vehicle" means a vehicle that is drawn, propelled or driven by any means other than muscular power).

Business Insurance

This benefit is not available on business insurance cases.

Special Notes:

- This benefit will not be offered to certain borderline risks that may be granted insurance, such as applicants with a poor driving record.

Versatile Term Rider Availability

Refer to the *Overview of Individual Life Products* document on the LIFE Pages for which riders are available on the Versatile Term product.

Group Conversions

Term Products

When employees of most of our Group Life Insurance plans terminate employment, their conversion privilege provides that they may convert to a regular premium or dividend class Individual Life plan without evidence of insurability, providing that application is made to CLIC within 31 days of termination of employment.

To convert Group Insurance, complete an *Application for Life Insurance – Conversion of Group Insurance Form (LUR006)* with your client, within the grace period, and collect the initial modal premium. The regular premium amount will be based on the client's non- smoker/smoker status, as determined by the answer to the tobacco usage question on the LUR006 form.

Individual plans available on a Group conversion are:

- all permanent Traditional plans (non-smoker or smoker rates);
- Infinity Term (non-smoker or smoker rates);
- a Term to Age 65 plan (non-smoker or smoker rates);
- a One Year Term plan with only smoker rates applicable (This plan is not renewable, although it may be converted to a permanent plan any time prior to expiration.); and
- Universal Life Suites Single and Multi-Life plans (non-smoker or smoker rates). The Increasing Insurance Options are available only with evidence of insurability on all Lives to be Insured, and only with Yearly Renewable Term Cost of Insurance.

Note: Group Insurance cannot be converted as a rider on an existing policy. Group insurance may not be converted to Versatile Term 10, Versatile Term 25 or Versatile Term Level to 75 plans.

Special Notes

- Conversion is subject to the issue age regulations of each individual plan.
- For premium ages over 65, only Whole Life, Infinity Term and Universal Life Suites plans are available.

Amount Eligible for Conversion

- Due to the termination of an employee's insurance, the sum insured will be limited to the lesser of:
  - $200,000; or
  - the full amount of insurance at the time of termination when the right to convert is exercised, less the full amount of insurance for which the employee is eligible under a new Group contract.

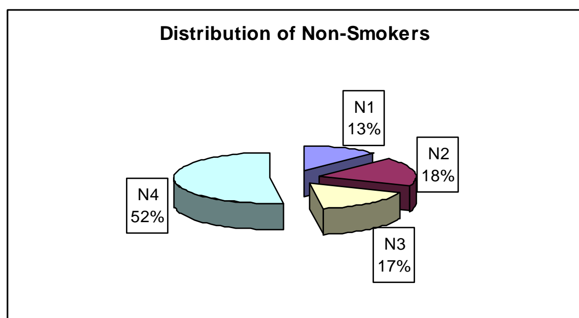
Minimum Sum Insured Acceptable on a Group Conversion

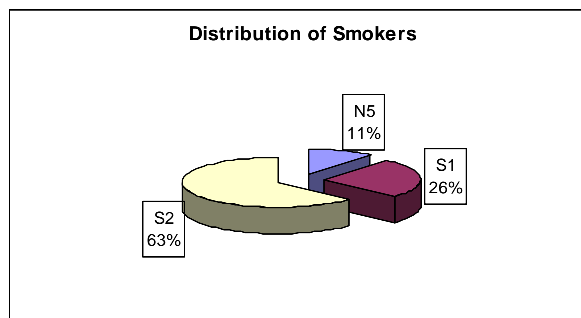
If the sum insured available for conversion under the Group policy is **less** than the individual plan minimum, the lesser amount will be allowed. However, for Traditional plans, an extra $35.00 policy fee will apply. For Universal Life, where the amount for conversion is less than the minimum, this plan is not

available for conversion. The occasion may arise where the applicant wants to include various benefits/riders in the individual policy. All such riders are subject to evidence of insurability and AARs.

Versatile Term Premium Rate Classes

Rate Class	Description
Non-Smoker 1 (N1)	This is our most competitive class for non-smoking clients who have not used any tobacco, marijuana or nicotine products in the last **60 months**, and who have an **excellent** lifestyle and medical results. We have found that 13% of Non-Smoker applications submitted will qualify for N1 rates.
Non-Smoker 2 (N2)	This is our better preferred class for non-smoking clients who have not used any tobacco, marijuana or nicotine products in the last **24 months**, and who have **very good** lifestyle and medical results. We have found that 18% of Non-Smoker applications submitted will qualify for N2 rates.
Non-Smoker 3 (N3)	This is our good preferred class for non-smoking clients who have not used any tobacco, marijuana or nicotine products in the last **24 months**, and who have **good** lifestyle and medical results. We have found 17% of Non-Smoker applications submitted will qualify for N3 rates.
Non-Smoker 4 (N4)	This is our **standard** class for non-smoking clients who have not used any tobacco, marijuna or nicotine products in the last **12 months** other than 12 or fewer cigars per year, and who do not meet the N1, N2 or N3 lifestyle/medical criteria. **If a micro-urinalysis (mu) is an Automatic Age Requirement (AAR), it must be free of cotinine (nicotine) at time of underwriting.** We have found that 52% of Non-Smoker applications submitted will qualify for N4 rates.
Non-Smoker 5 (N5)	This class is provided for clients who smoke more than 12 cigars per year, **cigarillos, pipes and/or chew nicotine gum**; and have not used any other nicotine products in the past 12 months. We have found that 11% of Smoker applications submitted will qualify for N5 rates. **Note:** This really is a Smoker class.
Smoker 1 (S1)	User of all other tobacco or nicotine products; who have **very good** medical & lifestyle results. We have found that 26% of Smoker applications submitted will qualify for S1 rates.
Smoker 2 (S2)	User of all other nicotine/tobacco products; **acceptable** medical results and lifestyle. We have found that 63% of Smoker applications submitted will qualify for S2 rates.





Versatile Term Underwriting Criteria

Managing Client Expectations

An important component of the sales process for Versatile Term insurance is to manage your client's expectations of the rate they will qualify for. Particularly for the better classes, the underwriting rules are an integral component of the premium level for each rate class, and no exceptions can be made.

Key Underwriting Indicators

The following indicates the types of information required in determining a client's rate class:

Tobacco Use:	Type of products, date of last use
Health Status:	Blood pressure, cholesterol, etc.
Lifestyle:	Avocation, alcohol/drug use, driving record, foreign travel, and aviation
Build:	Height and weight
Personal & Family Medical History:	Client's medical history, as well as his/her parents' and siblings' medical history

The following chart illustrates how the above information relates to the various Versatile Term rate classes. **Note:** N4, N5 and S2 are the **only rateable** classes.

Preferred Underwriting Criteria

Criteria:	N1 (Not Rateable)	N2 (Not Rateable)	N3 (Not Rateable)	N4 (Rateable)	N5 (Rateable)	S1 (Not Rateable)	S2 (Rateable)
Tobacco Use							
	No tobacco, nicotine products or marijuana in past 60 months	No tobacco, nicotine products or marijuana in past 24 months	No tobacco, nicotine products or marijuana in past 24 months	No tobacco, nicotine products or marijuana in past 12 months **other than ≤ 12 cigars per year** **If a micro-urinalysis (mu) is an Automatic Age Requirement (AAR), it must be free of cotinine (nicotine) at time of underwriting.**	**Cigars (> 12 per year)**, cigarillos, pipes or nicotine gum allowed, no other nicotine products in past 12 months	All other forms of tobacco and nicotine products allowed	
Blood Pressure:							
Ages 18-50	120/80	135/85	140/85	All other situations	All other situations	135/85	All other situations
Ages 51+	135/85	140/90	145/90			140/90	
Treatment	No treatment ever	No treatment ever	No treatment ever			No treatment ever	
Build:							
See Build Chart							
Cholesterol:							
Ages 18-50	205 (5.3 S.I. units)	225 (5.83 S.I. units)	235 (6.09 S.I. units)	All other situations	All other situations	225 (5.83 S.I. units)	All other situations
Ages 51+	215 (5.57 S.I. units)	235 (6.09 S.I. units)	245 (6.35 S.I. units)			235 (6.09 S.I. units)	
Treatment	No treatment ever	No treatment ever	No treatment ever			No treatment ever	
Chol/HDL:							
Ages 18+	up to 4.7	up to 5.7	up to 6.2	All other situations	All other situations	up to 5.7	All other situations
Treatment	No treatment ever (other than diet)					No treatment ever	
Driving Record:							
DWI	None in the last 10 years	None in the last 5 years	None in the last 5 years	All other situations	All other situations	None in the last 5 years	All other situations
Moving Violations	None in the last 2 years	Maximum 2 moderate in the last 3 years*	Maximum 2 moderate in the last 3 years*	All other situations	All other situations	Maximum 2 moderate in the last 2 years*	All other situations
Family History:	(parents/siblings) of cardiovascular disease (including angina, heart attack, MI, familial heart disease or familial hyperlipidemia), cerebrovascular disease (including stroke and TIA) or cancer **(excluding a male applicant with a family history of breast or ovarian cancer or a female applicant with a family history of prostate cancer-these can be allowed preferred)**						
No diagnosis or death	< age 60	< age 60	Only 1 family member < age 60	All other situations	All other situations	< age 60	All other situations
Personal history							
	Standard medically No cardiovascular disease, cerebrovascular disease, cancer, stroke, diabetes, elevated lipids or blood pressure (on treatment other than diet)			Current underwriting guidelines	Current underwriting guidelines	**Standard medically** No cardiovascular disease,	Current underwriting guidelines

						cerebrovascular disease, cancer, stroke, diabetes, elevated lipids or blood pressure (on treatment other than diet)	
Criteria:	**N1 (Not Rateable)**	**N2 (Not Rateable)**	**N3 (Not Rateable)**	**N4 (Rateable)**	**N5 (Rateable)**	**S1 (Not Rateable)**	**S2 (Rateable)**
Foreign Travel							
	Refer to the list of countries on the following page. Any countries on this list can be allowed preferred if the duration of travel is standard. Note: This list is subject to change.			If the country is not on the list, residual rate class applies even if the duration of travel is standard. If an exclusion applies, residual rate class only is available.	If the country is not on the list, residual rate class applies even if the duration of travel is standard. If an exclusion applies, residual rate class only is available.	Refer to the list of countries on the following page. Any countries on this list can be allowed preferred if the duration of travel is standard.	If the country is not on the list, residual rate class applies even if the duration of travel is standard. If an exclusion applies, residual rate class only is available.
Excessive drug use or treatment							
	None in the last 10 years	None in the last 10 years	None in the last 10 years	All other situations	All other situations	None in the last 10 years	All other situations
Alcohol Abuse, with or without treatment							
	None in the last 10 years	None in the last 10 years	None in the last 5 years	All other situations	All other situations	None in the last 10 years	All other situations
Aviation							
	All non-rateable aviation allowed. If an exclusion applies, okay to allow preferred as long as aviation is not the occupation.			Current underwriting guidelines	Current underwriting guidelines	All non-rateable aviation allowed. If an exclusion applies, okay to allow preferred as long as aviation is not the occupation.	Current underwriting guidelines
Avocation							
	All non-rateable avocations allowed. If an exclusion applies, okay to allow preferred.			Current underwriting guidelines	Current underwriting guidelines	All non-rateable avocations allowed. If an exclusion applies, okay to allow preferred.	Current underwriting guidelines

*Moderate driving infraction is defined as up to 32 km over speed limit, improper passing, red light, etc.

Andorra	Anguilla	Antigua & Barbuda	Argentina
Aruba	Australia	Austria	Azores
Antarctica	Armenia	Bahamas	Bahrain
Barbados	Barbuda	Belarus	Belgium
Belize	Bermuda	Bhutan	Bolivia
Bonaire	Bosnia Herzegovina	Brazil	British Virgin Islands
Brunei	Bulgaria	Canada	Canary Islands
Cape Verde	Cayman Islands	Chile	China
Cook Islands	Costa Rica	Croatia	Cuba
Cyprus	Czech Republic	Denmark	Dominica
Dominican Republic	El Salvado	England	Estonia
Falkland Islands	Fiji	Finland	France
French Guyana	French Polynesia	Germany	Greece
Greenland	Grenada	Guadeloupe	Guam
Guatemala	Guyana	Honduras	Hong Kong
Hungary	Iceland	India	Ireland
Israel, Excluding West Bank	Italy	Jamaica	Japan
Kuwait	Latvia	Lichtenstein	Lithuania
Luxembourg	Macau	Macedonia	Madeira
Maldives	Malta	Marshall Islands	Martinique
Mauritius Island	Mexico	Monaco	Montenegro
Montserrat	Morocco	Nauru	Netherlands
Netherlands Antilles	New Caledonia	New Zealand	Niue
Northern Mariana Islands	Norway	Oman	Palau
Panama	Paraguay	Peru	Poland
Portugal	Puerto Rico	Qatar	Romania
Russia, other than Chechnya	Saint Barthelemey	Saint Kitts and Nevus	Saint Lucia
Saint Martin	Samoa	San Marino	Sao Tome and Principe
Scotland	Serbia including Kosovo	Seychelles Islands	Singapore
Slovak Republic	Slovakia	Slovenia	South Korea
Spain	St. Croix	St. Thomas	St. Vincent & The Grenadines
Suriname	Sweden	Switzerland	Tahiti
Taiwan	Tasmania	Trinidad and Tobago	Turks and Caicos Islands
Tuvalu	Ukraine	United Arab Emirates	United Kingdom
United States	Uruguay	US Virgin Islands	Vanuatu
Vatican City	Vietnam	Wales	

Versatile Term Insurance Build Chart

(Male & Female)

Height (inches)	Weight (lbs) **N1**	Weight (lbs) **N2**	Weight (lbs) **N3**	Weight (lbs) **N4**	Weight (lbs) **N5**	Weight (lbs) **S1**	Weight (lbs) **S2**
4′ 8″	115	137	147	148+	148+	137	138+
4′ 9″	122	142	152	153+	153+	142	143+
4′ 10″	130	147	157	158+	158+	147	148+
4′ 11″	135	153	163	164+	164+	153	154+
5′ 0″	143	159	169	170+	170+	159	160+
5′ 1″	147	165	175	176+	176+	165	166+
5′ 2″	150	171	181	182+	182+	171	172+
5′ 3″	155	177	187	188+	188+	177	178+
5′ 4″	158	181	191	192+	192+	181	182+
5′ 5″	162	187	197	198+	198+	187	188+
5′ 6″	167	192	202	203+	203+	192	193+
5′ 7″	171	198	208	209+	209+	198	199+
5′ 8″	174	203	213	214+	214+	203	204+
5′ 9″	179	209	219	220+	220+	209	210+
5′ 10″	184	214	224	225+	225+	214	215+
5′ 11″	189	220	230	231+	231+	220	221+
6′ 0″	200	231	241	242+	242+	231	232+
6′ 1″	205	237	247	248+	248+	237	238+
6′ 2″	210	243	253	254+	254+	243	244+
6′ 3″	215	249	259	260+	260+	249	250+
6′ 4″	220	255	265	266+	266+	255	256+
6′ 5″	225	261	271	272+	272+	261	262+
6′ 6″	230	266	276	277+	277+	266	267+
6′ 7″	235	275	285	286+	286+	275	276+

Versatile Term New Business Considerations

Illustration Process

Term Illustrations

Highlights of the illustration system for Term are:

For Versatile Term Cases

- The financial advisor inputs a rate class.
- The total premium (including riders and benefits) for that class will be displayed.
- The total maximum standard premium (N4 or S2) will also be displayed.
- An optional additional page displaying total premiums (including riders and benefits) for either all Non-Smoker (N1-N5) or Smoker (S1-S2) classes is also available. This option allows you to more effectively manage a client's expectations of which underwriting class they will qualify for.

Permanent Insurance Illustrations

Highlights of the illustration system for Permanent insurance are:

- If a Versatile Term rider(s) is selected, the financial advisor inputs a rate class.
- Total premium (including riders and benefits) for that class will be displayed.
- Total maximum premium (N4 or S2) will also be displayed.

Universal Life Suites Illustrations

Highlights of the illustration system for UL are:

- If a Versatile Term rider(s) is selected, the financial advisor inputs a rate class.
- Due to the "leveling effect" of a Versatile Term Rider on UL planned premiums, it is possible that some planned premiums won't change materially if the rider rate class changes.

Rate Class Indication on the LIFE Pages

The preliminary class indicated by you on the application will appear on the LIFE Pages until the underwriting process is complete. If the client qualifies for a different class, the LIFE Pages will be updated with that class.

Temporary Insurance Agreement (TIA)

The Temporary Insurance Agreement **is not** to be issued and **no premium** is to be accepted if:

- any Life to be Insured answers yes to any of the questions on the Temporary Insurance Application;
- the financial advisor has reason to believe any Life to be Insured is not a good risk for health or any other reason;
- the total amount applied for with Co-operators Life on any Life to be Insured exceeds $2,000,000; or
- the Life to be Insured is age 66 or older.

In this situation, no Temporary Insurance will be in effect. The premium will be requested when the policy is approved.

In the event a Temporary Insurance Agreement is issued in error, the payment received will be refunded and the TIA coverage cancelled.

Other New Business Considerations

Collecting Initial Premium

Financial advisors should collect initial premium based on the Versatile Term class they feel the client fits in. Adjustments will be made at Head Office for shortages and overages (assuming client qualifies for Temporary Insurance).

Notification of Rate Class Assigned

The Financial Advisor's Information Sheet that accompanies the Versatile Term contract will indicate the rate class assigned through the underwriting process for each Life Insured, and the reasons the particular rate class (es) were assigned.

Note: The preliminary class indicated by you on the application will appear on the LIFE Pages until the underwriting process is complete. If the client qualifies for a different class, the LIFE Pages will be updated with that class.

Addition of Versatile Term Riders after Issue

Requirements are:

- An illustration using N4 or S2;
- Age & Amount Requirements;
- Sections 1, 3, 5, 6, 7 and 8 of the Application for Policy Change and/or Reinstatement of Life/Health Insurance Form (LSR005); and
- Submitted premium based on Versatile rate class applied for.

Full commission is paid on the addition of riders, providing they are not replacements. Please refer to the *Field Risk Selection Guide* (LSR166) for more information on Risk Selection Criteria, Financial Underwriting Requirements, Insurance on Dependants and Consumer Reports.

Versatile Term Rate Class Changes

Reconsideration

A change to the N4 Non-Smoker rate class will be effective as of the current date, but the original policy age and date will be retained. This will necessitate the following requirements:

- Sections 1, 3, 4, 5, 6 and 7 of the Application for Policy Change and/or Reinstatement of Life/Health Insurance Form (LSR005); and
- Orasure is required for face amounts of $500,000 and above. Orasure is not required for face amounts up to and including $499,999.

Previously, full Age & Amount Requirements (AARs) were required to apply for this change.

Note: The Underwriting department will review the evidence received and additional medical evidence may be required to assess the risk.

For changes to any other Non-Smoker rate class (N1, N2 or N3) or to a better Smoker class (i.e., S1), the change will be treated as a replacement of the existing policy and will necessitate the following requirements:

- New Electronic application;
- Electronic Application Signature Form for Adult or Child's Life/Health Insurance (LUR149) reviewed with applicant and signed as required;
- Full AARs; and
- Disclosure Forms.

These policies will be reissued with a current age and date.

Versatile Term Reinstatements

Reinstatement without Re-Dating

This method of reinstatement would normally apply only if there were three months premium or less outstanding. If there were more than three months premium outstanding, this method would require prior approval and would have to be to the Policyowner's benefit.

Requirements

- All outstanding premiums must be repaid with interest at a rate determined by the Company, compounded yearly.
- Sections 1, 3, 5, 6 and 7 of the *Application for Policy Change and/or Reinstatement of Life/Health Insurance Form (LSR005)* must be submitted.
- Versatile Term Age & Amount Requirements with respect to each life under the lapsed policy will be required automatically (this will be at the Policyowner's expense if there has been more than one lapse), where such evidence would be required with respect to a new application.
- The Company reserves the right to request evidence (this will be at the policyowner's expense if there has been more than one lapse) for any reinstatement.

Note: A reinstatement using current effective dates requires a new application with full underwriting.

Versatile Term Keys to Success

- As a best practice, always illustrate N4 or S2 rates.
- Under promise and over deliver.
- Arrange AARs for faster issue times.

Mortgage Guard® Disability Insurance Riders

Description

A Mortgage Guard Disability Insurance (MDI) rider is appropriate for a client with a mortgage and/or line of credit (secured by real property) to assist in meeting financial obligations in the event the client becomes disabled. This optional plan will provide time for the Rider Insured to make adjustments and hopefully recover.

Allowance is made for the claim payment to be up to 125% of the monthly mortgage and/or line of credit payments (including property taxes, if so desired). This excess is intended to allow for extra expenses such as life and home insurance premiums, which the Rider Insured will want to provide for.

If the Rider Insured is unemployed or a student at the date of disability he/she is still eligible for the benefit. However, the Rider Insured must be employed at the time of application and issue. While on MDI claim, MDI premiums are automatically waived once the Elimination Period has been satisfied. The claim amount may be reduced from the initial amount purchased if the mortgage and/or line of credit payment(s) have decreased.

The MDI rider functions more as an indemnity than as an income benefit, as payment is dependent on the existence and level of mortgage and/or line of credit payment(s). Unlike many creditor products, the coverage is on an individual, fully underwritten basis. Hence, coverage cannot be cancelled, premium rates are guaranteed and significant underwriting is done at time of issue. Benefits are paid to the Rider Insured, not the creditor.

Another selling feature of MDI is the Best Doctors® program. This innovative, world-leading service provides information about care options and ways to access it when your clients need it most – at time of diagnosis. Refer to the *Best Doctors®* section of this Guide for complete details on this program.

Availability

The MDI rider is available in either a 24 or 60 month benefit period form. It is available as an optional rider on some existing Versatile Term plans (refer to the *Eligibility section*). It is not available as a stand-alone product.

Eligibility

The MDI rider is available to persons who:

- are from insuring age 18 to insuring age 55;
- meet the minimum annual income qualification as outlined in the *Minimum & Maximum Benefit Amounts* section;
- are actively at work on the MDI rider effective date (refer to the *Benefit Payable Upon Total Disability* section for the definition of "actively at work" and to the *MDI Uninsurable Occupations* section);

- are registered owners on a mortgage and/or line of credit type mortgage arrangement (secured by real property), as defined below;
- meet the health qualifications;
- are applying for a Versatile Term policy (VT10, VT25 or VT75) where the amount of term coverage is $100,000 or more (on a per life basis on Multi-Life cases); and
- are the Rider Insured on an existing VT10, VT25, VT75, T5, T10, T65 or T75 policy where the amount of term coverage is $100,000 or more (on a per life basis on Multi-Life cases).

The illustration system and E-Apps provide pre-screening questionnaires. Full underwriting is required for MDI riders added after issue of the term base plan.

Definition of Mortgage

"Mortgage" means an interest in real property* (residential, commercial, revenue or vacation property) conveyed by the Rider Insured to a financial institution as security for funds advanced by the financial institution, which are subject to a **regular repayment schedule**. If coverage under this Rider is provided for more than one mortgage, "mortgage" shall refer to all mortgages listed on the application. "Financial institution" means a corporate entity whose regular business includes loans and whose place of business is domiciled in Canada or the USA.

*Real property basically means "land."

Definition of Line of Credit

"Line of Credit" means a revolving loan with an outstanding balance, secured by real property* and issued to the Rider Insured by a financial institution. If coverage under this Rider is provided for more than one Line of Credit, "Line of Credit" shall refer to all Lines of Credit listed on the application.

*Real property basically means "land."

Number of Lives

MDI is available on a Single Life or Multi-Life (2 - 5 lives) basis. On Multi-Life cases, the MDI rider claim eligibility applies only to the disabled life. MDI premiums would continue to be due on all other MDI riders.

Benefit Periods

Clients can select from two benefit periods:

- 24 Months, with an aggregate factor* of 1.5. On the initial instance of disability, the rider terminates after 24 consecutive months of MDI benefit payments. The aggregate factor will determine the length of the claim period for subsequent disabilities if the initial disability is less than 24 months.
- 60 Months, with an aggregate factor* of 1.4. On the initial instance of disability, the rider terminates after 60 consecutive months of MDI benefit payments. The aggregate factor will determine the length of the claim period for subsequent disabilities if the initial disability is less than 60 months.

***Aggregate Factor**

Living benefits products such as MDI are quite different from life insurance. Life insurance involves only one claim. In disability insurance, not all claimants will be disabled continuously for the full benefit period (24 or 60 months). Some individuals may have a number of shorter periods of disability. Because each of these periods will incur an Elimination Period, and in order to offer an incentive to disabled claimants to return to work, we allow for multiple periods of disability – each shorter than the benefit period, but which, in total, exceed the benefit period. For each benefit period, there is an aggregate factor that is used to calculate the lifetime total number of months we will pay in "stop and go" disability situations. Thus, for the 24 month benefit period, the aggregate factor is 1.5 (36 month lifetime payments = 1.5 x 24 months). For the 60 month benefit period, the aggregate factor is 1.4 (84 month lifetime payments = 1.4 x 60 months).

Example:

- Kelly is the Rider Insured under a 24 month benefit period MDI rider.
- Kelly is disabled and receives MDI benefit payments for 19 months and then returns to work.
- The MDI rider reverts to premium paying status.
- Three years later, Kelly becomes disabled again and can receive a maximum of 17 months of MDI benefit payments after satisfying a 90 day Elimination Period:
- The 24 month benefit period plan has an aggregate factor of 1.5.
- 24 x 1.5 = 36, which is the maximum lifetime benefit under the "stop and go" provision for this plan. Kelly initially received 19 months of MDI benefit payments, so is therefore entitled to receive 17 more benefit payments (36 – 19 = 17) if disabled in the future.

Note: If the initial disability runs the full benefit period (e.g., 24 months), the rider terminates. As well, to avoid clients artificially extending their claim periods, we also have restrictions on recurrent disability. Refer to the *Recurrent Disability* section of this Guide for more details.

Minimum & Maximum Benefit Amounts

Clients can select a fixed monthly benefit amount (in Canadian currency*), with the following restrictions.

Note: All those to be insured under this rider must meet a minimum annual income qualification,** and must all be registered owners on a mortgage and/or have a line of credit secured by real property.

Single Life Cases

- Mortgage and/or line of credit minimum = $250/month.
- Mortgage maximum = the lesser of:
  - 80% of monthly earned income;**
  - (125% of the monthly mortgage payment***) x (the percentage of monthly mortgage payment the client is responsible for. If the mortgage being covered is jointly owned with a spouse, then in the illustration system where it asks what percentage you are responsible for, enter 100%.); or
  - $3,500.
- Line of Credit maximum = the lesser of:
  - 80% of monthly earned income;**
  - 125% of (the total approved line of credit x [2% + Bank of Canada overnight lending rate at the date of application] divided by 12 + monthly property tax payment) x (the percentage of monthly payment the client is responsible for. If the line of credit being covered is jointly owned with a spouse, then in the illustration system where it asks what percentage you are responsible for, enter 100%); or
  - $3,500.

Note: The total combined maximum amount payable on this benefit is $3,500 per month, including both the monthly mortgage payment and the monthly line of credit payment.

The Bank of Canada overnight lending rate can be found on the LIFE Pages in the Performance Information Section. The rate will default in illustration to the rate in effect at the time the current version of illustration was prepared for release and can be edited when necessary.

Multi-Life Cases

The minimums and maximums vary by the number of lives and the spousal situation of the clients.

Note: There is a minimum annual income qualification;**

Mortgage maximum

- **Two to five life cases** where the mortgaged property **is not** jointly owned with a spouse, **for each life** the maximum is the lesser of:
  - 80% of monthly earned income;**
  - (125% of the mortgage payment***) x (the percentage of monthly mortgage payment the client is responsible for); or
  - $3,500.

- **Two life cases** where the mortgaged property **is** jointly owned with a spouse, **for each life**
  - 80% of monthly earned income;**
  - (125% of the mortgage payment***) x (the percentage of monthly mortgage payment the client is responsible for. Since the mortgage being covered is jointly owned with a spouse, then in the illustration system where it asks what percentage you are responsible for, enter 100%); or
  - $3,500.

Line of Credit maximum

- **Two to five life cases** where the line of credit **is not** jointly owned with a spouse, **for each life** the maximum is the lesser of:
  - 80% of monthly earned income;**
  - 125% of (the total approved line of credit x [2% + Bank of Canada overnight lending rate at the date of application] divided by 12 + monthly property tax payment) x (the percentage of monthly payment the client is responsible for); or
  - $3,500

Line of Credit maximum

- **Two life cases** where the line of credit **is** jointly owned with a spouse, **for each life** the maximum is the lesser of:
  - 80% of monthly earned income;**
  - 125% of (the total approved line of credit x [2% + Bank of Canada overnight lending rate at the date of application] divided by 12 + monthly property tax payment) x (the percentage of monthly payment the client is responsible for. Since the mortgage being covered is jointly owned with a spouse, then in the illustration system where it asks what percentage you are responsible for, enter 100%); or
  - $3,500

Note: The total combined maximum amount payable on this benefit is $3,500 per month, including both the monthly mortgage payment and the monthly line of credit payment. The Bank of Canada overnight lending rate can be found on the LIFE Pages in the Performance Information Section. The rate will default in illustration to the rate in effect at the time the current version of illustration was prepared for release and can be edited when necessary.

Multiple Mortgages and/or Lines of Credit

If more than one mortgage and/or line of credit are covered under the MDI rider, the maximum monthly benefit payable for all mortgages and/or lines of credit shall not exceed the benefit amount elected.

***Considerations for U.S. Mortgages**
Clients should consider fluctuations in the value of the currencies involved when determining how much MDI coverage to purchase.

Example:

- Chris wants to purchase MDI coverage and the related mortgage is on a cottage in Florida.
- The mortgage is with a U.S. bank, and Chris's monthly mortgage payment is $1,000 U.S., which, at the time of the MDI purchase, is $1,750/month CDN.
- Chris should be advised to purchase at least $1,750 of MDI coverage, but Chris needs to be aware of the following regarding currency fluctuations:
    - If Chris makes a claim, and the monthly mortgage payment in CDN dollars has increased to $2,000 (even though it may remain at $1,000 U.S.), we would only pay $1750/month in MDI Benefits (and we will only pay in CDN dollars).
    - If Chris makes a claim, and the monthly mortgage payment in CDN dollars has decreased to $900 (even though it may remain at $1,000 U.S.), we would only pay a maximum of $1,125/month in MDI benefits ($900 x 125%, and we will only pay in CDN dollars).

****Minimum Annual Earned Income Qualification**
Earned income for employees is gross salary (before income tax). Earned income for those self-employed or those paid by commissions is gross earned income less business expenses (before income tax). The minimum qualifications are:

- **Single Life –** at least $18,000/year.
- **Two Life Spousal Case**s – a combined income of at least $30,000/year and one life must make at least $18,000/year.
  Note: Both spouses must be employed outside the home. In cases where one spouse is not employed, single coverage on the employed spouse should be applied for.
- **Multi-Life Non-Spousal Cases** – each individual must make a minimum of $18,000/year.

Note: Clients who are students, retired individuals, or on a government assistance program (EI, Social Assistance, etc.) at time of application will not qualify as their income is not considered “earned income.”

*****Calculating the Eligible Monthly Mortgage**
Clients who have regularly scheduled monthly or bi-monthly mortgage payments can include the amount of their monthly property tax payment in the calculation of their monthly mortgage payment if they wish. Refer to the *Property Taxes* section below.

Note: The equivalent monthly mortgage payment for those who pay bi-monthly is the bi-monthly payment amount x 2.

Clients who have weekly, bi-weekly or variable rate mortgages do not have regularly scheduled monthly mortgage payments. Use the following formula to determine the monthly equivalent for these cases:

- The sum of the amount of regularly scheduled mortgage payments (excluding optional lump sum payments, but including optional increased payment amounts only if made on a regular basis) made over the previous 90 days divided by 3.

- Property taxes can also be included in this amount – refer to the *Property Taxes* section below.

The above formulas will also be used at **time of claim** to determine the eligible monthly mortgage payment for clients with regularly scheduled mortgage payments other than monthly.

******Calculating the Eligible Monthly Line of Credit**
The following formula will be used **at time of issue** to determine the eligible monthly line of credit payment:

- 125% of (the total approved line of credit x [2% + Bank of Canada overnight lending rate at the date of application] divided by 12 + monthly property tax payment) x (the percentage of monthly payment the client is responsible for; or
- $3,500

Note: Clients can include the amount of their monthly property tax payment to determine the eligible monthly line of credit amount. Refer to the *Property Taxes* section below.

*******Calculating the Eligible Monthly Line of Credit**
The following formula will be used at time of claim to determine the eligible monthly line of credit payment. We will take the lesser of:

- the MDI amount in force at Date of Disability; or
- (the sum of the amount of line of credit payments made over the previous 90 days) divided by 3.

Property Taxes

Clients can include the amount of their monthly property tax payment in the calculation of their monthly mortgage and/or line of credit payment(s) if they wish. Clients who pay property taxes annually can include 1/12th of those property taxes in the calculation of their eligible MDI monthly mortgage and/or line of credit payment(s).

Note:

- In the event the monthly line of credit is secured by the same property as the one attached to the monthly mortgage payment, the property taxes will only be accounted for once.

- Clients do not have to pay their property tax payments to their financial institution to include those amounts in their eligible MDI monthly mortgage and/or line of credit payment calculation. For example, a client who pays property taxes directly to a civic authority on an annual basis can include 1/12th of that amount in their eligible MDI monthly mortgage and/or line of credit payment calculation.

Assuris Coverage

Assuris considers disability insurance to be a "protection" benefit, and these types of benefits are fully covered by Assuris up to $2,000/month for the specified time as determined by the individual contract. For amounts in excess of this limit, Assuris covers 85% of the promised protection benefit (but not less than $60,000). For information about policy benefits, financial advisors should refer to www.assuris.ca.

Note: Assuris has rules concerning combining coverages, and clients should be counseled to refer to Assuris publications, or to the Assuris website (www.assuris.ca).

MDI New Business Considerations

Backdating

Because of impacts on the Elimination Period, backdating for any purpose is not allowed on this rider; nor is it allowed on the Versatile Term base plan if this rider is purchased at the same time as the base plan.

Risk Selection Criteria

Uninsurable Occupations

- Actors/Actresses
  - Stunt workers
- Aircraft pilots
- Air traffic controllers
- Amusement parks and arcades
- Armed Forces personnel
  - Alerted to duty in the next six months
- Artists
- Authors, scriptwriters, freelance writers
- Carnival
  - Circus employees and performers (including rodeo)
- Rodeo
  - Daredevil acts, trapeze and aerialists, wild animal trainers
- Casinos/Gambling
- Construction industry
  - Structural iron and steel
  - Blasters, demolition, explosives handlers
  - Divers/Diving attendants
  - Tunnel

  - Other (Individual consideration will be given.)
- Dancers (professional)
- Drivers (chauffeurs, couriers, taxi or limo drivers/owners)
- Entertainers (performers, singers, etc.)
- Escort service
- Flight attendants
- Home based business (Individual consideration will be given.)
- Jockey/Harness drivers
- Logging industry
  - Blasters, boomers, high climbers, rafts men, river men, skidder operators
- Lumber industry
  - With the exception of the following: managers, foremen, graders, machine setters, tallymen and saw filers
- Martial arts instructors
- Mining
  - Underground coal miners
  - Any explosive handlers
- Models
- Musicians, singers, composers, vocalists
- Offshore oil workers
- Professional athletes, coaches, instructors, referees, umpires
- Ski instructors
- Stunt workers
- Trappers/Hunters
- Wrestlers
  - Professional
  - Amateur
- Window cleaners (over two stories)

Non-Acceptable Risks

Do not apply for MDI if the client has or has had any of the following conditions, diagnosis or situations:

- AIDS, a positive HIV test or AIDS related disease
- Alcohol or drug abuse within three years
- Alzheimer's disease
- Amyotrophic lateral sclerosis (ALS or Lou Gehrig's disease)
- Cancer
- Cystic fibrosis
- Diabetes other than adult onset
- Heart disease, including heart attack, angina, valvular surgery, coronary bypass surgery or angioplasty
- Hemophilia
- Hepatitis other than hepatitis A
- Huntington's chorea
- Kidney disease other than kidney stone

- Motor neuron disease
- Multiple sclerosis
- Organ transplant
- Parkinson's disease
- Permanent paralysis
- Stroke or transient ischemic attack (TIA)
- Systemic lupus erythematosus (SLE)
- Three or more family members with a history of one or more of the critical illness conditions covered, occurring before age 65
- Currently on disability
- Driver's license currently suspended
- Any symptoms or complaints for which he/she has not consulted a physician or received treatment
- Depression, anxiety disorders, panic attacks, stress disorder if currently (or within the past two years) on medication for any of these conditions or currently on psychotherapy for these conditions.

Note: There are other impairments where disability insurance coverage will not be available. If you are unsure, please call your underwriter to discuss before taking an application. Please also refer to the *Field Risk Selection Guide (LSR166)* for more information on Non-Acceptable Risks.

Pre-Screening Questionnaire

The purpose of the Pre-screening Questionnaire is to gauge a client's eligibility for an insurance product prior to completing and uploading a formal application. By completing the questionnaire, a financial advisor can determine the type of product the client might qualify for, which is a pro-active way of managing client expectations. Even if the client feels that he/she does not qualify for a particular product, the Pre-screening Questionnaire may show that the client could qualify for a different product. The online questionnaire is located on the illustration system.

Ratings

A Rider Insured is subject to health, occupation, avocational and professional sport, aviation and military ratings. Health ratings are subject to a maximum of 250% (+150).

Note: The MDI rider could be rated or declined even if the life insurance risk is accepted. In addition to ratings, a two year benefit period instead of the five year benefit period may be offered.

Temporary Insurance Agreement

Because of impacts on the Elimination Period, there is no MDI coverage available under the Temporary Insurance Agreement (TIA). However, full premium is required to fulfill the TIA under the basic plan (assuming all other conditions have been met).

Consumer Reports

The MDI amount is not included to determine the automatic Consumer Report requirement.

Financial Underwriting

Refer to the *Versatile Term New Business Considerations* section of this Guide for guidelines concerning the Versatile Term coverage.

Overinsurance

Total individual disability insurance coverage in force with all companies cannot exceed $20,000 per month on a per life basis.

Please refer to the *Field Risk Selection Guide (LSR166)* for more information on Risk Selection Criteria, Financial Underwriting Requirements, Insurance on Dependants and Consumer Reports.

Premiums

MDI premium rates are calculated based on morbidity - specifically the probability of becoming disabled and the probability of recovery. The MDI premium structure is level to insurance age 60 on a per life basis.

Premium Modes

Premiums are accepted on an annual, semi-annual or monthly (PAD) mode, subject to the current rules governing each mode.

Coverage Fee

The coverage fee added to the total modal premium for each life is:

		Modal Factor
Annual Mode	$70.00	N/A
Semi-Annual Mode	$36.40	.52
Monthly (PAD) Mode	$6.30	.09

Premium Rate Bands

Rate bands are not applicable to MDI. Premium rates are annual, and are per $100 of the MDI monthly benefit amount.

Premium Rate Classes

Premium rates vary by age, gender and smoking habit. The MDI premium rate classes are:

- Non-Smoker - no use of any nicotine product (including substitutes and marijuana) other than 12 or fewer cigars for a full 12 months preceding the time of applying (i.e., N1-N4 rate classes would qualify).
- Regular - all others (i.e., S1, S2, N5).

Versatile Term premium rate classes do not apply.

Note: A Life Insured with an N5 rate class on a Versatile Term base would be considered a Smoker (Regular rate class) on the MDI coverage. Due to the difference in the nature of the risk between this rider and the underlying base plan, it is possible that different results may be obtained for the base term plan and the MDI rider. One may be standard and the other declined or rated.

Embedded MDI Waiver of Premium Benefit

MDI premiums are automatically waived while the MDI monthly benefit is being paid. This is an embedded benefit (i.e., – it is automatically issued with the MDI rider in all cases). For Multi-Life cases, only the MDI premium for the disabled life is waived while a monthly benefit is being paid. It is important to note that premiums on other coverages on the policy are not waived unless Disability Premium Waiver (DPW) coverage is purchased on those plans.

If your client does not wish to purchase DPW coverage on the other coverages on the policy, he/she may want to consider purchasing MDI coverage in excess of his/her monthly mortgage and/or line of credit payment(s) (refer to the *Minimum & Maximum Benefit Amounts* section) to provide additional funds to pay premiums not waived while on MDI claim.

MDI premiums are not waived during the Elimination Period, nor are they reimbursed after the end of the Elimination Period.

Benefit Payable upon Total Disability

Once an MDI claim is approved, and the Elimination Period (as defined below) has been completed, the monthly benefit payable is the lesser of the following (and is subject to a reduction for duplicate coverage, as defined below):

- the MDI benefit amount in force at date of disability; or
- 125% of the Rider Insured's portion of the monthly mortgage and/or line of credit payment(s) at the date of total disability, as defined below. The "portion of the monthly mortgage and/or line of credit payment(s)" criteria does not apply in spousal situations – refer to the *Minimum & Maximum Benefit Amounts* section for details.

Note:

- The date of disability must occur before insurance age 60.
- There are no retroactive benefit payments to cover the Elimination Period.

For a partial month of total disability, the amount of benefit will be equal to 1/30th of the monthly benefit for each day of total disability to be compensated. Benefit payments will be made monthly at a date determined by the Claims department.

Definition of Total Disability

"Total Disability" or "Totally Disabled" means that the Rider Insured is, as a result of a medically diagnosed condition*:

- unable to perform, during the **Elimination Period**** and the next 24 months, the **substantial** duties of the Rider Insured's r**egular occupation.** In the event the Rider Insured is considered unemployed or a student at the date of disability, the Rider Insured must require substantial physical assistance from another adult to perform two or more Activities of Daily Living.*** If an individual had retired before the 30 day period prior to the date of disability, that person would be considered unemployed; and
- not engaged in any occupation or performing work of any sort for wage, remuneration or profit other than an approved rehabilitation program; and
- after 24 months, is unable to perform the substantial duties of **any occupation** for which the Rider Insured is qualified, or can reasonably become qualified for, given education, training or experience. In the event the Rider Insured is considered unemployed or a student at the Date of Disability, the Rider Insured must require substantial physical assistance from another adult to perform two or more Activities of Daily Living. If an individual had retired before the 30 day period prior to the date of disability, that person would be considered unemployed.

The Rider Insured will **not** be considered to be totally disabled or prevented from engaging in any occupation or performing any work of any sort for wage, remuneration or profit by virtue of the unavailability of such occupation(s) or work in the place in which the Rider Insured resides. A Rider Insured who must hold a permit or license to perform his/her duties will not be considered totally disabled solely because such permit or license has been withdrawn or not renewed.

***Medically Diagnosed Condition or Medically Diagnosed Definitions**

"Medically Diagnosed Condition" or Medically Diagnosed"" means a sickness or an injury which has been diagnosed according to a generally accepted classification system including, but not limited to:

- an X-ray;
- MRI;
- bone scan;
- biopsy;
- CT Scan; or
- psychometric test including MMPI-2, or a hematological or ultrasonic test.

Medical Practitioner

"Medical Practitioner" includes a licensed Physician, Specialist, Psychiatrist, Psychologist, Physiotherapist or Occupational Therapist who is duly licensed, certified or registered to practice that profession in the Province or Territory in Canada or State in the United States (or any other jurisdiction we may approve) in which the person is practicing. Licensed, certified or registered means licensed, certified or registered to

practice the profession by the appropriate authority of the Province or Territory in Canada or State in the United States (or any other jurisdiction we may approve) in which care or services are rendered, or where no such authority exists, having a certificate of competency from the professional body which establishes standards of competency and conduct for such profession. The Medical Practitioner cannot be:

- the Rider Insured;
- related to the Rider Insured; or
- a business associate of the Rider Insured.

****Elimination Period Definition**

"Elimination Period" means the period of continuous total disability, starting on the disability date, which must be completed by the Rider Insured before MDI monthly benefits become payable. This period will be the longer of:

- 90 days; or
- the period as determined in the underwriting process, and indicated in an amendment issued with the contract.

On Multi-Life cases, each Rider Insured must satisfy the elimination period independently to be eligible to receive benefits. MDI premiums are not waived during the elimination period, nor are they reimbursed after the end of the elimination period.

*****Activities of Daily Living Definitions**

"Activities of Daily Living" are:

- Bathing – the ability to wash oneself in a bathtub, shower or by sponge bath, with or without the aid of equipment.
- Dressing – the ability to put on and remove necessary clothing including braces, artificial limbs or other surgical appliances.
- Toileting – the ability to get to and from the toilet and maintain personal hygiene.
- Bladder and Bowel Continence – the ability to manage bowel and bladder function with or without protective undergarments or surgical appliances so that a reasonable level of hygiene is maintained.
- Transferring – the ability to move in and out of a bed, chair or wheelchair, with or without the use of equipment.
- Feeding – the ability to consume food that has already been prepared and made available, with or without the use of adaptive utensils.

Date of Total Disability

"Disability Date" or "Date of Disability" is the first full day the Rider Insured is not actively working due to a medically diagnosed condition. In the event the Rider Insured is unemployed or a student, the Disability Date or Date of Disability is the date the sickness or injury is medically diagnosed as preventing the Rider Insured from performing two or more of the Activities of Daily Living.

Definition of Actively at Work, Actively Employed, Active Work or Actively Working
"Actively at Work" "Actively Employed," "Active Work" or "Actively Working" means a Rider Insured who is working, year-round* or seasonal,** for a minimum of 30 hours per week, and is able to perform and is actually performing all the usual and customary duties of his or her **regular** occupation on a full pay status, which work is conducted at:

- his or her customary place of business; or
- a place where the Rider Insured's Employer's business requires the Rider Insured to work.

*"Year-round" means the Rider Insured is working for 52 weeks per year, unless absent due to scheduled vacation, weekends, statutory holidays or shift variances.

**"Seasonal" means the Rider Insured is working for a minimum of 35 weeks per year in an occupation which is subject to specific, identifiable periods of time during each calendar year when work cannot be carried out due to seasonal changes in the weather or due to other natural factors which limit the period of time available for working in one's Regular Occupation.

Definition of Unemployed
"Unemployed" means the Rider Insured is not actively at work.

Definition of Student
"Student" means the Rider Insured is attending an accredited school.

Recurrent Disability

This is a concept unique to living benefit coverage. Life insurance can only involve one claim. However, a Rider Insured with disability coverage may have a number of shorter periods of disability as opposed to a single disability lasting for the remainder of their working life.

If a Rider Insured's total disability recurs due to the same or related medically diagnosed condition within 180 days from the end of the previous period of total disability for which MDI monthly benefits have been paid, it **will** be considered a continuation (or recurrence) of the previous total disability, and the aggregate factor **does not apply**. Periods of recurrent total disability are **not** subject to the Elimination Period.
If a Rider Insured's total disability recurs due to a different and unrelated medically diagnosed condition within 180 days from the end of the previous period of total disability for which MDI monthly benefits have been paid, it **will not** be considered a continuation (or recurrence) of the previous total disability, the aggregate factor **will apply**, and the Elimination Period **must** be satisfied again.

Any period of total disability which occurs more than 180 days from the end of the previous period of total disability **will not be** considered a recurrent total disability, and **will be** subject to the Elimination Period.

Disability	Must Meet Elimination Period	Maximum Benefit Period/Aggregate Factor is Available
If total disability recurs due to the same or related medically diagnosed condition within 180 days from the end of the previous period of total disability.	No	No
If total disability recurs due to a different and unrelated medically diagnosed condition within 180 days from the end of the previous period of total disability.	Yes	Yes
If total disability recurs after 180 days from the end of previous period of total disability (for a similar or a different condition).	Yes	Yes

Reduction for Duplicate Coverage

If, at the time of payment of the MDI monthly benefit, the Rider Insured is receiving benefits from any other coverage in respect of the same mortgage and/or line of credit, we will:

a) determine the pro-rata share that the benefit under this rider bears to the total benefits payable on the insurance related to the mortgage and/or line of credit; and
b) determine the amount payable under this rider as the monthly benefit times the ratio in (a).

If more than one Rider Insured is on a simultaneous claim with us for MDI monthly benefits in respect of the same mortgage and/or line of credit, the total monthly benefit amount payable for all Rider Insureds under this or any other MDI rider shall be the lesser of (a) 125% of the monthly mortgage and/or line of credit payment and (b) the sum of the monthly benefits purchased for all Rider Insureds receiving claim benefits.

To illustrate, see the example below:

- Sandy has a $250,000 mortgage with the City of Oz Trust Bank, protected by a $375,000 VT policy with a $2,500 monthly benefit MDI rider.
- When Sandy transfers the mortgage to the Much Friendlier Credit Union at renewal, Sandy elects to have the credit union cover the mortgage for disability, but leaves The Co-operators MDI rider in force.
- The mortgage payment is $2,000 per month. If a claim is made, our responsibility for the claim will be:
- [$2,500/ ($2,000 + $2,500)] x $2,000 = $1,111.11 per month

If more than one Rider Insured is on a simultaneous claim with us for MDI monthly benefits in respect of the same mortgage, the total monthly benefit amount payable for all Riders Insured under this or any other MDI rider shall be the lesser of (a) 125% of the monthly mortgage payment and (b) the sum of the monthly benefits purchased for all Riders Insured receiving claim benefits. To illustrate, refer to Example 6 in the *MDI Claim Examples* section of this Guide.

Refund of MDI Premium Overpayments at Claim

If, at the date of disability, the MDI monthly benefit payable is less than the amount approved by us for which premiums have been paid, we will refund any premium paid which could be attributed to the reduction in monthly benefit for a period not to exceed 18 months preceding the date of disability.

Note: We will remind Policyowners on each annual statement that they have this benefit, and that changes in employment status* and mortgage and/or line of credit payment amounts could affect their eligibility for benefits. They will be advised to consult you if there have been such changes.

*If a claimant has not been actively at work within 30 days prior to the date of disability, the claim will be denied.

Overpayment of MDI Benefits

In the event we pay monthly benefits in excess of which the Rider Insured was entitled, we shall be entitled to recover such overpayment from the Rider Insured or the Rider Insured's estate.

Eligibility for MDI Monthly Benefits

In order for a Rider Insured to be eligible for payment of monthly benefits, the Rider Insured must:

- have been actively at work at the rider effective date;
- be totally disabled (refer to the *Definition of Total Disability* section of this guide) at the time of claim and for any period for which monthly benefits are to be paid;
- have a mortgage with regularly scheduled payments and/or a line of credit (secured by real property);
- be a registered owner; and
- on the date of disability:
    - have been actively at work for at least one day within the 30 days prior to the date of disability; or
    - be a student; or
    - be unemployed.

Limitation

No monthly benefits shall be paid:

- where a claim is submitted more than 365 days after the date of disability or where the Rider Insured has not substantiated the claim; or
- during any period in which the Rider Insured is serving a sentence for a criminal or provincial offence whether the Rider Insured is imprisoned in a half-way house, a correctional facility, or any other form of detention.

Automatic Exclusions

MDI monthly benefits are not payable and premiums will not be waived for the MDI rider for total disability which:

- commenced between the end of the grace period and the date when the policy is reinstated in the event the policy to which this rider is attached has lapsed; or
- results directly or indirectly from:
  - an intentional, self-inflicted injury while sane or insane;
  - committing, attempting or provoking an assault or criminal offence;
  - civil disorder, war or act of war, or service in the armed forces of any country, combination of countries, or international organization at war, whether war is declared or not;
  - aircraft accident unless the Rider Insured was traveling as a passenger having no duties on, or relating to, the aircraft or flight;
  - normal pregnancy or childbirth;
  - the intentional taking of any poison, drug, narcotic or sedative except as prescribed by a medical practitioner;
  - medical care which is not medically necessary or which is of a cosmetic nature. The donation of an organ or tissue will be considered as necessary medical care;
  - the Rider Insured sustaining injuries resulting directly or indirectly from a vehicle accident if the Rider Insured was driving the vehicle involved in the accident and had:
    - alcohol in his or her blood in excess of 80 milligrams of alcohol per 100 milliliters of blood; or
    - use or intake of alcohol or any drug, intoxicant, narcotic or poisonous substance except as prescribed and administered by a Medical Practitioner.

    "Vehicle" means a vehicle that is drawn, propelled or driven by any means other than muscular power and without limiting the generality of the foregoing specifically includes a boat and a snowmobile;
- results while the Rider Insured is serving a sentence for a criminal or provincial offence whether the Rider Insured is imprisoned in a half way house, a correctional facility, or any other form of detention.

Importance of Periodic Reviews with Clients

As noted above, your MDI clients will cease to be eligible for any monthly benefits if they no longer have a mortgage and/or line of credit. As well, if the amount of their mortgage and/or line of credit payment(s) differs materially from when they purchased the coverage(s), they may be over or under-insured. A reminder will be placed on annual MDI rider notices advising clients that if their mortgage and/or line of credit payment(s) changed since their last review with you, they should contact you. However, to avoid disappointment in the event of an MDI claim, Financial Advisors are advised to schedule periodic coverage reviews with their MDI clients.

Benefit Payable upon Death

If the Rider Insured dies while MDI monthly benefits are being paid, the benefit payments cease and the MDI rider terminates with no additional MDI payout.

If the Rider Insured dies while the MDI rider is in force without having made any claim, and subsequent investigation reveals the Rider Insured would have been entitled to monthly benefits, we shall pay to the estate of the Rider Insured the amount of monthly benefits to which the Rider Insured would have been entitled had a claim been made in accordance with the claims requirements. No more than 18 months of benefits shall be paid.

Beneficiary

The MDI benefit will always be paid to the Rider Insured, unless assigned or subject to a garnishee. Because of insurance regulations, the Policyowner cannot name a beneficiary for the MDI benefit.

MDI Claims Requirements

A Rider Insured must submit a claim for monthly benefits under this rider on the appropriate Claim Forms. The form(s) are to be completed by the Rider Insured and the Rider Insured's medical practitioner(s). In addition, the Rider Insured is required to prove his/her entitlement to benefits under this rider, which includes a job description, proof of his/her age and proof from the financial institution of the amount of the monthly mortgage and/or line of credit payment(s). Any expenses incurred by the Rider Insured to prove the claim will be the responsibility of the Rider Insured.

The Claim Forms must be submitted to us no earlier than 30 days prior to the end of the elimination period and no later than 60 days after the end of the elimination period. If we request additional information necessary for the initial adjudication and/or ongoing adjudication of any claim, the information requested must be submitted within the time period specified in our letter of request. Failure to furnish proof within 365 days of the date of disability shall invalidate any claim unless it is shown to have been impossible to furnish the proof within this time frame, and that the proof was furnished as soon as was reasonably possible.

Independent Assessments

The MDI contract calls for the Rider Insured to undergo independent assessments as may be deemed necessary by us, by a medical practitioner(s) of our choice at any time prior to and/or while monthly benefits are being paid. Any independent assessment required in connection with this provision will be at the Life Company's expense.

Expiry/Coverage Period

MDI Rider

The MDI coverage will automatically terminate on the earliest of the following:

- the date the mortgage(s) for which the MDI rider is purchased is paid in full, discharged or assumed by another party;*
- the date the line of credit for which the MDI rider is purchased is cancelled or terminated or is no longer secured by real property;
- the date of death of the Rider Insured;

- the date we have paid all monthly benefits payable under the MDI rider;
- 31 days after the due date of any unpaid premium for this rider, unless monthly benefits are being paid;
- the day the VT policy the MDI rider is associated with terminates, unless MDI monthly benefits are being paid;** and
- the MDI rider expiration date (which is the rider anniversary nearest the 60th birthday of the Rider Insured), unless MDI monthly benefits are being paid.**

MDI Benefit Payments

Monthly benefit payments payable under the MDI rider will terminate at the earliest of:
- the date the MDI rider terminates;
- the date the Rider Insured ceases to be eligible for MDI monthly benefits under the rider (refer to the *Eligibility for MDI Monthly Benefits* section);
- the date the Rider Insured refuses to participate, co-operate in or receive any:
  - rehabilitative program recommended or approved by us; or
  - reasonable and customary treatment program considered appropriate by us to assist with the treatment of the total disability.

*Clients should be encouraged to advise you when they discharge a mortgage for which the MDI rider has been purchased and is still in force.

****Note:**
If the MDI rider is on claim status when the base plan terminates, or when it reaches the rider expiry date, it will continue in force until the earlier of the recovery of the Rider Insured or the end of the benefit period. For Multi-Life cases, there must be one base term insurance coverage in force per life to support the MDI rider at issue. After issue, at least one term coverage must be in force. The only exception to this is if the MDI rider is on claim status. In these situations, no supporting term insurance coverage is required.

MDI Changes after Issue

Increases/MDI Rider Additions

No increases are allowed. The client may purchase a second MDI rider on the same policy, subject to the then current MDI minimums and maximums (refer to the *Minimum & Maximum Benefit Amounts* section of this Guide).

Requirements to add an MDI rider after issue are:
- Illustration Financial Advisor's Report
- Sections 1, 3, 5, 6, 7 and 8 of the *Application for Policy Change and/or Reinstatement of Life/Health Insurance Form (LSR005)*
- *Mortgage Guard Riders Coverage Information Form (LSR279)* and *Mortgage Guard Disability Insurance Property Questionnaire (LSR280)*
- Initial premium for the rider being added.

- The base plan to which the MDI rider is to be added must be a term plan and the Life to be Insured must have a minimum of $100,000 of term coverage on the policy.
- Age & Amount Requirements using the Age & Amount Requirements (AARs) Chart.
- Backdating is not available.

Note: The Age & Amount Requirements Chart can be found in the LIFE Pages under the Product Resources tab.

Decreases

The policyowner may decrease the coverage amount once per calendar year, subject to the then current minimums (refer to the *Minimum & Maximum Benefit Amounts* section of this Guide), without incurring a service fee. Any additional changes to coverage amounts shall be subject to a service fee as determined by the company at the time of the change. Use Sections 1, 7, and 8 of the *Application for Policy Change and/or Reinstatement of Life/Health Insurance Form (LSR005)* to advise of the change.

Conversion Privileges

The MDI rider may not be converted. If the term base is converted, the MDI rider is terminated, unless it is in a claim status, in which case it remains in force until the end of the claim period, or until the Rider Insured recovers, whichever is earliest. For partial conversions of the term base, a minimum of $100,000 must remain in force on the term base.

Change in Rate Class/Rating Review

MDI Rider on a Preferred VT Base - Rate Class Change

- The entire policy must be reissued on a current date/age basis.
- Evidence will be at the client's expense, with reimbursement only if the change to the Non-Smoker rate class is allowed.
- Forms:
  - Sections 1, 3, 4, 5, 6, and 7 of *LSR005*;
  - *LSR279 and LSR280;* and
  - *Disclosure Forms*.
- Other evidence requirements: AARs for current age and amount of base plan coverage plus any others that the underwriter deems necessary to assess the risk (all at the client's expense).

In the event the client has stopped use of all nicotine products (including substitutes and marijuana) at the time of the original application, but not for a full 12 months, we are prepared to consider a change to Non-Smoker within six months of the date of the Tele-Interview,* with an Orasure (saliva test) rather than repeating full AARs. All other conditions and forms listed above would apply.

***Note:** The shelf life of the Tele-Interview is six months.

MDI Rider on a Preferred VT Base - Rating Reviews

- Minimum one year waiting period.
- The entire policy must be reissued on a current date/age basis, except where the rate class remains the same and only the rating is reduced or removed.
- Evidence is at the client's expense, with reimbursement only if rating is reduced.
- Forms:
  - Sections 1, 3, 4, 5, 6, and 7 of *LSR005*; and
  - *Disclosure Forms*.
- Other evidence requirements: AARs using current age and amount of base plan coverage plus any others that the underwriter deems necessary to assess the risk (all at the client's expense).

MDI Rider on a Non-Preferred VT Base - Change from Smoker (Regular) to Non-Smoker

A change to the Non-Smoker rate class will be effective as of the current date, but the original policy age and date will be retained. This will necessitate the following requirements:

- Sections 1, 3, 4, 5, 6, and 7 of *LSR005; and*
- Orasure Saliva Test.

Previously, full Age and Amount Requirements (AARs) were required to apply for this change.

Note:

- The client must meet our current Non-Smoker definition (i.e., no use of any form of tobacco, marijuana, nicotine product or substitute for the preceding 12 months).
- The Underwriting Department will review the evidence received and additional medical evidence may be required to assess the risk.
- Any additional evidence will be at the client's expense with reimbursement available only if Non-Smoker rates are approved.

MDI Rider on a Non-Preferred VT Base - Rating Reviews

- Minimum one year waiting period.
- Sections 1, 3, 4, 5, 6, and 7 of *LSR005*.
- The Underwriting Department will review the evidence received and additional medical evidence may be required to assess the risk.
- Any additional evidence will be at the client's expense with reimbursement available only if the rating is reduced.
- Any change to the rating will be effective as of the current date, but the original policy age and date will be retained.

Reinstatements

Reinstatement retaining the **original effective date** is only available if the policy has been lapsed 90 days or less. The policy can be reinstated without evidence if:

- all arrears are received within 90 days of the premium due date; and
- Sections 1, 3, 5, 6, and 7 of *LSR005*;
- after the policy has been lapsed for more than 90 days, a new application with full evidence is required.

Co-operators Life pays the cost of evidence for first reinstatement – the client pays the cost for subsequent reinstatements, and will not be reimbursed.

Where a term policy (to which an MDI rider is attached) has lapsed more than 90 days, it is generally not in the client's best interest to reinstate with an original effective date. If a financial advisor has a situation where it is to the client's benefit, the above rules regarding current dating and full evidence would apply to the MDI riders.

Portability Feature

Any Rider Insured who has terminated coverage under this rider due to a discharge of a mortgage or the removal of the security interest in the real property on the line of credit may reinstate this rider within 90 days of such termination without providing evidence of insurability, provided an application for reinstatement is received by the Company within 31 days of the Rider Insured obtaining a new mortgage or newly secured line of credit. Premiums due within this period must be paid to effect the reinstatement.

At time of claim, we will look at the Rider Insured's current mortgage obligation (including, if appropriate, the proportion of any joint obligations). This will be based on documentation the claimant provides from the financial institution. At the date of disability, the Rider Insured must have:

- an actual mortgage on a Canadian or U.S. property with a Canadian or U.S. financial institution and scheduled payments; and/or
- an executed document binding the Rider Insured to mortgage payments which must commence within six months of the date of disability.

Note: The actual payment may be a function of rates at time of closing but all other details need to be determined. The actual amount of benefit payable will be determined by the formula based on the lesser of the coverage purchased and the Rider Insured's portion of the obligation as established above.

Effects on Premium Refunds

If the Policyowner terminates the coverage and says "I haven't had that obligation for x years" (similar to a Child Rider), we will refund up to 18 months of premium.

Note: If we make that refund, the policy can **not** be reinstated. If the Rider Insured makes a claim and we pay less than they have purchased because of the rules above, at their request we will refund up to 18 months worth of premium (they have to establish for us when the obligation changed).

Note: If we make this refund, it will result in a decrease in the coverage amount so not all clients may want to receive the refund. For example, if they bought the five year benefit, expect a relatively short period of disability due to a specific injury and contemplate a future increase in their portion of the obligation, they may not wish to request a refund.

If the Rider Insured has a period without the obligation, keeps the policy in force and then starts the obligation again (someone moves and can't get into their house due to a long close or construction delay) and comes after the fact and wants a premium refund for that period, it is only available by **surrendering** the policy. In this example, think of the premiums paid during the hiatus as insurability premiums.

In all cases, it will be the client's duty to produce evidence from the financial institution substantiating the claimed amount. There is no requirement that we have a continuous history of the mortgage and/or line of credit.

Taxation

Under current tax law, if the MDI premium is paid by the Rider Insured, the MDI benefit is non-taxable to the recipient. If the MDI premium is not paid by the Rider Insured, then:

- If the premium is paid by a corporation, the MDI benefit is taxable to the recipient.
- If the premium is paid by an individual who is not the Rider Insured, the tax situation is unclear. The insurance industry stand is that the benefit is non-taxable, but CRA has yet to rule on the situation.

Dividends

No dividends are payable on MDI riders. The majority will be issued with non-participating VT policies. Some may be added to our old participating term.

Chargebacks

The chargeback schedule is the following percentage of first year commission (FYC):

Lapse During Month:	Chargeback % of FYC:	Lapse During Month:	Chargeback % of FYC:
1	100%	14	48%
2	96%	15	44%
3	92%	16	40%
4	88%	17	36%
5	84%	18	32%
6	80%	19	28%
7	76%	20	24%
8	72%	21	20%
9	68%	22	16%
10	64%	23	12%
11	60%	24	8%
12	56%	25	4%
13	52%	26+	0%

No chargebacks will occur upon a death claim.

Financial Advisor Licensing

Because the MDI rider is added to a life insurance base plan, only a life license (not an accident & sickness license) is required to sell this product.

MDI Claim Examples

On the following examples, it is assumed the Rider Insured has met all the criteria to be eligible for a claim payment and has satisfied the appropriate elimination period. When working through these examples, it is sometimes useful to refer to the *Minimum & Maximum Benefit Amounts* section of this Guide.

Example 1: Non-recurrent Disability (One Instance of Disability) (Detailed Example)

a) The Rider Insured has an MDI rider with a 24 Month Benefit Period/90 day Elimination Period, and works Monday to Friday, 8a.m. to 4:30 p.m.

b) The Rider Insured was in a car accident the evening of Tuesday, January 13, 2004. The Rider Insured was treated by a physician that evening, and was then diagnosed as being totally disabled (as per our definition). Therefore:
   Date of Disability = Wednesday, January 14, 2004 (the first full day the Rider Insured is not actively working due to sickness or injury as determined by a Medical Practitioner).
   Eligible for Benefits Date = Tuesday, April 13, 2004 (Rider Insured must serve a 90 day Elimination Period, and is not eligible for benefits until the day after the end of the Elimination Period: Day 1 of Elimination Period = Jan 14/04, Day 90 = Apr 12/04).

c) The Rider Insured submits the appropriate claim form/evidence 20 days before the end of the Elimination Period. The claim is approved by us. Therefore:
1st Payment: Made on April 13, 2004 (for the period of April 13, 2004 – May 12, 2004).
2nd Payment: Made on May 13, 2004 (for the period of May 13, 2004 – June 12, 2004).
3rd Payment: Made on June 13, 2004 (for the period of June 13, 2004 – July 12, 2004).
4th Payment: Made on July 13, 2004 (for the period of July 13, 2004 – Aug 12, 2004).
5th Payment: Made on Aug 13, 2004 (for the period of Aug 13, 2004 – Sept 12, 2004).
6th Payment: Made on Sept 13, 2004 (for the period of Sept 13, 2004 – Oct 12, 2004).

d) Rider Insured recovers/returns to work on September 27, 2004.
- CLIC will collect for overpayment of benefits for the period of September 27, 2004 – October 12, 2004. Calculation is as follows:
  - Number of Days: Start of overpayment period = September 27/04 (day 1 of overpayment). End of overpayment period – October 12/04 (last day of overpayment period). This works out to 16 days of overpayment.
  - Amount: (Monthly Benefit Amount/30) x number of days of overpayment = amount of overpayment.

Example 2: Non-Recurrent Disability (One Instance of Disability) - Maximum Payout

a) The Rider Insured has an MDI rider with a 24 Month Benefit Period.
b) The Rider Insured becomes totally disabled (as per our definition) and receives 24 consecutive months of benefit payments.

The MDI coverage is terminated on the payment of the 24th consecutive monthly benefit, regardless of whether the Rider Insured is able to return to work or not. The aggregate factor does not come into play in this case.

Example 3: Non-recurrent Disability (Two Instances of Disability/Same or Related or Unrelated Cause)

a) The Rider Insured has an MDI rider with a 24 Month Benefit Period.
b) The Rider Insured becomes totally disabled (as per our definition) and receives 10 months of benefit payments, recovers and returns to work.
c) Seven months after the date the benefits ceased, the Rider Insured can no longer work due to the **same or related or unrelated** sickness or injury for which MDI benefits have been paid:
- the Rider Insured **must** satisfy the 90 day Elimination Period, as this instance of disability **is not** considered a continuation of the original disability by us since it did not occur within 180 days of the previous disability.
- the Aggregate Factor applies to this case to determine the remaining **lifetime** benefit payments of 26 months (24 x Aggregate Factor of 1.5 = 36 Months; 36 – 10 = 26). However, the MDI coverage is terminated on the payment of the 24th consecutive monthly benefit, regardless of whether the Rider Insured is able to return to work or not. Total benefits = 34 months.

Example 4: Non-recurrent Disability (Two Instances of Disability/Different and Unrelated Cause)

a) The Rider Insured has an MDI rider with a 24 Month Benefit Period.
b) The Rider Insured becomes totally disabled (as per our definition) and receives 10 months of benefit payments, recovers, and returns to work.
c) Within 180 days after the date the benefits ceased, the Rider Insured can no longer work due to a **different and unrelated** sickness or injury for which MDI benefits have been paid:

- the Rider Insured **must** satisfy the 90 day Elimination Period.
- the Aggregate Factor applies to this case to determine the remaining **lifetime** benefit payments of 26 months (24 x Aggregate Factor of 1.5 = 36 Months; 36 – 10 = 26). However, the MDI coverage is terminated on the payment of the 24th consecutive monthly benefit, regardless of whether the Rider Insured is able to return to work or not. Total benefits = 34 months.

Example 5: Recurrent Disability

a) The Rider Insured has an MDI rider with a 24 Month Benefit Period.
b) The Rider Insured becomes totally disabled (as per our definition) and receives 10 months of benefit payments, recovers and returns to work.
c) Within 180 days after the date the benefits ceased, the Rider Insured can no longer work due to the **same or related** sickness or injury for which MDI benefits have been paid:
   - the Rider Insured **does not** have to satisfy the 90 day Elimination Period, as this instance of disability is considered a continuation of the original disability by us (recurrent disability).
   - the Rider Insured is only entitled to receive another 14 months of benefit payments for this instance of disability, assuming they remain disabled as per our definition for the entire 14 month period. (24 months – 10 months = 14 months. The Aggregate Factor does not apply to instances of recurrent disability.)

Example 6: Two lives, spousal – without DPW on VT base, different amount and benefit periods on each MDI rider, coverage on both lives, both lives disabled, same amount of line of credit payment at time of purchase and claim.

a) Ron and Betty, married, are both registered on three lines of credit. The three lines of credit are valued at a total of $300,000 and the monthly property tax payment is $200. The Bank of Canada overnight lending rate is 5% at time of application.
b) They buy $250,000 VT coverage, Multi-Life; and:
   - Ron's gross monthly income is $4,000. The maximum benefit amount is the minimum of the following:
     - 80% of $4,000 = $3,200
     - 125% x [$300,000 x (2% + 5%) / 12 + 200] x 100% = $2,437.50
     - $3,500
     - Min ($3,200, $2,437.50, $3,500) = $2,437.50
     - Ron may choose a monthly benefit amount between $250 and $2,437.50.
   - Betty's gross monthly income is $1,250. The maximum benefit amount is the minimum of the following:
     - 80% of $1,250 = $1,000

  - 125% x [$300,000 x (2% + 5%) / 12 + 200] x 100% = $2,437.50
  - $3,500
  - Min ($1,000, $2,437.50, $3,500) = $1,000
  - Betty may choose a monthly benefit amount between $250 and $1,000.
- With their gross monthly incomes combined ($4,000 + $1,250 = $5,250), they exceed the minimum monthly earned income of $2,500 ($30,000 / 12).

Ron purchases MDI coverage:	2 year benefit; monthly benefit amount = $1,500.
Betty purchases MDI coverage:	5 year benefit; monthly benefit amount = $1,000.

Both:
- become disabled;
- meet the 90 day Elimination Period; and
- remain on disability for the entire benefit period (24 months for Ron and 60 months for Betty respectively).

The disability claim for MDI is accepted by us on each of them.
- Premiums on both Ron's and Betty's MDI coverage are waived after the MDI Elimination Period (90 days).
- Premiums on their VT coverage are not waived, as there is no DPW coverage.

Current LOC + Property Tax payment (3 month average) = $2,150.
- Note: Since this is a Line of Credit, regular payments do not have to be made. Therefore at time of claim, we need to determine how much they have been paying. In this case, assume over the prior 3 months that they were paying $2,150 (including property taxes).

Benefit Coverage Amount		
Ron	$1,500	This becomes Ron's disability income.
Betty	$1,000	This becomes Betty's disability income.

Step 1 – Calculate the maximum benefit payable (Y), which is the lesser of:

125% of the current Line of Credit payment	$2,687.50 = $2,150 x 1.25
Sum of Ron &	$1,500
Betty	$1,000
Total	$2,500

The maximum MDI benefit payable = $2,500 = Min ($2,687.50, $2,500).

Note: Once the entire two year benefit period is used by Ron, the benefit payable will reduce to $1,000 and will continue until Betty's five year benefit period is used (assuming Betty remains disabled).

Example 7: Three lives – without DPW on VT base, same amount and benefit period on MDI rider, coverage on all lives, one life disabled, higher amount of business loan (used for building) at claim, various shares in ownership of the loan.

a) Darcy, Tracy and Stacey are business partners. All are registered on one loan to be used to purchase a building.
b) They have a monthly mortgage payment of $4,000 at time of purchase and $4,500 at time of claim.
c) They all buy $150,000 VT coverage, Multi-Life; and:
   - Darcy and Tracy are each responsible for 25% of the loan, while Stacey is responsible for 50% of the loan.
   - Darcy's monthly income is $1,500 and Darcy can choose a monthly benefit between $250 and $1,200 ($1,500 x .8).
   - Tracy's monthly income is $1,250 and Tracy can choose a monthly benefit between $250 and $1,000 ($1,250 x .8).
   - Stacey's monthly income is $1,400 and Stacey can choose a monthly benefit between $250 and $1,120 ($1,400 x .8).
   - With their gross monthly incomes combined ($4,150), they exceed the minimum monthly earned income of $3,500.

Darcy purchases MDI coverage: 5 year benefit/monthly benefit amount: $1,000.
Tracy purchases MDI coverage: 5 year benefit/monthly benefit amount: $1,000.
Stacey purchases MDI coverage: 5 year benefit/monthly benefit amount: $1,000.
Stacey:

- becomes disabled;
- meets the Elimination Period; and
- The disability claim for MDI is accepted by us.
- Premiums on Stacey's MDI coverage are waived after the MDI Elimination Period (90 days).
- Premiums on Darcy's and Tracy's MDI coverage are not waived, as they do not qualify for an MDI benefit.
- Premiums on their VT coverage (all three lives) are not waived, as there is no DPW coverage.

Current Loan Payment = $4,500.

Step 1 – Calculate the maximum benefit payable (Y), which is the lesser of:

a) 125% of the current mortgage payment % Loan Payment Responsible for — $2,812.50
b) Benefit Purchased — $1,000

The maximum MDI benefit payable = $1,000.

Example 8: Four lives - without DPW on VT base, different amount/same period of MDI coverage on each life, one life disabled, same amount of loan payment at purchase/claim

a) Bev, Dale, Kim and Laurie are business partners.
b) All are registered on one loan used for purchase of a building, with a monthly loan payment of $10,000, at both the time of purchase and claim.

c) They buy $175,000 VT coverage, Multi-Life without DPW on all lives; and:
d) Each person is responsible for 25% of the Loan Payment.
   - Bev's monthly income is $2,500 and Bev can choose a monthly benefit between $250 and $2,000 ($2,500 x .8).
   - Dale's monthly income is $4,500 and Dale can choose a monthly benefit between $250 and $3,126 (($10,000 x 1.25) x .25).
   - Kim's monthly income is $3,150 and Kim can choose a monthly benefit between $250 and $2,520 ($3,150 x .8).
   - Laurie's monthly income is $2,000 and Laurie can choose a monthly benefit between $250 and $1,600 ($2,000 x .8).
   - With their gross monthly incomes combined ($12,150), they exceed the minimum monthly earned income of $4,500.

Bev buys MDI coverage: 2 year benefit period/monthly benefit amount: $900.
Dale buys MDI coverage: 2 year benefit period/monthly benefit amount: $1,500.
Kim buys MDI coverage: 2 year benefit period/monthly benefit amount: $2,500.
Laurie buys MDI coverage: 2 year benefit period/monthly benefit amount: $1,200.
Dale:
- becomes disabled,
- meets the Elimination Period; and

The disability claim for MDI is accepted by us.
- Premiums on Dale's MDI coverage are waived after the MDI Elimination Period (90 days).
- Premiums on Bev's, Kim's and Laurie's MDI coverage are **not** waived, as they do not qualify for an MDI benefit.
- Premiums on their VT coverage (all four lives) are **not** waived, as there is no DPW coverage.

Current Loan Payment = $10,000.

Step 1 – Calculate the maximum benefit payable (Y), which is the lesser of:
a) 125% of the current mortgage payment x $3,126.
   % of Loan Payment Responsible for
b) Benefit purchased = $1,500.
   The maximum MDI benefit payable = $1,500.

Example 9: Five lives – with DPW on VT base, different amount and benefit period of MDI rider, coverage on all lives, 3 lives disabled, different amount of Line of Credit payments at purchase/claim
a) Tim, Cory, Nancy, Juanita, and Rebecca are business partners.
b) All are registered on one loan to be used to purchase a building, with a total **Line of Credit** valuing $3,000,000 at the time of purchase but the average monthly Line of Credit payment at time of claim is only $4,000. The Bank of Canada overnight lending rate is 5% at time of application. The clients have chosen not to purchase coverage for property taxes.

c) They buy $500,000 VT coverage, Multi-Life with DPW on all lives,
d) Tim, Nancy, and Rebecca are each responsible for 10% of the Line of Credit Payment.
e) Cory and Juanita are each responsible for 35% of the Line of Credit Payment.

- Tim's monthly income is $2,400. The maximum benefit amount is the minimum of the following:
  - 80% of $2,400 = $1,920
  - 125% x [$3,000,000 x (2% + 5%) / 12] x 10% = $2,187.50
  - $3,500
  - Min ($1,920, $2,187.50, $3,500) = $1,920
  - Tim may choose a monthly benefit amount between $250 and $1,920
- Nancy's monthly income is $3,500. The maximum benefit amount is the minimum of the following:
  - 80% of $3,500 = $2,800
  - 125% x [$3,000,000 x (2% + 5%) / 12] x 10% = $2,187.50
  - $3,500
  - Min ($2,800, $2,187.50, $3,500) = $2,187.50
  - Nancy may choose a monthly benefit amount between $250 and $2,187.50
- Rebecca's monthly income is $2,950. The maximum benefit amount is the minimum of the following:
  - 80% of $2,950 = $2,360
  - 125% x [$3,000,000 x (2% + 5%) / 12] x 10% = $2,187.50
  - $3,500
  - Min ($2,360, $2,187.50, $3,500) = $2,187.50
  - Rebecca may choose a monthly benefit amount between $250 and $2,187.50
- Cory's monthly income is $5,000. The maximum benefit amount is the minimum of the following:
  - 80% of $5,000 = $4,000
  - 125% x [$3,000,000 x (2% + 5%) / 12] x 35% = $7,656.25
  - $3,500
  - Min ($4,000, $7,656.25, $3,500) = $3,500
  - Cory may choose a monthly benefit amount between $250 and $3,500.
- Juanita's monthly income is $1,700. The maximum benefit amount is the minimum of the following
  - 80% of $1,700 = $1,360
  - 125% x [$3,000,000 x (2% + 5%) / 12] x 35% = $7,656.25
  - $3,500
  - Min ($1,360, $7,656,25, $3,500) = $1,360
  - Juanita may choose a monthly benefit amount between $250 and $1,360.
- The minimum income for each insured is $18,000 a year, or $1,500 monthly. Each of the insureds exceeds the minimum monthly incomes over $1,500.

Tim buys MDI coverage: 2 year benefit period/monthly benefit amount: $1,500.
Nancy buys MDI coverage; 5 year benefit period/monthly benefit amount: $1,750.
Rebecca buys MDI coverage: 2 year benefit period/monthly benefit amount: $1,250
Cory buys MDI coverage: 5 year benefit period/monthly benefit amount: $3,500.
Juanita buys MDI coverage: 2 year benefit period/monthly benefit amount: $1,200.

Tim, Cory, and Juanita:

- become disabled,
- meet the Elimination Period; and

The disability claim for MDI and Term DPW is accepted by us on all 3.

- Premiums on Tim's, Cory's, and Juanita's MDI coverage and Term coverage are waived after the MDI Elimination Period (90 days).

Current Monthly Line of Credit Payment (3 month average) = $4,000

- Note: Since this is a Line of Credit, regular payments do not have to be made. Therefore at time of claim, we need to determine how much they have been paying. In this case assume THAT over the prior 3 months they were paying $4,000 per month.

Benefit Coverage Amount

Tim	$500	(10% x 1.25 x 4,000)	**Less** than $1,500
Cory	$1,750	(35% x 1.25 x 4,000)	**Less** than $3,500
Juanita	$1,750	(35% x 1.25 x 4,000)	**More** than $1,200

Step 1 – Calculate the maximum benefit payable, which is the lesser of:

125% of the current loan payment = $5,000 (1.25 x $4,000)

The lesser of purchased and current share for each insured

Tim	$500 (lesser of $500 and $1,500)
Cory	$1,750 (lesser of $1,750 and $3,500)
Juanita	$1,200 (lesser of $1,750 and $1,200)
Total	$3,450

The maximum benefit payable = $3,450 = Min ($5,000, $3,450)

Note: On the annual statement each year we will have notified the clients that a decrease in the Line of Credit payments may decrease the amount of coverage they have. When the Line of Credit payment decreased, it was their responsibility to reduce the amount of coverage to correspond with their payments. As we notify them annually, we will refund up to 18 months of back premium at the time of claim. This period was chosen to guarantee they would have received a notice.

Example 10: Single Life – without DPW on VT base, same amount of mortgage payment at time of purchase and claim, both recurring disability and non-recurring disability

a) Rider Insured = Terry;
b) Terry has a monthly mortgage payment of $1,100 at both the time of purchase and claim.
c) Terry buys $175,000 VT coverage and:
    - Terry's gross monthly income is $1,750. Terry may choose a monthly benefit amount between $250 and $1,375 ($1,100 x 1.25).

Terry buys MDI coverage: 2 year benefit/monthly benefit amount: $1,100.
He does not purchase DPW.
Terry:

- becomes disabled; and
- meets the Elimination Period.

The disability claim for MDI is accepted by us.

- Premiums on Terry's MDI coverage are waived after the MDI Elimination Period (90 days).
- Premiums on the VT coverage are not waived, as there is no DPW coverage.

The MDI benefit amount is calculated as follows:
Current Mortgage Payment = $1,100.

Step 1 – Calculate the maximum benefit payable (Y), which is the lesser of:

125% of the current mortgage payment	$1,375
Amount purchases	$1,100

The maximum MDI benefit payable = $1,100.

Recurring Disability
Terry:

- is on disability for 10 months following the Elimination Period;
- recovers and returns to work; and
- becomes disabled again 3 months after recovery for 20 months.

However, since the disability recurred within 180 days of recovery, we consider this one period of disability. Therefore, we will not require Terry to satisfy another Elimination Period but we will only pay the MDI benefit for another 14 months (10 + 14 = 24 months the benefit period purchased).

Non-Recurring Disability
Terry:

- is on disability for 10 months following the Elimination Period;
- recovers and returns to work; and
- becomes disabled again 2 years after recovery for 22 months, inclusive of the Elimination Period.

Since the second period of disability happened more than 180 days after recovery, we do not consider this a recurring disability. Therefore, we will require Terry to satisfy another Elimination Period. Terry will have to satisfy the Elimination Period (3 months) and is then eligible for up to 24 consecutive months of disability income. The total lifetime for this benefit was 1.5 x 24 = 36, the first period used up 10 months so 26 remain. Terry will receive the benefits for 19 months following the Elimination Period. Seven months remain in the lifetime limit.

Example 11: Two lives – without DPW on VT base, different amount and benefit periods on each MDI rider, coverage on both lives, both lives disabled, same amount of mortgage payment at time of purchase and claim, recurring disability

a) Dallas and Dana are common-law partners.

b) Both are registered on one mortgage, with a monthly mortgage payment of $2,000 at both the time of purchase and claim.
c) They buy $250,000 VT coverage, Multi-Life, and:
   - Dallas' gross monthly income is $1,000. Dallas may choose a monthly benefit amount between $250 and $800 ($1,000 x .8).
   - Dana's gross monthly income is $2,250. Dana may choose a monthly benefit amount between $250 and $1,800 ($2,250 x .8).
   - With their gross monthly incomes combined ($3,250), they exceed the minimum monthly earned income of $2,500.

Dallas buys MDI coverage:	2 year benefit/monthly benefit amount:	$800
Dana buys MDI coverage:	5 year benefit/monthly benefit amount:	$1,200

Dallas:
- becomes disabled;
- meets the Elimination Period; and

The disability claim for MDI is accepted by us.
- Premiums on Dallas' MDI coverage are waived after the MDI Elimination Period (90 days).
- Premiums on Dana's MDI coverage are not waived, as Dana does not qualify for an MDI benefit.
- Premiums on neither of their VT coverages are not waived, as there is no DPW coverage.

Current Mortgage Payment = $2,000.

Step 1 – Calculate the maximum benefit payable which is the lesser of:

a) 125% of the current mortgage payment	$2,500
b) Dallas's benefit	$800

The maximum MDI benefit payable = $800.
After 15 months, Dallas recovers and returns to work.

Shortly after Dallas recovers, Dana:
- becomes disabled;
- meets the Elimination Period; and

The disability claim for MDI is accepted by us.
- Premiums on Dana's MDI coverage are waived after the MDI Elimination Period (90 days).
- Premiums on Dallas' MDI coverage are not waived, as Dallas does not qualify for an MDI benefit.
- Premiums on neither of their VT coverages are not waived, as there is no DPW coverage.

Current Mortgage Payment = $2,000.

Step 1 – Calculate the maximum benefit payable (Y), which is the lesser of:

a) 125% of the current mortgage payment	$2,500
b) Dana's benefit	$1,200

The maximum MDI benefit payable = $1,200.

After 36 months, Dana recovers and returns to work.

Shortly after Dana recovers, Dallas:

- becomes disabled again for 27 months;
- 3 months of which are the Elimination Period; and
- the disability claim for MDI is accepted by us.

Since Dallas' disability recurred more than 180 days of recovery, we consider this 2 separate periods of disability. Therefore, we will pay the MDI benefit for up to another 21 months (15 + 21 = 36 months). At that point, coverage on Dallas will terminate.

Note: Throughout this time Dana's premiums for VT and MDI and Dallas' VT premiums are due. Also Dana has 48 (84 - 36) months remaining should Dana become disabled again.

Mortgage Guard® Critical Illness Riders

Introduction

This section provides comprehensive information about the Mortgage Guard® Critical Illness Rider II (MCI II) and Mortgage Guard® Critical Illness Rider (MCI). The original MCI rider is no longer available for sale. However, there are many in-force MCI riders requiring servicing, so information on those plans has been retained in this guide. Where the information for both riders is the same, the section heading indicates "Both Riders." Where the information varies, the guide differentiates with headings indicating MCI II or MCI, starting with the most recent version of the riders.

Product History

The Mortgage Guard Critical Illness Riders history is as follows:

Version	Launch Date	End Date for New Sales
Mortgage Guard Critical Illness Rider	March 13, 2003	October 26, 2008
Mortgage Guard Critical Illness Rider II	October 27, 2008	N/A

Description – Both Riders

A Mortgage Guard® Critical Illness II (MCI II) rider is appropriate for a client who is looking for a measure of financial security if struck by a critical illness or condition. While this rider is being marketed as part of a package of mortgage protection products, unlike the MDI rider, clients are not required to have a mortgage and/or line of credit at the time of the purchase nor at the time of claim under the rider. The rider benefit can be used to offset medical expenses, provide home renovations for wheelchair accessibility, etc. However, there is no restriction on how the benefit can be used. It may prove attractive to individuals not able to obtain MDI due to seasonal employment, low earned income or unacceptable occupation. It still provides a "living benefit" but because it is a lump sum, which is "once and done," many of the disability insurance issues do not apply.

Unlike many creditor products, the coverage is on an individual, fully underwritten basis. Hence, coverage cannot be cancelled, premium rates are guaranteed and significant underwriting is done at time of issue. The rider benefit is paid to the owner, not the creditor.

To correspond with other critical illness products offered in the creditor market, it has a limited number (7) of covered diseases/conditions. While the number is limited, it is estimated that these conditions will cover in excess of 85% of the claims that will be made - so it does provide "core" protection. Don't forget that the Critical Assist® II stand-alone product, which provides coverage for more illnesses/conditions, is also available.

Another selling feature is the Best Doctors® program. This innovative, world-leading service provides information about care options and ways to access it when your clients need it most – at time of diagnosis. Refer to the *Best Doctors* section of this Guide for complete details on this program.

Note: MCI II is known as CI II when added to the Universal Life Suites product.

Availability – Both Riders

The MCI II rider is available in two forms (MCI is no longer available) and is available as an optional rider on some term plans – refer to the *Eligibility* section below:

- 10 Year Renewals to Age 75 (MCI II 10); and
- 25 Year with 20 Year Renewals to Age 75 (MCI II 25).

It is not available as a stand-alone product. However, we do offer a stand-alone critical illness product (Critical Assist® II), which covers more critical illnesses.

Eligibility – Both Riders

The MCI II rider is available to persons who:

- Are applying for a Versatile Term (VT) policy where the amount of term coverage is $100,000 or more (on a per life basis on Multi-Life cases).
- Are insured on an existing VT10, VT15, VT20, VT25, VT30, VT75, T5, T10, T65 or T75 policy where the amount of term coverage is $100,000 or more (on a per life basis on Multi-Life cases).

  Note: Full underwriting is required for MCI II riders added after issue of the term base plan. The renewal pattern of the MCI II rider need not match the renewal pattern of the base plan on after issue situations.

- Meet the health qualifications.

  Note: The illustration system provides an online pre-screening questionnaire.

- Meet the following age qualifications:
  - **MCI II 10:** from insuring age 18 to insuring age 65 (issue); insuring age 66 to insuring age 75 (renewal); and
  - **MCI II 25:** from insuring age 18 to insuring age 50 (issue); insuring age 51 to insuring age 75 (renewal).

Number of Lives – Both Riders

Both the MCI/MCI II 10 and MCI/MCI II 25 plans are available on a Single Life or Multi-Life (2-5 lives) basis.

Minimum & Maximum Benefit Amounts – Both Riders

- Minimum = $25,000.
- Maximum = not to exceed the base term life insurance face amount on a per life basis to a maximum of $500,000. Amounts above $500,000 require Head Office approval. In general, individuals wanting more than $500,000 should be considering the stand-alone Critical Assist II product, with its wider coverage of diseases and conditions.

Assuris Coverage – Both Riders

Assuris considers critical illness insurance to be a "protection" benefit, and these types of benefits are fully covered by Assuris up to $60,000. For amounts in excess of $60,000, Assuris covers 85% of the promised protection benefit (but not less than $60,000). Note that Assuris has rules concerning combining coverages, and clients should be counseled to refer to Assuris publications, or to the Assuris website (www.assuris.ca).

New Business Considerations – Both Riders

Backdating

Because of impacts on the survival/qualifying period, backdating, for any purpose, is not allowed on this rider, nor is it allowed on the Versatile Term base plan if this rider is purchased at the same time as the base plan.

Risk Selection Criteria

Some important aspects to keep in mind about the "living benefits" provided by critical illness are:
- Underwriting and claims handling have different characteristics and the same Rider Insured may have different results under critical illness and a life insurance policies written at the same time, including ratings or declines.
- In general, family history plays greater importance with critical illness than with life insurance.

Non-Acceptable Risks

Do not submit an application if the client has or has had any of the following conditions, diagnoses or situations:
- AIDS, a positive HIV test or AIDS related disease
- Alcohol or drug abuse within three years
- Alzheimer's disease
- Amyotrophic lateral sclerosis (ALS or Lou Gehrig's disease)
- Cancer*
- Cystic fibrosis
- Diabetes other than adult onset
- Heart disease, including heart attack, angina, valvular surgery, coronary bypass surgery or angioplasty
- Hemophilia
- Hepatitis other than hepatitis A
- Huntington's chorea

- Kidney disease other than kidney stone
- Motor neuron disease
- Multiple sclerosis
- Organ transplant
- Parkinson's disease
- Permanent paralysis
- Stroke or transient ischemic attack (TIA)
- Systemic lupus erythematosus (SLE)
- Three or more family members with a history of one or more of the critical illness conditions covered, occurring before age 65
- Currently on disability
- Driver's license currently suspended
- Any symptoms or complaints for which he/she has not consulted a physician or received treatment

Note: There are other impairments where critical illness coverage will not be available. If you are unsure, please call your underwriter to discuss before taking an application. Please also refer to the *Non Acceptable Risks* section of this Guide.

*Applicants with certain cancers, including skin cancers other than melanoma or certain early stage cancers, may be eligible for coverage. Please consult your underwriter.

Pre-screening Questionnaire

The purpose of the Pre-screening Questionnaire is to gauge a client's eligibility for an insurance product prior to completing and uploading a formal application. By completing the questionnaire, a financial advisor can determine the type of product the client might qualify for, which is a pro-active way of managing client expectations. Even if the client feels that he/she does not qualify for a particular product, the Pre-screening Questionnaire may show that the client could qualify for a different product. The online Pre-screening Questionnaire is located on the illustration system.

Ratings

A Rider Insured is subject to health, occupation, avocational and professional sport, aviation and military ratings. Health ratings are subject to a maximum of 250% (+150).

Note: The rider could be rated or declined even if the life insurance risk is accepted.

Exclusions

This rider is subject to exclusions, with no corresponding reduction in premium.

Temporary Insurance Agreement – Both Riders

Because of impacts on the survival/qualifying period, there is no critical illness coverage available under the Temporary Insurance Agreement (TIA). However, full premium is required to fulfill the TIA under the basic plan (assuming all other conditions have been met).

Replacements – Both Riders

At this time, there are no provincial regulations requiring disclosure forms when MCI/MCI II is replacing life or critical illness coverage. As a matter of principal, Co-operators Life does not recommend replacements. However, if proceeding, a prudent financial advisor conscious of E&O concerns should discuss the number of illnesses covered in each critical illness plan (including our CA II versus MCI II product), and the fact that the definitions may be different, there are moratoriums which recommence with a new issue, etc.

Financial Underwriting – Both Riders

With appropriate documentation to justify the amount, most clients would be eligible for $100,000 of critical illness coverage. Refer to the *Financial Underwriting Hints* section of this Guide.

Income Replacement
Employed clients who become critically ill will need some form of income continuance to replace their lost wages during disability and recuperation.

The maximum issue limits are as follows:

Age 18-55:	seven times earned income
Age 56-60:	five times earned income
Age 61 & up:	three times earned income

Non-Income Earning Clients

Spouse
Non-income earning spouses will be eligible for critical illness coverage based on family earned income and the critical illness coverage in place on the primary wage earner. The amount of critical illness coverage is limited to the **lesser** of the following:

- $250,000;
- three times the wage earner's income; or
- the amount of critical illness insurance in force on the wage earner.*

*If the primary wage earner does not have any critical illness coverage in place, we require a full explanation before considering any coverage on the non-income earning spouse.

Students
Most students will be eligible for a total line of $100,000 of critical illness coverage. Clients who are studying or have recently graduated from professional programs such as dentistry, medicine, MBA, etc., may qualify for somewhat higher amounts.

Dividend/Pension Income
Since income is unearned and will continue in the event of sickness or disability, a critical illness may not have the same dire impact on lifestyle and cash flow as it would have for someone who is salaried or self-employed and may experience an interruption in earnings. Therefore, it is not appropriate to apply multiples of income to dividend or pension earnings to determine the appropriate amount of critical illness coverage to be offered.

The client's overall debt load in relationship to income should be taken into consideration. Where there is substantial unearned income, over and above daily cost of living expenses, there will be less need for critical illness coverage.

Documentation as to how the amount of critical illness applied for was arrived at must be provided with the application.

Mortgage
Clients who have critical illness income replacement coverage may also want to obtain enough critical illness insurance to reduce or pay off their mortgage in the event of severe illness. This is applicable where the repayment period is for five or more year's duration and the coverage is taken out on the primary wage earner.

Please refer to the *Field Risk Selection Guide (LSR166)* for more information on Risk Selection Criteria, Financial Underwriting Requirements, Insurance on Dependants and Consumer Reports.

Premiums – Both Riders

Premium rates are calculated based on incidence rates - specifically the probability of contracting a given condition. The premium structure is:

- MCI/MCI II 10 - level for 10 years and renewable at attained age rate for successive 10 year periods to expiry (age 75); and
- MCI/MCI II 25 - level for initial 25 year period, renewable at attained age rate for successive 20 year periods to expiry (age 75).

Premium Modes

Premiums are accepted on an annual, semi-annual or monthly (PAD or payroll) mode, subject to the current rules governing each mode.

Coverage Fee

The coverage fee added to the total modal premium for each life is:

		Modal Factor
Annual Mode	$70.00	N/A
Semi-Annual Mode	$36.40	.52
Monthly (PAD/Payroll) Mode	$6.30	.09

Premium Rate Bands

$25,000 - $99,999
$100,000 - $249,999
$250,000 - $500,000

Premium Rate Classes – Both Riders

Premium rates vary by age, gender and smoking habit. The MCI/MCI II premium rate classes for all amounts are:

- Non-Smoker - no use of any nicotine product (including substitutes and marijuana) other than 12 or fewer cigars for a full 12 months preceding the time of applying (i.e., N1-N4 rate classes would qualify). **If a micro-urinalysis (mu) is an Automatic Age Requirement (AAR), it must be free of cotinine (nicotine) at time of underwriting.**

- Regular - all others (i.e., S1, S2, N5).

Versatile Term premium rate classes do not apply.

Note: A Rider Insured with an N5 rate class on a Versatile Term base would be considered a Smoker (Regular rate class) on the critical illness coverage. Due to the difference in the nature of the risk between this rider and the underlying base plan, it is possible that different results may be obtained for the base term plan and the MCI/MCI II rider. One may be standard and the other declined or rated.

Benefit Payable upon Illness – Both Riders

Once an MCI/MCI II claim is approved, the entire critical illness benefit amount associated with the coverage is payable to the Policyowner after all of the following conditions have been satisfied:

- The Rider Insured is diagnosed with a covered condition, as defined below.
- The rider is in effect on the date of diagnosis (as defined in the covered condition) of the covered condition.
- The Rider Insured survives for the survival period or such longer qualifying period as is described in the covered conditions.
- The Rider Insured has not experienced irreversible cessation of all functions of the brain - i.e., an individual can not be kept alive “artificially” just to claim the benefit.

Only one critical illness benefit will be paid under each coverage. The MCI/MCI II coverage goes out of force after the benefit is paid. Refer also to the *Automatic Exclusions* section of this Guide.

Covered Conditions

The "plain language" and "contractual" definitions of the covered conditions follow for both MCI II and MCI. The "plain language" definitions are for reference only. All claims will be adjudicated on the basis of the contractual definitions.

The following definitions follow the "benchmark" or standardized definitions developed by the Canadian life insurance industry. In the past, there were a number of differences in the definitions used in the industry to describe the same basic conditions. This made it confusing for both consumers and financial advisors to objectively compare the level of coverage. Co-operators supported the standardization of CI definitions (representing the typical spectrum of CI product offerings in Canada) and adopted them in order to enhance our competitive advantage.

The MCI II definitions are not more liberalized; rather, they define the intent of the coverage more precisely. As of the date this guide was last updated, there are still some issues to be resolved within the industry regarding benchmark definitions. Therefore, we have not, as yet, promoted this product feature to clients in our MCI II marketing materials.

Covered Conditions – MCI II Rider

Covered Condition	CI definition	CI II definition (issued prior to December 20, 2014)	CI II definition (issued on or after December 20, 2014)
Blindness	**Plain Language Definition** Blindness is the total and irreversible loss of vision in both eyes. The loss of vision must occur after the rider is in force. **Contractual Definition** Blindness is defined as the total and irreversible loss of vision in both eyes as confirmed by an ophthalmologist, with the corrected visual acuity being 20/200 or less in each eye or the field of vision is less than 20 degrees in both eyes. **Date of Diagnosis:** the date this covered condition is first identified by a Medical Practitioner* **Survival Period:** 30 days	**Plain Language Definition** Blindness is the total and irreversible loss of vision in both eyes. The loss of vision must occur after the rider is in force. **Contractual Definition** Blindness *is defined as* a definite diagnosis of the total and irreversible loss of vision in both eyes, evidenced by: • the corrected visual acuity being 20/200 or less in both eyes; or, • the field of vision being less than 20 degrees in both eyes. The diagnosis of Blindness must be made by a Specialist*. **Date of Diagnosis:** The date this Covered Condition is first identified by a Specialist, subject to verification by an Independent Assessment. **Survival Period:** 30 days	**Plain Language Definition** Blindness is the total and irreversible loss of vision in both eyes. The loss of vision must occur after the rider is in force. **Contractual Definition** Blindness *is defined as* a definite diagnosis of the total and irreversible loss of vision in both eyes, evidenced by: • the corrected visual acuity being 20/200 or less in both eyes; or, • the field of vision being less than 20 degrees in both eyes. The diagnosis of Blindness must be made by a Specialist*. **Date of Diagnosis:** The date this Covered Condition is first identified by a Specialist, subject to verification by an Independent Assessment. **Survival Period:** 30 days
Cancer	**Plain Language Definition** Cancer is a type of abnormal or malignant (cancerous) cell growth that spreads throughout the body destroying healthy tissue. Some cancers are not considered life threatening and are not	**Plain Language Definition** Cancer is a type of abnormal or malignant (cancerous) cell growth that spreads throughout the body destroying healthy tissue. Some cancers are not considered life-threatening and are not	**Plain Language Definition** Cancer is a type of abnormal or malignant (cancerous) cell growth that spreads throughout the body destroying healthy tissue. Some cancers are not considered life-threatening and are not

Covered Condition	CI definition	CI II definition (issued prior to December 20, 2014)	CI II definition (issued on or after December 20, 2014)
	covered under this benefit. However, if a cancer spreads to surrounding tissue or organs or progresses, the critical illness benefit will be paid if the condition is not excluded. No benefit is payable under the rider if cancer is diagnosed or if there are any symptoms that lead to the diagnosis of cancer within 90 days of the rider being issued or reinstated. The rider will be terminated and premiums will be refunded. **Contractual Definition** Life-Threatening Cancer is defined as a tumour characterized by the uncontrolled growth and spread of malignant cells and the invasion of tissue. **Life-Threatening Cancer Exclusions:** The following conditions are excluded from coverage for Life-Threatening Cancer: • carcinoma in situ; • Stage 1A malignant melanoma (melanoma less than or equal to 1.0 mm in thickness, not ulcerated and without level IV or V invasion); • any non-melanoma skin cancer that has not become metastatic (spread to distant organs); • stage A (T1a or T1b) prostate cancer;	covered under this benefit. However, if a cancer spreads to surrounding tissue or organs, or progresses, the critical illness benefit will be paid if the condition is not excluded. No benefit is payable under the rider if cancer is diagnosed – or if there are any symptoms that lead to the diagnosis of cancer – within 90 days of the rider being issued or reinstated. The rider will be terminated and premiums will be refunded. **Contractual Definition** Cancer (Life-Threatening) *is defined as* a definite diagnosis of a tumour characterized by the uncontrolled growth and spread of malignant cells and the invasion of tissue. The diagnosis of Cancer must be made by a Specialist.* Exclusion: No benefit will be payable under this condition for the following non- life-threatening cancers: • carcinoma in situ, or • Stage 1A malignant melanoma (melanoma less than or equal to 1.0 mm in thickness, not ulcerated and without Clark level IV or level V invasion), or • any non-melanoma skin cancer that has not metastasized, or • Stage A (T1a or T1b) prostate cancer.	covered under this benefit. However, if a cancer spreads to surrounding tissue or organs, or progresses, the critical illness benefit will be paid if the condition is not excluded. No benefit is payable under the rider if cancer is diagnosed – or if there are any symptoms that lead to the diagnosis of cancer – within 90 days of the rider being issued or reinstated. The rider will be terminated and premiums will be refunded. **Contractual Definition** Cancer (Life-Threatening) *is defined as* a definite diagnosis of a tumour, which must be characterized by the uncontrolled growth and spread of malignant cells and the invasion of tissue. Types of cancer include carcinoma, melanoma, leukemia, and sarcoma. The diagnosis of Cancer must be made by a Specialist.* Exclusion: No benefit will be payable under this condition if, within the first 90 days following the later of, the effective date of the policy, or the date of last reinstatement of the policy, the Insured Person has any of the following: • signs, symptoms or investigations, that lead to a diagnosis of Cancer

Covered Condition	CI definition	CI II definition (issued prior to December 20, 2014)	CI II definition (issued on or after December 20, 2014)
	and • Kaposi's sarcoma. **Date of Diagnosis:** the date this covered condition is first identified by a Medical Practitioner* **90 Day Moratorium on Cancer** If the Life insured has symptoms of or undergoes any tests or medical consultations that lead to a diagnosis of any cancer (life-threatening cancer, excluded cancer or any other cancer) within 90 days after the rider effective date or the date of every reinstatement of this rider, this rider will terminate and we will refund to the policy owner the premiums that have been paid for this rider from the rider effective date to the date the rider is terminated. **Survival Period:** 30 days	**Moratorium Period Exclusion** No benefit will be payable under this condition if: Within the first 90 days following the later of: • the effective date of the policy, or • the effective date of last reinstatement of the policy, the Insured Person has any of the following: • signs, symptoms or investigations, that lead to a diagnosis of cancer (covered or excluded under the policy), regardless of when the diagnosis is made, • a diagnosis of cancer (covered or excluded under the policy). This medical information must be reported to Us within 6 months of the date of diagnosis. If this information is not provided, the Life insured's coverage will terminate and We will refund to the Owner the Premiums that have been paid for the coverage from the Rider Effective Date to the date the coverage is terminated. **Date of Diagnosis:** The date this Covered Condition is first identified by a Specialist*, subject to verification by Independent Assessment.	(covered or excluded under the policy), regardless of when the diagnosis is made; or • a diagnosis of Cancer (covered or excluded under the policy) Medical information about the diagnosis and any signs, symptoms or investigations leading to the diagnosis must be reported to the Company within 6 months of the date of diagnosis. If this information is not provided within this period, the Company has the right to deny any claim for cancer or, any critical illness caused by any cancer or its treatment. No benefit will be payable for the following: • lesions described as benign, pre-malignant, uncertain, borderline, non-invasive, carcinoma in-situ (Tis), or tumours classified as Ta; • malignant melanoma skin cancer that is less than or equal to 1.0mm in thickness, unless it is ulcerated or is accompanied by lymph node or distant metastasis; • any non-melanoma skin cancer, without lymph node or distant metastasis; • papillary thyroid cancer or follicular thyroid cancer, or both, that is less than or equal to 2.0cm in greatest

Covered Condition	CI definition	CI II definition (issued prior to December 20, 2014)	CI II definition (issued on or after December 20, 2014)
		Survival Period: 30 days	diameter and classified as T1, without lymph node or distant metastasis; • chronic lymphocytic leukemia classified less than Rai stage 1; or • malignant gastrointestinal stromal tumours (GIST) and malignant carcinoid tumours, classified less than AJCC Stage 2. For purposes of this policy, the terms Tis, Ta, T1a, T1b, T1, and AJCC Stage 2 are to be applied as defined in the American Joint Committee on Cancer (AJCC) cancer staging manual, 7th Edition, 2010. For purposes of this policy, the term Rai staging is to be applied as set out in KR Rai, A Sawitsky, EP Cronkite, AD Chanana, RN Levy, and BS Pasternack: Clinical staging of chronic lymphocytic leukemia. Blood 46:219, 1975. **Date of Diagnosis:** The date this Covered Condition is first identified by a Specialist*, subject to verification by Independent Assessment. **Survival Period:** 30 days
Coma	**Plain Language Definition** A coma is an unconscious state from which a person cannot be roused or awakened even with intense external stimulation. For benefits to be paid, the	**Plain Language Definition** A coma is an unconscious state from which a person cannot be roused or awakened, even with intense external stimulation. For benefits to be paid, the	**Plain Language Definition** A coma is an unconscious state from which a person cannot be roused or awakened, even with intense external stimulation. For benefits to be paid, the

Covered Condition	CI definition	CI II definition (issued prior to December 20, 2014)	CI II definition (issued on or after December 20, 2014)
	coma state must occur after the rider is in force, it must continue for a continuous period of four days, the person must require life support systems and the coma must not be drug or alcohol induced. **Contractual Definition** Coma is defined as a state of unconsciousness with no reaction to external stimuli or response to internal needs for a continuous period of four days. A coma which results directly from alcohol or drug use is excluded. **Date of Diagnosis:** the date this covered condition is first identified by a Medical Practitioner* **Survival Period**: 30 days	coma state must occur after the rider is in force; it must continue for a continuous period of four days; the person must require life support systems; and the coma must not be drug- or alcohol-induced. **Contractual Definition** Coma *is defined as* a definite diagnosis of a state of unconsciousness with no reaction to external stimuli or response to internal needs for a continuous period of at least 96 hours, and for which period the Glasgow coma score must be 4 or less. The diagnosis of Coma must be made by a Specialist*. Exclusion: No benefit will be payable under this condition for: • a medically induced coma; or, • a coma which results directly from alcohol or drug use; or, • a diagnosis of brain death. **Date of Diagnosis:** The date this Covered Condition is first identified by a Specialist*, subject to verification by an Independent Assessment. **Survival Period:** 30 days	coma state must occur after the rider is in force; it must continue for a continuous period of four days; the person must require life support systems; and the coma must not be drug- or alcohol-induced. **Contractual Definition** Coma *is defined as* a definite diagnosis of a state of unconsciousness with no reaction to external stimuli or response to internal needs for a continuous period of at least 96 hours, and for which period the Glasgow coma score must be 4 or less. The diagnosis of Coma must be made by a Specialist*. Exclusion: No benefit will be payable under this condition for: • a medically induced coma; or, • a coma which results directly from alcohol or drug use; or, • a diagnosis of brain death. **Date of Diagnosis:** The date this Covered Condition is first identified by a Specialist*, subject to verification by an Independent Assessment. **Survival Period:** 30 days

Covered Condition	CI definition	CI II definition (issued prior to December 20, 2014)	CI II definition (issued on or after December 20, 2014)
Deafness	**Plain Language Definition** Deafness is the total and irreversible loss of hearing in each ear. The loss of hearing must occur after the rider is in force. **Contractual Definition** Deafness is defined as the total and irreversible loss of hearing in both ears, with an auditory threshold of 90 decibels or greater within the speech threshold of 500 to 3,000 cycles per second. **Date of Diagnosis:** the date this covered condition is first identified by a Medical Practitioner* **Survival Period**: 30 days	**Plain Language Definition** Deafness is the total and irreversible loss of hearing in each ear. The loss of hearing must occur after the rider is in force. **Contractual Definition** Deafness *is defined as* a definite diagnosis of the total and irreversible loss of hearing in both ears, with an auditory threshold of 90 decibels or greater within the speech threshold of 500 to 3,000 hertz. The diagnosis of Deafness must be made by a Specialist. **Date of Diagnosis:** The date this Covered Condition is first identified by a Specialist*, subject to verification by an Independent Assessment. **Survival Period:** 30 days	**Plain Language Definition** Deafness is the total and irreversible loss of hearing in each ear. The loss of hearing must occur after the rider is in force. **Contractual Definition** Deafness *is defined as* a definite diagnosis of the total and irreversible loss of hearing in both ears, with an auditory threshold of 90 decibels or greater within the speech threshold of 500 to 3,000 hertz. The diagnosis of Deafness must be made by a Specialist. **Date of Diagnosis:** The date this Covered Condition is first identified by a Specialist*, subject to verification by an Independent Assessment. **Survival Period:** 30 days
Heart Attack	**Plain Language Definition** When a heart attack occurs, part of the heart muscle dies because there is a shortage of blood to the heart. A heart attack is an acute event that can be detected by an ECG (Electrocardiogram) and other diagnostic tests. It is possible to have had a silent	**Plain Language Definition** When a heart attack occurs, part of the heart muscle dies because there is a shortage of blood to the heart. A heart attack is an acute event that can be detected by an ECG (Electrocardiogram) and other diagnostic tests. It is possible to have had a silent heart	**Plain Language Definition** When a heart attack occurs, part of the heart muscle dies because there is a shortage of blood to the heart. A heart attack is an acute event that can be detected by an ECG (Electrocardiogram) and other diagnostic tests. It is possible to have had a silent heart

Covered Condition	CI definition	CI II definition (issued prior to December 20, 2014)	CI II definition (issued on or after December 20, 2014)
	heart attack and not know about it. The chance finding of a silent heart attack through an ECG is not covered under this critical illness policy. The benefit will be paid when the person is diagnosed as having suffered a heart attack (not a silent heart attack) so long as the person survives the heart attack by 30 days. **Contractual Definition** Myocardial Infarction (Heart Attack) is defined as the death of a portion of heart muscle as a result of inadequate blood supply as evidenced by: • new electrocardiographic (ECG) changes indicative of a myocardial infarction, and • the elevation of cardiac biochemical markers to levels considered diagnostic for acute infarction. Myocardial Infarction does not include: • an incidental finding of ECG changes suggesting a prior myocardial infarction, in the absence of a corroborating event; or • an elevation of cardiac markers due to coronary angioplasty unless there are diagnostic changes of new Q wave infarction on the ECG. **Date of Diagnosis:** the date this covered condition is first identified by a	attack and not know about it. The chance finding of a silent heart attack through an ECG is not covered under a critical illness rider. The benefit will be paid when the insured is diagnosed as having suffered a heart attack (not a silent heart attack), as long as the insured survives the heart attack by 30 days. **Contractual Definition** Heart Attack *is defined as* a definite diagnosis of the death of heart muscle due to obstruction of blood flow, that results in: Rise and fall of biochemical cardiac markers to levels considered diagnostic of myocardial infarction, with at least one of the following: • heart attack symptoms • new electrocardiogram (ECG) changes consistent with a heart attack • development of new Q waves during or immediately following an intra-arterial cardiac procedure including, but not limited to, coronary angiography and coronary angioplasty. The diagnosis of Heart Attack must be made by a Specialist*. Exclusion: No benefit will be payable under this condition for:	attack and not know about it. The chance finding of a silent heart attack through an ECG is not covered under a critical illness rider. The benefit will be paid when the insured is diagnosed as having suffered a heart attack (not a silent heart attack), as long as the insured survives the heart attack by 30 days. **Contractual Definition** Heart Attack *is defined as* a definite diagnosis of the death of heart muscle due to obstruction of blood flow, that results in: Rise and fall of biochemical cardiac markers to levels considered diagnostic of myocardial infarction, with at least one of the following: • heart attack symptoms • new electrocardiogram (ECG) changes consistent with a heart attack • development of new Q waves during or immediately following an intra-arterial cardiac procedure including, but not limited to, coronary angiography and coronary angioplasty. The diagnosis of Heart Attack must be made by a Specialist*. Exclusion: No benefit will be payable under this condition for:

Covered Condition	CI definition	CI II definition (issued prior to December 20, 2014)	CI II definition (issued on or after December 20, 2014)
	Medical Practitioner* **Survival Period:** 30 days	• elevated biochemical cardiac markers as a result of an intra-arterial cardiac procedure including, but not limited to, coronary angiography and coronary angioplasty, in the absence of new Q waves, or • ECG changes suggesting a prior myocardial infarction, which do not meet the Heart Attack definition as described above. **Date of Diagnosis:** The date this Covered Condition is first identified by a Specialist*, subject to verification by an Independent Assessment. **Survival Period:** 30 days	• elevated biochemical cardiac markers as a result of an intra-arterial cardiac procedure including, but not limited to, coronary angiography and coronary angioplasty, in the absence of new Q waves, or • ECG changes suggesting a prior myocardial infarction, which do not meet the Heart Attack definition as described above. **Date of Diagnosis:** The date this Covered Condition is first identified by a Specialist*, subject to verification by an Independent Assessment. **Survival Period:** 30 days
Stroke	**Plain Language Definition** A stroke occurs when there is permanent damage to an area of the brain due to any of the following events: • There is bleeding into the brain (a hemorrhage); • An artery supplying the brain becomes blocked by a blood clot (a thrombosis); or • A blood clot from another part of the body is carried to the brain and blocks an artery in the brain (an embolus). • Transient Ischaemic Attacks (TIAs)	**Plain Language Definition** A stroke occurs when there is permanent damage to an area of the brain due to any of the following events: • There is bleeding into the brain (a hemorrhage); • An artery supplying the brain becomes blocked by a blood clot (a thrombosis); or • A blood clot from another part of the body is carried to the brain and blocks an artery in the brain (an embolus). Transient Ischemic Attacks (TIAs) are	**Plain Language Definition** A stroke occurs when there is permanent damage to an area of the brain due to any of the following events: • There is bleeding into the brain (a hemorrhage); • An artery supplying the brain becomes blocked by a blood clot (a thrombosis); or • A blood clot from another part of the body is carried to the brain and blocks an artery in the brain (an embolus). Transient Ischemic Attacks (TIAs) are

Covered Condition	CI definition	CI II definition (issued prior to December 20, 2014)	CI II definition (issued on or after December 20, 2014)
	are not covered. **Contractual Definition** Stroke or Cerebrovascular Accident (CVA) is defined as a cerebrovascular event producing neurological sequelae lasting more than 30 days and caused by intracranial thrombosis or hemorrhage, or embolism from an extra-cranial source. There must be evidence of measurable, objective neurological deficit. Transient Ischemic Attacks are specifically excluded. **Date of Diagnosis:** the date this covered condition is first identified by a Medical Practitioner* **Survival Period:** 30 days	not covered. **Contractual Definition** Stroke (Cerebrovascular Accident) *is defined as* a definite diagnosis of an acute cerebrovascular event caused by intra-cranial thrombosis or hemorrhage, or embolism from an extra-cranial source, with: • acute onset of new neurological symptoms, and • new objective neurological deficits on clinical examination, persisting for more than 30 days following the date of diagnosis. These new symptoms and deficits must be corroborated by diagnostic imaging testing. The diagnosis of Stroke must be made by a Specialist*. **Exclusion:** No benefit will be payable under this condition for: • Transient Ischaemic Attacks; or, • Intracerebral vascular events due to trauma; or, • Lacunar infarcts which do not meet the definition of stroke as described above. **Date of Diagnosis:** The date this Covered Condition is first identified by a Specialist, subject to	not covered. **Contractual Definition** Stroke (Cerebrovascular Accident) *is defined as* a definite diagnosis of an acute cerebrovascular event caused by intra-cranial thrombosis or hemorrhage, or embolism from an extra-cranial source, with: • acute onset of new neurological symptoms, and • new objective neurological deficits on clinical examination, persisting for more than 30 days following the date of diagnosis. These new symptoms and deficits must be corroborated by diagnostic imaging testing. The diagnosis of Stroke must be made by a Specialist*. **Exclusion:** No benefit will be payable under this condition for: • Transient Ischaemic Attacks; or, • Intracerebral vascular events due to trauma; or, • Lacunar infarcts which do not meet the definition of stroke as described above. **Date of Diagnosis:** The date this Covered Condition is first identified by a Specialist, subject to

Covered Condition	CI definition	CI II definition (issued prior to December 20, 2014)	CI II definition (issued on or after December 20, 2014)
		verification by an Independent Assessment. **Survival Period:** 30 days	verification by an Independent Assessment. **Survival Period:** 30 days
Paralysis	**Plain Language Definition** Paralysis is the complete and permanent loss of voluntary movement in at least two limbs, whether caused by an accident, illness or disease, which must occur after the rider is in force. All psychiatric related causes are specifically excluded. **Contractual Definition** Paralysis is defined as the complete and permanent loss of use of two or more limbs for a continuous period of 90 days following the precipitating event, during which time there has been no sign of improvement. All psychiatric related causes are specifically excluded. **Date of Diagnosis:** the date this covered condition is first identified by a Medical Practitioner*, subject to verification by an Independent Assessment. **Survival Period:** 30 days	**Plain Language Definition** Paralysis is the complete and permanent loss of voluntary movement in at least two limbs, whether caused by an accident, illness or disease, which must occur after the rider is in force. All psychiatric-related causes are specifically excluded. **Contractual Definition** Paralysis *is defined as* a definite diagnosis of the total loss of muscle function of two or more limbs as a result of injury or disease to the nerve supply of those limbs, for a period of at least 90 days following the precipitating event. The diagnosis of Paralysis must be made by a Specialist. **Survival Period:** 30 days	**Plain Language Definition** Paralysis is the complete and permanent loss of voluntary movement in at least two limbs, whether caused by an accident, illness or disease, which must occur after the rider is in force. All psychiatric-related causes are specifically excluded. **Contractual Definition** Paralysis *is defined as* a definite diagnosis of the total loss of muscle function of two or more limbs as a result of injury or disease to the nerve supply of those limbs, for a period of at least 90 days following the precipitating event. The diagnosis of Paralysis must be made by a Specialist. **Survival Period:** 30 days

Cancer: Obligation to Disclose

The policyowner and the Life Insured (if different from the policyowner) have the obligation to disclose to Co-operators Life, in writing, any information relating to the Life insured about symptoms, medical tests leading to a diagnosis, or any diagnosis of any cancer which occur or are made within 90 days after the policy date or the date of every reinstatement and such information must be provided to us within six months of the date of any symptoms or diagnosis. If there is any failure to disclose such information, there may be no coverage at the time of claim.

Specialist

"Specialist" means a medical practitioner who is trained in the specific area of medicine relevant to the Covered Condition for which the Critical Illness Benefit is being claimed, and who is duly licensed, certified or registered to practice that profession in the Province or Territory in Canada or State in the United States of America (or any other jurisdiction We may approve) in which the person is practicing. In the absence or unavailability of a Specialist, and as approved by Us, a Covered Condition may be Diagnosed by a qualified medical practitioner practicing in Canada or the United States of America. Specialist includes, but is not limited to, cardiologist, neurologist, nephrologist, oncologist, ophthalmologist, burn specialist, and internist.

Licensed, certified, or registered means licensed, certified or registered to practice the profession by the appropriate authority of the Province or Territory in Canada or State in the United States (or any other jurisdiction We may approve) in which care or services are rendered, or where no such authority exists, having a certificate of competency from the professional body which establishes standards of competency and conduct for such profession.

The Specialist cannot be the Owner, the Life Insured, a relative of or business associate of the Owner or of the Life Insured.

Medical Practitioner

"Medical Practitioner" is defined as a physician or specialist who is duly licensed, certified or registered to practice that profession, and **whose practice is limited to the particular branch of medicine relating to the applicable covered condition** and **where appropriate, the specialist identified in the particular covered condition**. The Medical Practitioner must be duly licensed, certified or registered to practice in the province or territory in Canada or the state in the United States (or any jurisdiction we may approve) in which the person is practicing. The Medical Practitioner cannot be:

- the Life insured;
- related to the Life insured; and
- a business associate of the Life insured.

Automatic Exclusions – Both Riders

No critical illness benefit shall be paid in any of the following circumstances:

- when the Rider Insured experiences any symptoms of or undergoes any tests or medical consultations that leads to a diagnosis of any cancer (life-threatening cancer, excluded cancers or any other cancers) within 90 days after:

  - the rider effective date; or
  - the date of every reinstatement of this rider;
- in the event the policy to which this rider is attached has lapsed, and is reinstated within 90 days, for any covered condition for which the Rider Insured has experienced any symptoms of, has undergone any tests or medical consultations for or which is diagnosed between the end of the days of grace and the date we receive payment of all overdue premiums in order to reinstate the policy;
- in the event the policy to which this rider is attached has lapsed, and is reinstated within three years of lapse, for any covered condition for which the Rider Insured has experienced any symptoms of, has undergone any tests or medical consultations for or which is diagnosed between the end of the days of grace and the date the policy is reinstated;
- when a covered condition results directly or indirectly from:
  - an intentional, self-inflicted injury while sane or insane;
  - committing, attempting or provoking an assault or criminal offence;
  - civil disorder, war or act of war, or service in the armed forces of any country, combination of countries, or international organization at war, whether war is declared or not;
  - the intentional taking of any poison, alcohol, drug, narcotic or sedative except as prescribed by a Medical Practitioner;
  - medical care which is not medically necessary or which is of a cosmetic nature. The donation of an organ or tissue will be considered as necessary medical care;
  - the Rider Insured sustaining injuries resulting directly or indirectly from a vehicle accident if the Rider Insured was driving the vehicle involved in the accident and had:
    - alcohol in his or her blood in excess of 80 milligrams of alcohol per 100 millilitres of blood; or
    - his or her judgment impaired by the use or intake of alcohol or any drug, intoxicant, narcotic or poisonous substance except as prescribed and administered by a Medical Practitioner.

    "Vehicle" means a vehicle that is drawn, propelled or driven by any means other than muscular power and without limiting the generality of the foregoing, specifically includes a boat and a snowmobile.

Benefit Payable upon Death – Both Riders

Premium Payback at Death

If the Rider Insured dies while the MCI/MCI II rider is in force, or during the days of grace, and no benefit has been paid, we will pay to the beneficiary the following Premium Payback at Death (PPD) benefit:

- the guaranteed premiums, without interest, that have been paid for the MCI/MCI II rider from the rider effective date to the date of death, subject to a maximum which will not exceed the MCI/MCI II Benefit amount in force at the date of death, less any indebtedness (overdue premium and accrued interest) owed to us by the Policyowner; and
- No disability premium waiver benefit premium on this rider will be refunded.

This is an embedded benefit (i.e., it is automatically issued with the MCI/MCI II rider in all cases). We will require proof of death acceptable to us, which must be provided at the cost of the claimant.

Note: The Premium Payback at **Expiry** benefit is **not** available on the rider.

Beneficiary – Both Riders

The **critical illness** benefit will always be paid to the Policyowner, unless assigned or subject to a garnishee. Because of insurance regulations, the Policyowner cannot name a beneficiary for critical illness benefits. The Policyowner can name a beneficiary for the **Premium Payback at Death** benefit.

Claims Requirements – Both Riders

A Rider Insured must submit a claim for the MCI/MCI II benefit on the appropriate claim forms.

- The form is to be completed by the Rider Insured and the Rider Insured's Medical Practitioner(s).
- Any expenses incurred by the Rider Insured to prove the claim will be the responsibility of the Rider Insured. We may request additional information prior to making a decision.

Proof of the covered condition must be received by us within 120 days of the onset of the covered condition. Failure to furnish proof within this time shall invalidate any claim unless it is shown to have been impossible to furnish the proof within this time frame, and that the proof was furnished as soon as was reasonably possible (and in any event within 12 months after diagnosis of the covered condition).

If the Rider Insured is unable to make a claim (e.g., is in a coma), a duly appointed Enduring Power of Attorney authorizing a party to make such a request can make the claim. Otherwise, any party appointed guardian or administrator of the Rider Insured by the courts can submit the claim.

Independent Assessments – Both Riders

The MCI/MCI II contract calls for the Rider Insured to undergo independent assessments, as may be deemed necessary by us, by Specialists or Medical Practitioner(s) of our choice in order to allow us to adjudicate a claim. Any independent assessment required in connection with this provision will be at the Company's expense.

Limitation – Both Riders

No MCI/MCI II benefit shall be paid if the Rider Insured refuses or fails to attend any medical assessment required by us to adjudicate the claim.

Assignments

Assignments are allowed.

Expiry/Coverage Period – Both Riders

The MCI/MCI II rider will automatically terminate on the earliest of the following:

- 31 days after the due date of any premium which remains unpaid for the rider or for the policy;
- the rider expiration date (which is the rider anniversary nearest the 75th birthday of the Rider Insured);

- the date of death of the Rider Insured;
- upon written request received from the Policyowner to terminate the rider;
- the date of payment of a critical illness benefit under this rider;
- the date the policy terminates; or
- if within the first 90 days following the later of:
  - the effective date of the Rider; or,
  - the effective date of the last Reinstatement of the Policy,

  the Rider Insured has any of the following:
  - signs, symptoms or investigations that lead to a diagnosis of cancer (covered or excluded under the Rider), regardless of when the diagnosis is made,
  - a diagnosis of cancer (covered or excluded under the Rider).

MCI Changes after Issue – Both Riders

Increases/MCI/MCI II Rider Additions

No increases are allowed. The client may purchase a second rider on the same policy, subject to the then current rider minimums and maximums (refer to the *Minimum & Maximum Benefit Amounts* section of this Guide).

Requirements to add an MCI II rider after issue are:

- Sections 1, 3, 5, 6, 7 and 8 of the *Application for Policy Change and/or Reinstatement of Life/Health Insurance Form (LSR005)*, *Mortgage Guard Riders Coverage Information Form (LSR279);*
- initial premium for the rider being added; and
- the base plan to which the MCI II rider is to be added must be a term plan, and the Life to be Insured must have a minimum of $100,000 of term coverage on the policy.
- Age & Amount Requirements using the Age & Amount Requirements (AARs) Chart.
- Backdating is not available.

Note: The Age & Amount Requirement Chart can be found under the Product Resources Tab on the LIFE Pages.

Decreases – Both Riders

The policyowner may decrease the coverage amount once per calendar year, subject to the then current minimums (refer to the *Minimum & Maximum Benefit Amounts* section), without incurring a service fee. Any additional changes to coverage amounts shall be subject to a service fee as determined by the Company at the time of the change. Any decrease takes effect on the date the Company accepts the change.

Conversion Privileges – Both Riders

The rider may not be converted. If the term base is converted, the rider is terminated.
For partial conversions of the term base, a minimum of $100,000 must remain in force on the term base.

Change in Rate Class/Rating Review – Both Riders

MCI/MCI II Rider on a Preferred VT Base - Rate Class Change

- The entire policy must be reissued on a current date/age basis.*
- Evidence will be at the client's expense, with reimbursement only if the change to the Non-Smoker rate class is allowed.
- Forms:
  - Sections 1, 3, 4, 5, 6, 7 and 8 of *LSR005*; and
  - *Disclosure Forms.*
- Other Evidence Requirements: AARs for current age and amount of base plan coverage plus any others that the underwriter deems necessary to assess the risk (all at the client's expense).

Note: Existing in-force or other pending critical illness coverage with The Co-operators and other companies may modify underwriting requirements. In the event the client has stopped use of all nicotine products (including substitutes and marijuana) at the time of the original application, but not for a full 12 months, we are prepared to consider a change to Non-Smoker within six months of the date of the Tele-Interview,* with an Orasure rather than repeating full AARs. All other conditions and forms listed above would apply.
***Note**: The shelf life of the Tele-Interview is six months.

MCI/MCI II Rider on a Preferred VT Base - Rating Reviews

- Minimum one-year waiting period.
- The entire policy must be reissued on a current date/age basis, except where the rate class remains the same and only the rating is reduced or removed.*
- Evidence is at the client's expense, with reimbursement only if rating is reduced.
- Forms:
  - Sections 1, 3, 4, 5, 6 and 7 of *LSR005*; and
  - *Disclosure Forms.*
- Other Evidence Requirements: AARs using current age and amount of base plan coverage plus any others that the underwriter deems necessary to assess the risk (all at the client's expense).

Note: Existing in-force or other pending critical illness coverage with The Co-operators and other companies may modify underwriting requirements.

MCI/MCI II Rider on a Non-Preferred VT Base - Change from Smoker (Regular) to Non-Smoker

A change to the Non-Smoker rate class will be effective as of the current date, but the original policy age and date will be retained. This will necessitate the following requirements:

- Sections 1, 3, 4, 5, 6 and 7 of *LSR005; and*
- Orasure Saliva Test.

Previously, full Age and Amount Requirements (AARs) were required to apply for this change.

Note:

- The client must meet our current Non-Smoker definition (i.e., no use of any form of tobacco, marijuana, nicotine product or substitute for the preceding 12 months).
- The Underwriting Department will review the evidence received and additional medical evidence may be required to assess the risk.
- Any additional evidence will be at the client's expense with reimbursement available only if Non-Smoker rates are approved.
- Existing in-force or other pending critical illness coverage with The Co-operators and other companies may modify underwriting requirements.

MCI/MCI II Rider on a Non-Preferred VT Base - Rating Reviews

- Minimum one-year waiting period.
- Sections 1, 3, 4, 5, 6 and 7 of *LSR005*.
- The Underwriting Department will review the evidence received and additional medical evidence may be required to assess the risk.
- Any additional evidence will be at the client's expense with reimbursement available only if the rating is reduced.
- Any change to the rating will be effective as of the current date, but the original policy age and date will be retained.
- Existing in-force or other pending critical illness coverage with The Co-operators and other companies may modify underwriting requirements.

Reinstatements – Both Riders

Reinstatement retaining the original effective date is only available if the policy has been lapsed for 90 days or less. The policy can be reinstated without evidence if:

- all arrears are received within 90 days of the premium due date; and
- Sections 1, 3, 5, 6 and 7 of *LSR005*;

After the policy has been lapsed for more than 90 days, a new application with full evidence is required.

Note: Existing in-force or other pending critical illness coverage with The Co-operators and other companies may modify underwriting requirements. Co-operators Life pays the cost of evidence for the first reinstatement – the client pays the cost for subsequent reinstatements, and will not be reimbursed.

Where a term policy (to which an MCI/MCI II rider is attached) has lapsed more than 90 days, it is generally not in the client's best interest to reinstate with an original effective date. If a financial advisor has a situation where it is to the client's benefit, the above rules regarding current dating and full evidence would apply to the critical illness riders.

Important Note: The 90-Day moratorium on cancer starts again on the reinstatement date.

Taxation – Both Riders

There is no official Canada Revenue Agency (CRA) ruling yet on the tax treatment of critical illness benefits. The current industry consensus is:

- If the MCI/MCI II premium **is** paid by the Rider Insured, the critical illness benefit is treated as non-taxable to the Rider Insured as the recipient.
- If the MCI/MCI II premium **is not** paid by the Rider Insured, and it is:
  - Paid by a corporation, the critical illness benefit is likely taxable to the recipient.
  - Paid by an individual, the critical illness benefit is possibly taxable to the recipient.

Dividends – Both Riders

No dividends are payable on MCI/MCI II riders. The majority will be issued with non-participating policies. Some may be added to our old participating term.

Chargebacks – Both Riders

The chargeback schedule is the following percentage of first year commission (FYC):

Lapse During Month:	Chargeback % of FYC:	Lapse During Month:	Chargeback % of FYC:
1	100%	14	48%
2	96%	15	44%
3	92%	16	40%
4	88%	17	36%
5	84%	18	32%
6	80%	19	28%
7	76%	20	24%
8	72%	21	20%
9	68%	22	16%
10	64%	23	12%
11	60%	24	8%
12	56%	25	4%
13	52%	26+	0%

No chargebacks will occur upon a death claim. No chargebacks will occur if the coverage is terminated due to the 90-day cancer moratorium provision.

Financial Advisor Licensing – Both Riders

An accident & sickness license is required to sell this product.

MCI/MCI II Disability Premium Waiver (DPW)

This optional benefit waives only the MCI/MCI II rider and MCI/MCI II DPW premiums after the Rider Insured has become totally disabled for six consecutive months, and is available only if the client elects

DPW on the base term plan. If a client elects DPW on the base plan, they must elect DPW on the MCI/MCI II rider.

General – Both Riders

All premiums falling due on the rider while the Rider Insured is totally disabled will be waived. The Rider Insured must become totally disabled (as defined below) while this provision is in force.

Premiums for the rider and for this additional DPW benefit are payable until the DPW claim is approved. Any premium paid and later waived will be refunded. We will not waive any premium that fell due more than one year before the written notice of claim is received by Co-operators Life.
"Totally Disabled" means that disability is caused by accident or sickness while this provision is in force, lasts continuously for six or more consecutive months and prevents the Rider Insured from working for wages or profit in any occupation.

Eligibility – Both Riders

New Issues
The MCI II DPW rider is available to persons who elect the MCI II rider, and who elect DPW on the base term coverage, and who meet:

- the health qualifications - on two life cases, both lives must qualify; and
- the following age qualifications - on two life cases, both lives must qualify:
  - when adding the benefit to a MCI II 10 rider: from insuring age 18 to insuring age 55; and
  - when adding the benefit to a MCI II 25 rider: from insuring age 18 to insuring age 50.

Renewals
MCI II DPW renewals are based on the following ages:
MCI II DPW10: insuring age 56 – insuring age 59
MCI II DPW25: insuring age 51 – insuring age 59

Existing Policies – Both Riders
When adding MCI II DPW to an existing term policy:

- if the term policy has DPW, then DPW must also be added to the MCI II rider.
  - **Note**: If, at the time of purchasing MCI II DPW, the Life to be Insured no longer qualifies for DPW (for age or health reasons), the DPW on all life insurance coverages on the term policy will be terminated.
- if the existing term policy does not have DPW, and MCI II DPW is desired, DPW must be added to all term life insurance coverages on the policy.

Premiums – Both Riders

The additional premium required for this benefit is shown on the illustration system.

Number of Lives – Both Riders

This benefit is available on:

- Single Life cases; and
- Multi-Life cases – two lives only, and both lives must qualify (health and age).

Expiry/Coverage Period – Both Riders

Single Life Cases

This benefit terminates at the earlier of:

- the benefit anniversary date nearest the Rider Insured's 60th birthday;*
- the lapse, surrender or termination of the MCI/MCI II rider to which this additional benefit is attached; or
- the date we receive a written request to cancel the benefit.

*Unless on DPW claim. If on DPW claim at insurance age 60, we will continue to waive premiums until the base plan benefit is paid, or the base plan terminates, if sooner.

Two Life Cases

This benefit terminates at the earlier of:

- the benefit anniversary date nearest the oldest of the Rider Insured's 60th birthday;*
- the lapse, surrender or termination of the MCI/MCI II rider to which this additional benefit is attached; or
- the date we receive a written request to cancel the benefit.

*Unless either life is on DPW claim. If either life is on DPW claim at insurance age 60, we will continue to waive premiums until the base plan benefit is paid, or the base plan terminates, if sooner.

Automatic Exclusions – Both Riders

Premiums will not be waived if total disability results directly or indirectly from, or is associated with:

- self-inflicted injuries while sane or insane;
- civil disorder, war or act of war whether declared or not;
- aircraft accident unless the Rider Insured was traveling as a passenger having no duties on, or relating to, the aircraft for flight; or
- service in the armed forces of any country, combination of countries, or international organization at war, whether war is declared or not.

Conversion Privileges – Both Riders

The MCI/MCI II DPW benefit and the MCI/MCI II rider do not carry any conversion privileges. If a change is made to the base, it may require changing the MCI/MCI II rider.

Notice and Proof of Claim – Both Riders

A written notice of claim must be received by Co-operators Life prior to the expiry date of this provision. This must be done during the lifetime of the Rider Insured and during continuance of total disability. The proof of total disability must be received by Co-operators Life within 60 days of the written notice of claim. Otherwise, the notice of claim will be deemed to have been received by us only 60 days before the proof of claim was received. No claim will be allowed if the notice and proof of claim have not been given within one year after the expiry date of this benefit.

Proof of Continuance of Total Disability – Both Riders

Proof of continuance of total disability will be required at least annually during the duration of any total disability. If satisfactory proof of the continuance of total disability is not given when required, or if total disability ceases, the waiver of premiums will end as of such date. The premiums will then become payable in accordance with the terms of the policy.

2 Life Cases:

- both must qualify (age & health)
- we will waive both premiums (for MCI II Rider and MCI II DPW) for both lives if either life becomes disabled

Best Doctors®

The reason we developed our critical illness and disability insurance products was to help our clients deal with the consequences of a serious illness or disability. We do this firstly by assisting them financially through a claim benefit – in a lump sum format (critical illness) or monthly payment (disability insurance). One other important client need in a "living benefit" situation is information about care options and ways to access it.

Co-operators Life has provided access to an innovative, world-leading service called Best Doctors® to clients making claims under the Mortgage Guard Disability Insurance (MDI) riders, Mortgage Guard Critical Illness (MCI), Mortgage Guard Critical Illness II (MCI II) riders and Critical Assist (CA) and Critical Assist II (CA II) plans.

Key Points

Key points to keep in mind regarding this plan are that Best Doctors:

- Provides information and assists with access – the client is required to pay any expenses involved in receiving medical care.
- Services are only available to those insured under an MCI/MCI II rider, MDI rider, CA/CA II, or CA Head - Start policy. For the MDI rider, a specific list of conditions is provided below.
- Is not available to uninsured family members.
- Services relate **only to the conditions covered** by the MCI II rider, MDI rider and Critical Assist II policies and only at the time of diagnosis or claim.
- Is not a medical help line for all medical concerns.
- Services are **not** included contractually, but rather on a "best efforts" basis. Co-operators Life has no involvement with or responsibility for any Best Doctors services. The service can be cancelled at any time without notice.
- Is a **confidential, multi-lingual** (English, French, Spanish, Portuguese and Arabic) service **independent** of our claims process.

While the cost of the Best Doctors service is covered by Co-operators Life, **all costs of obtaining health care are the responsibility of the client.**

Conditions Covered by Best Doctors Services

MDI Covered Conditions	MCI/MCI II* Covered Conditions**
	Full Payout Conditions:
The covered conditions are those that meet the definition of disability under the MDI claim approval process.	Blindness
	Cancer (Life-Threatening)
	Coma
	Deafness
	Heart Attack (Myocardial Infarction)
	Paralysis
	Stroke (Cerebrovascular Accident)

*All the MCI/MCI II covered conditions are eligible.
**For adjudication of a claim, the definitions as set out in the applicable policy contract shall apply.

Overview

Best Doctors is a world leader in connecting people with the best medical care. Using its renowned database of over 50,000 doctors recognized as the best by top specialists, Best Doctors provides rapid access to the best medical knowledge and peace of mind to thousands of people around the world faced with a serious illness. Best Doctors services are available worldwide serving more than 10 million lives in 30 countries.

Key Services

- Medical Advice and Treatment Planning (InterConsultation™)
- Identification of the Right Care Provider (FindBestDoc™)
- Care Management (FindBestCare™)

Key Advantages for Your Clients

Best Doctors provides the following services, at no cost to your clients:
- rapid answers to medical questions without having to leave home;
- ongoing support to help clients make informed healthcare decisions;
- quick confirmation of the diagnosis;
- immediate access to a unique database of 50,000 doctors who have been deemed “best” by their peers (note that clients retain the right to choose their doctor), as well as to a worldwide database of information/treatments for complex conditions;
- access to the top-rated U.S.A. hospitals at preferential rates;
- continuous access to Personal Care Managers; and

- ongoing assistance with hospital admittance process, medical appointments, estimates, travel and lodging arrangements.

Best Doctors continuously oversees the treatment process on the patient's behalf to ensure that his/her medical priorities are met. Accurately diagnosing and applying the most appropriate treatment regimen can significantly improve the overall care, recovery time and outcomes for patients.

Key Sales Advantages for Financial Advisors

- **Branding Opportunities:** A proven brand that will help differentiate The Co-operators from other competing insurance products, Best Doctors is a recognized global brand, providing your clients with confidence and security.
- **Fulfillment:** While the critical illness and disability income products you are providing will meet the financial needs your clients, Best Doctors will meet the medical needs. By offering Best Doctors services, we will be going beyond providing just a claim cheque.
- **Top Line Sales:** Best Doctors will provide an innovative service that adds value to our critical illness and disability insurance products, giving you a new way to promote health insurance and further strengthen your multi-line client relationships.
- **Retention:** Integrating Best Doctors as part of health policies can help increase retention, as the suite of services of Best Doctors are unavailable outside an insurance plan.

Best Doctors Program in Detail

Best Doctors developed a suite of services aligned with consumer driven objectives that:

- Define the medical problem.
- Facilitate selection of physicians and link patients with hospitals.
- Manage all details of the case.

Best Doctors has developed its solutions through three key services:

InterConsulation™ - Medical Advice and Treatment Planning

- In depth review of a client's medical files for confirming the diagnosis and most effective treatment modality.

This is a service that provides your client and their doctor with access to expert advice. Upon diagnosis of one of the conditions covered by the Best Doctors service, world class medical specialists will review your client's medical records and provide a customized evaluation of the medical condition, in a report sent to the client and their doctor within 10 days of receipt of the necessary medical records. The report will evaluate diagnosis and recommend appropriate treatment options that your client and their treating physician may wish to consider. Please remember that your client must meet their own costs of any private medical treatment.

The patient and the doctor have access to the latest tests, technologies, and the opinions of world-class doctors. With a fast and detailed turnaround of results, this "second opinion" can reduce potentially serious complications from a misdiagnosis, and help the patient's local treating physician determine the proper course of action.

FindBestDoc™ - Identification of the Right Care Provider

- A customized search across a continuously updated global database of over 50,000 world-class specialists who are most qualified to meet a patient's specific medical needs. The database is developed using a comprehensive, peer-review methodology. Best Doctors does not accept financial compensation nor does it compensate physicians for inclusion in the network to maintain the quality and integrity of the database.
- FindBestDoc is available following InterConsultation™

This is a service that puts knowledge in the hands of your client. Clients will have access to a Personal Care Manager, who will work with doctors affiliated with Harvard Medical School to help explain the patient's options and determine the best care provider for the specific condition. Every recommendation is based solely on quality and expertise. From a database of 50,000 specialists, Best Doctors will recommend up to three doctors whose skill and experience are most suited to treat the condition. Once again, remember that your client must cover the cost of any private medical treatment.

FindBestCare™ - Care Management

- Assistance with the hospital admittance process and medical appointments.
- This is a service that helps your client identify and access the most qualified centres in the U.S. for treatment of their condition. Best Doctors will coordinate the necessary information among the medical specialists involved, while continually monitoring the treatment process to ensure the patient's medical priorities are met. If your client requires travel assistance, the VIP Concierge service will assist with reservations and accommodations. This can help reduce the stress of receiving the care away from home.
- Access to discounts.
- In addition to assisting with hospital admittance appointments, Best Doctors will provide access to hospital and doctor discounts through its network of leading academic medical centers.

How the Process Works

1. The Policyowner receives a Best Doctors certificate when the policy is issued, and the Life Insured has access to Best Doctors upon diagnosis of a covered condition. At that point:
   - The Life Insured calls the toll-free number indicated on the certificate.
   - Best Doctors verifies their eligibility with Co-operators Life.
   - Best Doctors will advise the client about the medical information the client needs to submit for the consultation.
2. The medical records are reviewed by the Best Doctors medical team in Boston.
   - The global best doctor is commissioned for the record review.

- A case summary is produced.

3. Best Doctors will generate a "Care Proposal Report" to assist with provider selection. Clients always select their doctor.
4. A Best Doctors Patient Advocate will assist the patient with:
   - coordinating travel and lodging;
   - arranging medical appointments;
   - providing hospital estimates and discounts;
   - arranging for pre-admission;
   - coordinating ground transportation; and
   - responding to patient inquiries 24-hours/day.

Frequently Asked Questions

Is Best Doctors offered by other insurance companies?
Companies such as ManuLife and AIG offer Best Doctors services.

Is Co-operators Life encouraging Canadians to bypass the public health care system for treatment in the U.S.A.?
Absolutely not - more than 90% of Best Doctors cases are locally treated and resolved through the patients' treating physicians.

Does Best Doctors arrange for clients to see a doctor faster than those waiting to see the same doctor on their own?
No. Our clients will not have better access to Canadian doctors, but will have better access to information to tell them which doctors in Canada and around the world have the highest level of skill and expertise – as rated by their peers – for treating their condition. In other words, clients will not jump the queue, but can be assured that they are in the right queue for their particular illness.

Does a client need to return the benefit to Co-operators Life if a second opinion reveals an inaccurate diagnosis?
Co-operators Life will not ask for the benefit to be repaid regardless of the outcome of Best Doctors findings once the claim is approved and paid. Co-operators Life is no longer directly involved in the case after that point. All subsequent communication involving medical diagnosis and treatment remains confidential between the client and Best Doctors.

Can client family members use Best Doctors services?
The services are only available to the Lives Insured under the rider/policy.

Can one purchase Best Doctors services without MDI, MCI/MCI II or CA/CA II/CA II LOIE/CA - Head Start insurance?
Yes, but it could cost thousands of dollars depending on the complexity of the case.

About Best Doctors

Best Doctors has clients in 30 countries including Canada, United States, United Kingdom, France, Italy, Spain, Belgium, Austria, Japan, Saudi Arabia, Mexico, Brazil, Argentina, Venezuela, Colombia and Ecuador. Currently, Best Doctors serves close to 10 million lives through large insurers, employers, affinity groups, governments and financial groups.

Created in 1989, Best Doctors vision was shaped by its founders, professors of medicine at Harvard Medical School, who spent many years caring for patients committed to surviving life-threatening illnesses. Together, they realized that patients with difficult illnesses often lacked guidance and support to successfully access the best medical care without restrictions.

Global Presence

Best Doctors identifies the best doctors for treatment around the world:

North America	Europe	Asia Pacific	Latin America
USA Canada Mexico	The United Kingdom Germany Spain Italy Austria	Japan Hong Kong Australia	Brazil Argentina Chile Colombia Uruguay Paraguay Surinam Panama Guatemala El Salvador Belize Jamaica Dominican Republic Bahamas Barbados Trinidad and Tobago Virgin Islands