



NAME OF INSURANCE PRODUCT

Companion **EXTEND 7A**

Group Insurance:
LIFE • CRITICAL ILLNESS • DISABILITY

Distribution Guide

INSURER'S CONTACT INFORMATION

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DISTRIBUTED BY:

RESPONSIBILITY OF THE AUTORITÉ DES MARCHÉS FINANCIERS.
The Autorité des Marchés Financiers has not determined the quality of the product offered in this **guide**. **The insurer is solely responsible for any differences between what is contained in this guide and in the policy.**

SAMPLE

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I. INTRODUCTION

The purpose of this distribution guide is to describe the insurance product offered with the financing that you were granted. As you do not have guidance from an insurance representative, you will have to decide for yourself if this insurance product meets your needs. This guide will explain things to help you make a decision. The product that you are being offered will insure the loan that you made with the lending institution.

Words defined in the guide or followed by an explanation are shown in ***bold and italics***.

II. DEFINITIONS

Applicant: the Debtor and/or Co-Debtor named on the application, that:

- a) are debtor(s) under the **Financed Amount**; and
- b) satisfy the **Eligibility Requirements**; and
- c) are subject to the **SHQ**; and
- d) have paid the applicable premium for the insurance coverage selected on the Application.

Upon approval of coverage, the Applicant becomes the Insured.

Balloon Amount: a lump sum payment due at the end of the term of a lease.

Certificate of insurance or Certificate: this application, the SHQ (if applicable) plus any additional documents regarding your coverage issued to you by the insurer and forms your contract of insurance.

Critical illness (CI): *Diagnosis* of any of the following covered conditions which occur directly as a result of illness, and first occur after the effective date of insurance:

a) *Life-Threatening Cancer:*

Diagnosis of a malignancy characterized by the uncontrolled growth and spread of malignant cells and the invasion of tissue but not including:

- Pre-malignant lesions, benign tumours or benign polyps;
- Any skin cancer, other than invasive malignant melanoma into dermis or deeper;
- Non-invasive cancer in situ;
- Early prostate cancer diagnosed as T1 N0 M0 or equivalent staging; or
- Any tumour in the presence of the human immunodeficiency virus (HIV).

b) *Heart attack* (Myocardial Infarction):

Death of a portion of the heart muscle as a result of inadequate blood supply to the relevant area. The diagnostic must be confirmed by both:

- 1) new electrocardiographic changes indicative of a myocardial infarction or by new clinical presentation, only in cases where the ECG can not be interpreted (complete bundle branch block, WPW, pace-maker), AND
- 2) characteristic changes of cardiac biochemical markers (troponin or CPK or CPK-MB) to levels consistent with acute myocardial infarction.

Exclusions:

- 1) Heart Attack occurring in the 48 hours following an elective revascularization procedure, unless it is accompanied by new pathological Q waves.
 - 2) Heart Attack diagnosed by any other method, unless the diagnosis is confirmed as described above.
- c) Coronary Artery Bypass Surgery:**
Heart surgery performed to correct narrowing or blockage of one or more coronary arteries with bypass grafts. Non-surgical techniques such as balloon angioplasty, laser embolectomy or other non-bypass techniques are excluded.
- d) Stroke:**
Acute cerebral vascular accident (CVA) producing neurological impairment and resulting in paralysis or other measurable objective neurological deficit persisting for at least thirty (30) days following the occurrence of the stroke. Transient Ischemic Attacks (TIAs) are not covered.
- e) Major Organ Failure Requiring Transplant:**
The irreversible failure of one or more of the liver, bone marrow, entire heart, both lungs or both kidneys requiring a transplant of that organ, resulting in the insured being accepted into a recognized transplant program in Canada. The insured must survive at least 30 days following the date of enrollment into the transplant program.
- f) Paralysis:**
Paralysis resulting in complete and permanent loss of use of two or more limbs without interruption for a period of 90 days. At the end of such period, the Specialist must certify that the paralysis is complete and permanent.

Diagnosis: Certified diagnosis of the Insured with a Covered Condition by a Specialist.

Effective Date of Insurance:

- a) The Requested Effective Date, if you are not subject to the SHQ; or
- b) the Requested Effective Date, if you are subject to the SHQ and you answered «no» to all of the Health Questions and your Insured Financed Amount plus Insured Residual Value for Life or CI are less than \$300,000; or
- c) if a) and b) don't apply, the date we notify you in writing that your coverage has been approved.

Financed Amount: the debt described on the Certificate, payable in whole or part by installments, resulting from your debt to the Financial Institution, if one is named.

Injury: bodily injury caused by an accident that occurs after the Effective Date of Insurance. The injury must result from the accident, directly and independently of any other causes and must solely cause the death or Total Disability.

Insurance: Life, CI and/or Disability Insurance coverage selected on this certificate.

Insured: the Debtor and Co-Debtor named on the Certificate, who are debtor(s) under the Financed Amount, and have selected Insurance and, if applicable, have received the Insurer's written approval of coverage. The Insured must be a natural person, not a partnership, company or association.

Insured Loan: the debt described on the certificate by the Insured Financed Amount over the Insurance Term in Months at the Interest Rate where the finance term equals the amortization term. If a) the Financed Amount is greater than the Insured Financed Amount or b) your Amortization Term is greater than your Insurance Term, the Insurance benefit may not pay the full outstanding balance of your financial obligation.

Insurer: Industrial Alliance Insurance and Financial Services Inc.

PLUS Insured Loan: the debt described on the certificate by the Insured Financed Amount over the Amortization Term in Months. If the Financed Amount is greater than the Insured Financed Amount, the insurance benefit may not pay the full outstanding balance of your financial obligation.

Pre-existing Condition :

- (A) in relation to Life and/or Disability Insurance, an illness, disease, mental, nervous or psychiatric condition or disorder for which any of (i) medical advice (ii) treatment (iii) service (iv) prescribed medication (v) diagnosis or (vi) consultation, including consultation to investigate, follow-up and/or diagnose (where diagnosis has not yet been made) was received by you or would have been received by a prudent individual within both (a) the 12 months immediately preceding the effective date of insurance and (b) the 12 months immediately following the effective date of insurance.
- (B) in relation to CI Insurance, an illness, disease, mental, nervous or psychiatric condition or disorder for which any of (i) medical advice (ii) treatment (iii) service (iv) prescribed medication (v) diagnosis or (vi) consultation, including consultation to investigate, follow-up and/or diagnose (where diagnosis has not yet been made) was received by you or would have been received by a prudent individual anytime prior to the effective date of insurance.

Seasonally or Seasonal: as used with reference to work, means work that is limited in frequency by weather or other natural conditions and does not include occupations limited by availability of work.

Sickness: illness, disease or psychiatric disorder that first becomes manifest after the **Effective Date of Insurance**.

Specialist: Physician licensed and practicing in Canada whose practice is limited to the particular branch of medicine relating to the applicable Covered Condition and who is not the Insured, a relative or business associate of the Insured.

Total financial obligation: the financed amount plus any residual value.

Totally Disabled or Total Disability: your inability, solely due to Sickness or Injury to perform all the duties of your occupation. After you have been Totally Disabled for 12 continuous months (plus any Elimination Waiting Period), Total Disability means your inability solely due to sickness or injury, to perform all duties of any occupation for which you are or can become reasonably qualified by virtue of your education, training, or experience. You are not Totally Disabled if you are working full or part time or if you have retired. Lack of work does not constitute Total Disability or entitle you to Insured Monthly Payments.

III. DESCRIPTION OF THE INSURANCE

This product is designed to provide you with **insurance** coverage for the debt that you have contracted with the group policyholder, in whole or in part, by instalments.

You can obtain any of the three policies separately or together.

- Life insurance
- Critical illness insurance
- Disability insurance

This debt is the result of a loan or a lease of a property that you have obtained from a retailer or a financial institution.

The **certificate** will not be issued if your **total financial obligation** and/or monthly payment to Ford Credit exceeds the maximum amount of **insurance** and/or maximum insured monthly payment, or if your finance/lease term exceeds the maximum insurance term listed on the **certificate**.

A) LIFE INSURANCE

a) Coverage

This **insurance** will protect you in the event of death. The **insurer** will reimburse your retailer or the financial institution the balance of the loan or the balance of the payments until the expiration of the **insurance**, subject to the conditions described in the **certificate**.

The option “PLUS Insurance” cannot be financed by Ford Credit or its associates and you have to insure your **total financial obligation** for all the duration of your financing/loan.

You can choose between two types of life insurance coverage:

- i. Monthly Decreasing Term Life Insurance**
- OR
- ii. Monthly Decreasing Term Life Insurance PLUS**

b) Description of the Coverage

- i. The Monthly Decreasing Term Life Insurance covers the covered balance of your loan throughout the duration of the chosen **insurance**.

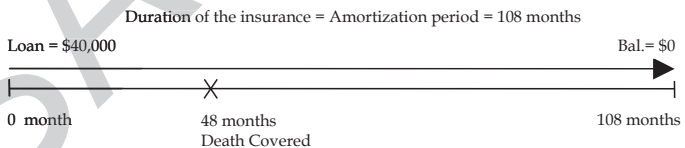
This coverage is offered when the amortization term of your loan is equal to that of the **insurance**. This **insurance** benefit will cover the covered balance of the loan in the event of your death.

In the event that you have chosen a lease or financing contract with a residual value (at the end of your financing term), the residual life insurance value will cover this amount if it was selected.

Example

Pauline has a loan with an amortization period of 108 months that is equal to the duration of her **insurance**. In the event she dies at any time throughout the duration of her loan, the balance of the loan will be reimbursed to the financial institution.

Here is the scenario:



- ii. The Monthly Decreasing Term Life Insurance PLUS covers the balance of your loan covered throughout the duration of the chosen **insurance**.

This coverage is offered when the amortization term of your loan is longer than that of the **insurance**. This **insurance** benefit will cover the balance of the covered loan, in the event of your death during the term of coverage.

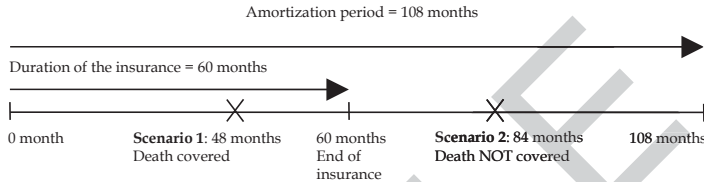
Example

John's loan has an amortization period of 108 months, which is longer than his **insurance** coverage, 60 months.

In scenario 1 below, if he dies in the 48th month, the balance of the loan is covered.

In scenario 2 below, if he dies in the 84th month, he is not covered because the death occurs after the expiration of his **insurance** coverage which was 60 months.

Here is the scenario:



In the above example, Life Insurance PLUS is the appropriate choice of coverage in order to cover the debt adequately during the term of coverage because the amortization of the loan is longer than the term of the *insurance*.

Caution!
You can insure yourself for only one of the two life insurance coverages.

c) Eligibility

- i. The **insured** may be:
 - the debtor, who is the principal borrower or
 - the co-debtor, either a co-borrower or someone who has guaranteed the principal borrower or
 - the debtor and the co-debtor.
- ii. On signing the **certificate**:

You must:

- be a natural person and
- be 17 years of age or more, but less than 68 years old.

- iii. Supplemental Health Questionnaire (page 17)

d) Conditions and Limitations

i. Maximum amount of **insurance**

The life insurance benefit cannot exceed the following maximum amount:

- \$500,000 (people aged 17 to 55 years) on the effective date of **insurance**
- \$200,000 (people aged 56 to 67 years) on the effective date of **insurance**

The maximum amount of **insurance** that can be purchased is determined by:

- the amount borrowed; and
- the age of the eldest applicant; and
- the total amount of all loans insured with the **insurer**

Please note that we cannot issue insurance for an amount greater than the amount of the loan.

Example 1

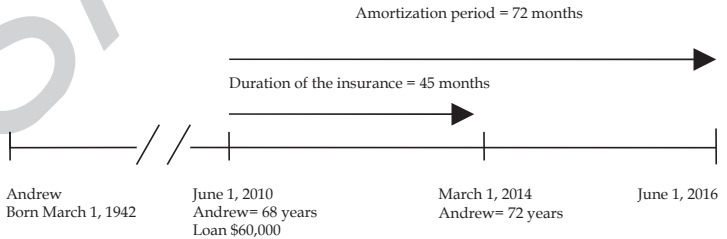
Andrew, aged 68, has a loan of \$60,000 with a 72 month amortization. Given that the **insurance** ends at age 72, Andrew cannot insure his loan for more than 45 months.

Here is the scenario:

Andrew was born March 1, 1942.

He will be covered if he dies before March 1, 2014.

If he dies on or after March 1, 2014, he will not be covered.



At no time can the benefit paid exceed the total insurable limit adjusted according for the participant's age.

If the **co-insured** and the **insured** die at the same time, only one benefit will be paid.

- ii. We will not pay any late payment or any interest resulting from a late payment on the **amount financed** at the time of the death.
- iii. Coverage cannot be transferred to another individual.
- iv. An **injury** must occur after the effective date of **insurance**. The **injury** must be the result of an accident, directly and independent of any other cause, and cause only death.
- v. The illness must appear for the first time after the effective date of **insurance**.

Caution!

With life insurance and life insurance PLUS, the insurance benefit may not cover the entire amount of the unpaid balance of your debt in the event the amount borrowed is greater than the amount insured.

B) CRITICAL ILLNESS INSURANCE

a) Coverage

The critical illness insurance will protect you in the event you are **diagnosed** with a **critical illness**. The **insurer** will reimburse your retailer or the financial institution the balance of the loan or the balance of the payments until the expiration of the **insurance**, subject to the conditions described in the **certificate**.

The option “PLUS Insurance” and CI **insurance** covering lump sum payment due at the end of the term of a lease cannot be financed by Ford Credit or its associates and you have to insure your **total financial obligation** for all the duration of your financing/loan.

You can choose between two types of critical illness insurance coverage:

- i. The **Monthly Decreasing Term Critical Illness Insurance**
- or
- ii. The **Monthly Decreasing Term Critical Illness Insurance PLUS**

b) Description of the coverage

- i. The **Monthly Decreasing Term Critical Illness Insurance** covers the balance of your loan covered throughout the duration of the chosen **insurance**.

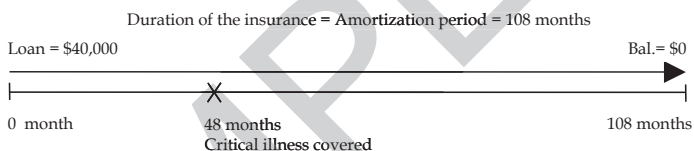
This coverage is offered when the amortization term of your loan is equal to that of the **insurance**. This **insurance** benefit will cover the balance of the covered loan remaining at the time you are diagnosed with a **critical illness**.

In the event that you have chosen a lease or financing contract with a residual value (at the end of your financing term), the residual value critical illness insurance will cover this amount if it was selected.

Example

Pauline has a loan with an amortization period of 108 months which is equal to the duration of her insurance. In the event she is diagnosed with a **critical illness** at any time throughout the duration of her loan, the balance of the loan will be reimbursed to the financial institution.

Here is the scenario:



- ii. The **Monthly Decreasing Term Critical Illness Insurance PLUS** covers the balance of the insured financed amount throughout the duration of the chosen **insurance**.

This coverage is offered when the amortization term of your loan is longer than that of the **insurance**. This **insurance** benefit will cover the covered balance of the loan on the date you receive a **diagnosis** of a covered **critical illness** during the term of coverage for the **insurance** you have chosen.

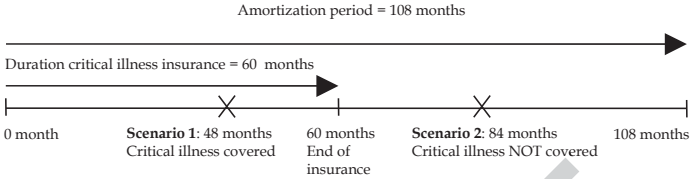
Example

John's loan has an amortization period of 108 months, which is longer than his **insurance** coverage, 60 months.

In scenario 1 below, if he receives a **diagnosis** of a covered **critical illness** in the 48th month, the balance of the loan is covered.

In scenario 2 below, if he receives a **diagnosis** of a covered **critical illness** in the 84th month, he is not covered because the **diagnosis** occurred after the expiration of his **insurance** coverage, which was 60 months.

Here is the scenario:



c) Eligibility

i. **The insured may be:**

- the debtor, who is the principal borrower or
- the co-debtor, either a co-borrower or someone who has guaranteed the principal borrower or
- the debtor and the co-debtor.

ii. **On signing the certificate:**

You must:

- be a natural person and
- be 17 years of age or more, but less than 68 years old and
- confirm that you have never had a **critical illness** before the effective date of **insurance**.

iii. **Supplemental Health Questionnaire** (page 17)

d) Conditions and Limitations

i. Maximum amount of **insurance**

The critical illness insurance benefit cannot exceed the following maximum amount:

- \$500,000 (people aged 17 to 55 years)
- \$200,000 (people aged 56 to 67 years)

The maximum amount of **insurance** that can be purchased is determined by:

- the amount borrowed; and
- the age of the eldest applicant; and
- the total amount of all loans insured with the **insurer**.

Please note that we cannot issue *insurance* for an amount greater than the amount of the loan.

Example 1

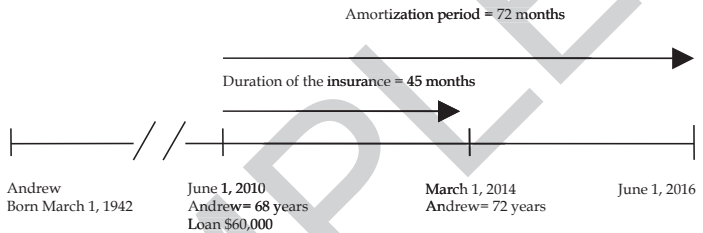
Andrew, aged 68, has a loan of \$60,000 with a 72 month amortization. Given that the ***insurance*** ends at age 72, Andrew cannot insure his loan for more than 45 months. See the Table below:

Here is the scenario:

Andrew was born March 1, 1942.

He will be covered if he is diagnosed with a ***critical illness*** before March 1, 2014.

If he diagnosed with a ***critical illness*** on or after March 1, 2014, he will not be covered.



At no time can the benefit paid exceed the total insurable limit adjusted according for the participant's age.

- ii. Each ***insurance certificate*** issued by the ***insurer*** gives you the right to compensation for a single ***critical illness***.
- iii. The critical illness insurance compensation is limited to the maximum amount of ***insurance*** indicated on the ***certificate***.
- iv. We will not pay any late payment or any interest resulting from a late payment on the amount financed at the time a ***critical illness*** is ***diagnosed***.
- v. The ***certificate*** cannot be transferred to another individual.
- vi. The ***insured*** must:
 - be the one who owes the ***amount financed*** by the lending institution and
 - have chosen the ***insurance*** and
 - if required, have received written approval for the policy from the ***insurer***.

- vii. The **insured** must obtain a **diagnosis** from a **specialist**, who must not be the **insured** himself/herself and must not be related to the **insured** in any way whatsoever.
- viii. The illness must appear for the first time after the effective date of **insurance**.
- ix. A **diagnosis of heart attack must be confirmed** by both:
- new electrocardiographic changes indicative of a myocardial infarction or by a new clinical presentation, only in cases where the ECG can not be interpreted (complete bundle branch block, WPW, pace-maker) AND
 - characteristic changes of cardiac biochemical markers (troponin or CPK or CPK-MB) to levels consistent with acute myocardial infarction.

Exclusions:

- Heart Attack occurring in the 48 hours following an elective revascularization procedure, unless it is accompanied by new pathological Q waves.
 - Heart Attack diagnosed by any other method, unless the diagnosis is confirmed as described above.
- x. The **coronary artery bypass** must be recommended by a consulting cardiologist registered and authorized to practice in Canada.
- xi. Following a **cerebrovascular accident**, the paralysis or any other measurable and objective neurological deficit, must persist for at least 30 days.
- xii. In the event of the **failure of a major organ requiring a transplant**, the **insured** must survive at least 30 days after the date he/she is registered with the organ donor program.
- xiii. In the event of **paralysis**, the **specialist** must certify that the paralysis is complete and permanent after the 90-day period.

Caution!

With Critical Illness Insurance and Critical Illness Insurance PLUS, the insurance benefit may not cover the entire amount of the unpaid balance of your debt in the event the amount borrowed is greater than the amount insured. Furthermore, only the critical illnesses listed on your certificate will be covered.

C) DISABILITY INSURANCE

a) Coverage

The **insurance** covers you in the event of **total disability**. We will pay your retailer or the financial institution the insured monthly payments while you are **totally disabled** and the contract is in effect, subject to the conditions described in the **certificate**.

Type of coverage available:

- i. Disability insurance throughout the duration of the **insurance** period chosen

b) Description of the Coverage

The **insurance** will cover you in the event of **total disability**, if you are **totally disabled** for a consecutive number of days greater than the **waiting period** set out in your **certificate**. In the event of **total disability**, the disability insurance benefit is:

- i. equal to the insured monthly payment. For periods of less than 1 month, it is equal to 1/30 of the insured monthly payment per day of **total disability** and
- ii. paid not exceeding the maximum amount of **insurance** indicated in the **certificate**

Example 1

Francine was declared **totally disabled** for a period of 52 days. She had disability insurance with a 7-day retroactive waiting period and her monthly payment was \$365.47.

Here is the scenario:

Monthly payment	Number of days of total disability	Prorated	Total benefits from disability insurance (with retroactive waiting period see page 15)
\$365.47	1 month and 22 days	1/30 days = \$12.18/day	1 month (\$365.47) + 22 days X \$12.18 (\$267.96) = \$633.43

Example 2

Allan was declared **totally disabled** for a period of 52 days. He has disability insurance with a 30-day elimination period and his monthly payment is \$365.47.

Here is the scenario:

Monthly payment	Number of days of total disability	Prorated	Total benefits from disability insurance (with elimination waiting period see page 15)
\$365.47	1 month and 22 days	1/30 days = \$12.18/day	22 days X \$12.18 = \$267.96

c) Eligibility

i. The **insured** may be:

- the debtor, who is the principal borrower or
- the co-debtor, either a co-borrower or someone who has guaranteed the principal borrower or
- the debtor and the co-debtor.

ii. On signing the **certificate**:

You must:

- be a natural person and
- be 17 years of age or more, but less than 66 years old and
- be able to perform the usual tasks for your job and
- have paid employment and have worked at least 23 hours a week for the last 4 weeks **or**
- having:
 - i) had a paid **seasonal** job, for 13 consecutive weeks in the past 12 months, or having contributed to the Employment Insurance Account and
 - ii) having worked the required number of hours (based on location and regional employment rate) to be eligible to collect benefits under the Employment Act (Canada)

d) Waiting periods – Disability insurance

Two types of waiting periods are offered for disability insurance:

- i. a waiting period with retroactive compensation, from the beginning of the disability or

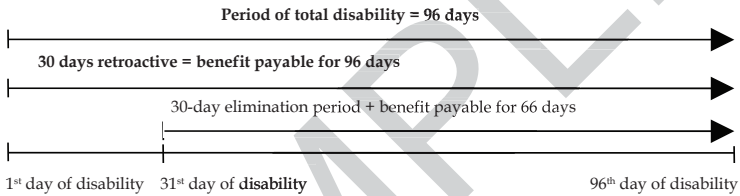
- ii. a waiting period with an elimination period. In this case, the waiting period is not covered

Waiting period	Possible number of days
Retroactive compensation	7 14 30
Elimination period	30

Example :

Paul becomes **totally disabled**. His **total disability** continues uninterrupted for 96 days. If he has chosen a retroactive waiting period, we will make his payments for 96 days. If he has chosen a waiting period with a 30-day elimination period, we will make his payments for a period of 66 days.

Here is the scenario:



In both types of periods, there is a mandatory waiting period. During this waiting period, no benefits are paid. The difference between the two types of waiting periods is that the first pays the set waiting period retroactively, once the claim has been accepted. The second does not and compensation begins after the waiting period, without being retroactive, once the claim has been accepted. The waiting period chosen is indicated on the front of the **certificate**.

Date of disability June 1	
30-day waiting period	
Does the insured have retroactive compensation?	
NO	YES
<p>Payments will be made after the 30-day waiting period - elimination period, not retroactive. Disability payments will start on <u>July 1</u>.</p>	<p>Payments will be made after the 30-day waiting period - compensation is retroactive to first day of total disability. Disability payments will start on June 1.</p>

e) Conditions and Limitations

i. Amount of maximum monthly **insurance**

The **insurance** benefit cannot exceed the following maximum insured monthly payment:

- \$5,000 a month (people aged 17 to 65 years)
The maximum overall amount of the disability insurance is \$300,000.

The maximum monthly amount of **insurance** that can be purchased is determined by:

- the amount borrowed; and
- the age of the eldest applicant; and
- the total amount of all loans insured with the **insurer**

Even if the **insured** has several **insurance certificates** issued by us, the amount of disability insurance payable will not exceed the \$5000 per month (maximum amount of disability insurance).

Important:

If the co-insured and you are totally disabled at the same time, only one benefit is payable.

- ii. The disability insurance benefit is limited to the maximum amount of **insurance** indicated on the front of the **certificate**.
- iii. The **insured** must:
- be the one who owes the **amount financed** by the lending institution and
 - have chosen the **insurance** and
 - if required, have received written approval for the policy from the **insurer**.

The **insured** must be a natural person and not a society, company, or association. All of the terms and conditions of the **certificate** apply to both of the **insured**, where applicable, on condition that the **insurer** has received payment of the premium for both of the **insured**.

- iv. We will not pay any late payment or any interest resulting from a late payment on the **amount financed** at the time of the **total disability**.
- v. The **certificate** cannot be transferred to another individual.

- vi. The **insured** must be monitored by a **specialist**, who must not be the **insured** himself/herself and must not be related to the **insured** in any way whatsoever.
 - If your **total disability** is caused directly or indirectly by a mental, nervous, or psychiatric condition or disorder, after a three-month compensation period, the payments will not be made unless you are regularly seeing a licensed psychiatrist, a licensed psychologist, or a licensed neurologist.
 - If your **total disability** is caused directly or indirectly by a disorder of the neck or back, including, but not limited to the lumbar, thoracic, or cervical spine, after a compensation period of two months, payments will not be made unless you are under the care of a licensed medical specialist neurologist, a neurosurgeon, a physiatrist, an orthopedic surgeon, or a rheumatologist.
- vii. An **injury** must occur **after** the effective date of **insurance**. The **injury** must be the result of an accident, directly and independent of any other cause and be the sole cause of **total disability**.
- viii. The **illness** must appear for the first time **after** the effective date of **insurance**.
- ix. A waiting period applies at the start of each period of **total disability**. If there are successive periods of **total disability** separated by less than a month of continuous employment, there is no new waiting period.
- x. After having been **totally disabled** for a period of 12 consecutive months (plus any waiting period), the **total disability** includes your inability, due solely to an **illness** or an **injury**, to accomplish the tasks of a job for which you are might reasonably be qualified for by your education, training, or experience. You are not **totally disabled** if you are working full or part time, or if you are retired.

D) SUPPLEMENTAL HEALTH QUESTIONNAIRE

Information on health and risk evaluation by the **insurer**

Depending on your age and the amount of the **insurance** you are requesting, it is possible that you will have to fill out the Supplemental Health Questionnaire (SHQ) when you complete the **insurance** proposal form. If there is more than one **insurance applicant**, they must both fill out the SHQ.

Depending on the answers given on the SHQ and the amount of **insurance** that you are requesting, your **insurance** proposal may be underwritten by the **insurer**.

Here are the situations where you must fill out the Supplemental Health Questionnaire (SHQ).

- a) In the case of life insurance or critical illness insurance:
- i. When the total insured amount, that is the **insured financed amount plus** the insured residual value of the financed property is:
 - more than \$150,000 (people aged 17 to 59 years)
 - more than \$100,000 (people aged 60 to 67 years)
- b) In the case of disability insurance:
- i. When the monthly instalment for payment of the **insured financed amount** is:
 - more than \$2,500 (people aged 17 to 59 years)
 - more than \$1,000 (people aged 60 to 65 years)
- c) a) Answers to the Supplemental Health Questionnaire (SHQ) and the **insurer's** analysis:
- i. **The proposal must be submitted to the insurer's underwriting department, if:**
 - One of the **insurance applicants** answers «yes» to at least one of the health questions **or**
 - the total insured amount is **more than \$300,000**, even if the **insurance applicants** answer «no» to all the health questions

Written approval or refusal of **insurance** coverage will be sent to you by mail.

- ii. **The proposal does not have to be submitted to the insurer's underwriting department, if:**

The two **insurance applicants** answer «no» to **all** the health questions **and** the **insured financed amount** is **less than \$300,000**; **the two conditions must both be met.**

In that case, the **insurance** will be in effect from the **effective date requested**, that is when the **insurance** proposal is signed **and** payment is made by the lending institution.

Important: The *insurance* proposal will be refused if it does not meet all the conditions within 90 days of its being signed. You will receive a letter by mail confirming or refusing your *insurance* proposal.

E) DURATION OF THE INSURANCE

a) Effective date of *insurance*

The *insurance* comes into effect on the latest of the following dates:

- i. In the following cases, on the effective date requested, which is when the *insurance* proposal is signed and the payment is made by the lending institution
 - if you do not have to complete the Supplemental Health Questionnaire because of your age and the amount of *insurance* requested or
 - even if you must complete the Supplemental Health Questionnaire, on condition that all the *insurance applicants* have answered «no» to all the health questions **and** that the total of the *insured financed amount* and the insured residual value for the life insurance or the critical illness insurance is less than \$300,000—both conditions must be met.
- ii. if the above situations do not apply, in the event of an analysis of the proposal by the *insurer*, the date on which we notify you in writing that your coverage was approved.

b) Maximum Duration

The maximum duration in months for each type of *insurance* is:

- i. For life insurance:
 - 180 months
- ii. For critical illness insurance:
 - 180 months
- iii. For disability insurance:
 - 108 months

c) Termination of life insurance, critical illness insurance, and disability insurance.

The *insurance* terminates for all Insured(s), when any of the following events occur:

- i. upon the discharge of the debt in respect of the financed amount; or

- ii. upon the expiry date of insurance; or
- iii. the terms of payment, or the amount payable, under the financed amount have been increased or extended (subject to paragraph 2 of this section); or
- iv. the Group Policyholder or the financial institution has demanded payment of the full amount due under the financed amount because of default; or
- v. the property which is the subject of the financed amount has been repossessed or become the subject of a court action; or
- vi. upon our receipt of written notice to cancel the insurance coverage signed by both the debtor and the co-debtor; or
- vii. upon payment of a premium refund, if any is owing, under the paragraph 3 of this section; or
- viii. upon the date of death of the insured debtor for single coverage, or both insured debtor and co-debtor for joint coverage; or
- ix. upon the 72nd birthday of the eldest insured; or
- x. for disability insurance, the date of retirement from regular employment, seasonal employment; or
- xi. upon our payment of the Life or CI insurance.

Upon written request, we may continue to offer coverage, at our option, under your certificate upon refinancing of the financed amount. In the event we offer such coverage, the effective date of insurance, Expiry date of insurance, insurance amounts and all other terms and conditions will remain the same.

If the insurance under your certificate is terminated before the Expiry date of insurance, you must apply in writing to be paid a premium refund. The premium refund will be calculated on a pro-rata basis.

If the debt in respect of the financed amount is still outstanding at the date of cancellation the premium refund will be made payable jointly to you and the financial institution. If the termination was as a result of the circumstances described in paragraph 1. (iv) or (v) of this section the premium refund will be made payable to financial institution only. No premium refund will be payable if we pay the Life or CI insurance benefit or for amounts of less than \$5.

IV. GENERAL CONDITIONS

NOTICE:

A) EXCLUSIONS

- a) **No compensation or benefit will be paid if the death, *critical illness*, or *total disability* was directly or indirectly caused by the following events:**
- i. wilful self-injury, in any mental state (sane or insane)**
 - ii. war or an act of war, declared or not**
 - iii. suicide occurring in the first two years immediately following the effective date of *insurance***
 - iv. direct or indirect participation in a criminal act, or the attempt to perpetrate a criminal offence. Criminal offenses include driving a motorized vehicle, a boat, or an airplane when your blood alcohol level is more than 80 mg of alcohol/ 100 ml of blood**
 - v. chronic or excessive consumption of alcohol**
 - vi. the use of drugs and or substances, apart from the use of regulated drugs prescribed by a physician and on the physician's advice**
 - vii. pregnancy, birth, or a termination of pregnancy**
 - viii. cosmetic or elective surgery**
 - ix. a PRE-EXISTING CONDITIONS, or as a direct or indirect result of treatment for a PRE-EXISTING CONDITION. This exclusion only applies if the event claimed for occurs within 24 months of the effective date of insurance with the exception of CI, where the event will not be covered at any time.**
- b) **Lack of work does not constitute *total disability* and does not give you the right to an insured monthly payment.**

c) Critical illness

i. No compensation for *critical illness* will be paid if:

- **the *insured* dies less than 30 days after receiving a *diagnosis* of a *critical illness***
- **the *insured* is *diagnosed* with cancer, if the signs or symptoms or medical problems present or if a medical workup leading to a *diagnosis* of cancer covered or excluded under the collective policy is undertaken in the ninety (90) days following the effective date of insurance**
- **the *insured* contracts a *critical illness* before the effective date of *insurance*.**

ii. No compensation for *critical illness* will be paid for:

a. cancers:

- **pre-malignant lesions, benign tumours or benign polyps;**
- **any skin cancer, other than invasive malignant melanoma into the dermis or deeper;**
- **non-invasive cancer in-situ;**
- **Early prostate cancer diagnosed as T1 NO MO or equivalent staging; or**
- **any tumour in the presence of the human immunodeficiency virus (HIV).**

b. coronary artery bypass performed with the following non-surgical techniques:

- **percutaneous transluminal angioplasty**
- **laser embolectomy**
- **other bypass techniques**

c. transient ischemic attacks (TIA)

B) PRE-EXISTING CONDITIONS:

The clause related to pre-existing conditions applies only to *illnesses*, affections, mental, nervous, or psychiatric disorders that are the direct or indirect cause of your *critical illness*, death or *total disability*.

The clause related to pre-existing conditions only applies if the event claimed for occurs within 24 months of the effective date of *insurance*.

Table applies to life insurance, critical illness insurance, and disability insurance.

Treatment date (Example: Medication prescribed, medical opinion, consultation, treatment, or <i>diagnosis</i>)	How does the pre-existing clause work, 12 months before and 12 months after. EFFECTIVE DATE OF INSURANCE JULY 1ST 2017 July 1st 2016 July 1st 2018			
Pre-existing condition (less than 12 months before and less than 12 months after)		✓	✓	
Non-pre-existing condition (more than 12 months before and less than 12 months after)	✓		✓	
Non-pre-existing condition (more than 12 months before and more than 12 months after)	✓			✓
Non-pre-existing condition (less than 12 months before and more than 12 months after)		✓		✓
Non-pre-existing condition (nothing before and less than 12 months after)			✓	

V. CANCELLATION OF THE INSURANCE

Purchasing this **insurance** contract is voluntary and not required in order to obtain financing. Only the **insured** and the **co-insured** have the right to cancel their **insurance certificate**.

- a) **Right to cancellation of the *insurance certificate* during the first 20 days**

After the **certificate** is signed, you have a 20-day period to decide if the **insurance** meets your needs. If you do not want the coverage, you may cancel it in this 20-day period. The entire amount of the premium paid will be reimbursed jointly to you and the financial institution designated on the front of the **certificate**. The request for cancellation of the **insurance** can be done using the «Schedule 1» form or by sending a letter to the **insurer**. See the section Insurer Reference for the **insurer's** contact information, page 27.

- b) **Right to cancel the *insurance* after the 20-day period**

If the loan or lease is not entirely repaid, send the **insurer** a letter or the request for reimbursement form (Schedule 1) completely filled out and signed with a copy of your **insurance certificate**.

If the loan has been completely repaid before the due date indicated in your **insurance certificate**, send the following three documents to the **insurer**:

- i. a letter or the request for reimbursement form (Schedule 1) completely filled out and signed
- ii. proof from the financial institution or the retailer that the loan or lease has been completely paid
- iii. a copy of your **insurance certificate**

In both cases, you must make a written request for reimbursement to the **insurer** in the 180 days that follow the termination of the **insurance**.

Please send all correspondence to the following address:

Administration (Regional office)
Industrial Alliance Insurance and Financial Services Inc.
9150 Leduc Blvd, suite 601
Brossard (Qc) J4Y 0E3
Tel.: 1-855-766-8239
Fax: 450-671-2525

c) Method for calculating the premium refund

On cancellation of the **insurance**, you will be reimbursed or credited the premium refund within 30 working days. You can cancel the **insurance certificate** when you want with the Schedule 1 request for reimbursement or by sending a letter. You can obtain the form from your retailer or the **insurer**. If the **insurance** under your **certificate** is terminated before the expiry date of **insurance**, you must apply in writing to be paid a premium refund. The premium refund will be calculated on a pro-rata basis.

The **insurer** has the right to change the calculation method for the premium refund without prior notice.

The cheque for the premium refund will be made out to the **insured** and the financial institution jointly, unless you supply the proof from the financial institution or creditor that the loan or lease has been completely paid. In this case, the premium refund will be made out to the **insured** only. When we reimburse the premium refund, your **insurance** is cancelled.

Other information

This guide is not a contract. The terms and conditions and exclusions of the **insurance** contract are set out in your **certificate** that constitutes the contract between you and the **insurer**. Please read it carefully.

For the specific conditions that apply to your **insurance**, please refer to your **insurance certificate** or contact the regional office of your **insurer** at 1-877-671-9009 or 450-671-9669.

VI. COMPENSATION OR CLAIM

A) REQUEST FOR COMPENSATION

Claim forms, available from www.iavag.ca or by calling 1-800-549-7227, must be submitted to the Claims department within the 90 days following the death, **diagnosis** of **critical illness**, or **total disability**. If it is impossible to submit them within this time period, you must send them as soon as possible, but no later than two years from the time they are normally required. Then, you must submit the claims forms as we request them.

If we receive the disability claim form more than 90 days after the start of the **total disability**, retroactive application of the disability benefits will be limited to the 90-day period before the claim forms were received.

When processing any claim, we have the right to require satisfactory proof of:

- i. the date of one or all of the following:
 - birth
 - **total disability**
 - **critical illness**
 - death and
- ii. the circumstances that caused or contributed to the **total disability, critical illness**, or death and
- iii. a detailed description of all the treatment received before and after the effective date of **insurance** and proof from the financial institution that the **insurance** amount has not been paid, modified, or revised. You must be regularly under supervision and treated by a duly qualified physician (doctor of medicine), to our satisfaction, while you are **totally disabled**.

We have the right to have you examined by a duly qualified physician of our choice as often as we reasonably require it, during the period for which the disability insurance benefits are requested.

If you fail to undergo such examination within a reasonable time period, we have the right to cancel the payment of your disability insurance.

You can obtain the insurance claims forms from your retailer or the Claims department. See the section «Insurer» on page 27 of this guide for the **insurer's** contact information.

B) TIME FOR PROCESSING

As soon as we have received your insurance claim form, we will determine if the documentation is complete. We may ask for more information from the physician and we will have to wait for his/her response before being able to continue examining the file. As soon as we have received the required documents, the **insurer** will determine if the claim is or is not valid. We will communicate our decision to you within 30 working days after receiving all the required documents.

- i. If the claim is not eligible, the decision will indicate the reasons for the refusal.
- ii. If the claim is eligible and benefits will be paid, payment will be sent to the financial institution within 30 days.

C) CONDITIONS FOR PAYING BENEFITS

- a) All benefits payable shall be paid to the financial institution or group policyholder to reduce the amount of the debt. All the benefits payable shall never exceed the maximum insured amount indicated on the front of the **insurance certificate**. If you make a claim, you must continue to make the monthly payments that become due while the claim is being examined, payments will be refunded to you through the retailer or financial institution if the claim is accepted.
- b) Please note that we will not make any late payments or pay any additional interest fees.
- c) Any premium refund payable at the termination of the **insurance** shall be paid jointly to you and the retailer or the financial institution, except in the following cases:

Payments will be made only to the financial institution, if the termination is due to:

- i. a formal request by the retailer or the financial institution, for complete payment of the loan if you have defaulted on payment or
- ii. trade-in of the property that is the subject of the loan or lease contract or
- iii. legal action regarding the property that is the subject of the loan or lease contract.

D) TERMINATION OF DISABILITY BENEFITS

Payment of disability benefits ends when one of the following occurs:

- i. you are no longer **totally disabled**
- ii. the **insurance** expires on the date indicated on the front of the **insurance certificate**

- iii. you neglect to provide the **insurer** with satisfactory proof of continuing **total disability**, within the required time
- iv. you refuse or neglect to undergo the medical examination requested by the **insurer**
- v. If your **Total Disability** is caused or contributed to by:
 - a) mental, nervous or psychiatric condition or disorder, after a benefit period of three months, payments will only be made if you are regularly attending a licensed Specialist such as a psychiatrist, a psychologist or a neurologist.
 - (b) disease or disorder of the neck or back including but not limited to lumbar, thoracic or cervical spine, after a benefit period of two months, payments will only be made if you are under the care of a licensed Specialist such as a neurologist, a neurosurgeon, a physiatrist, an orthopaedic surgeon or a rheumatologist; or
- vi. you die.

E) APPEAL OF THE INSURER'S DECISION

If you do not agree with the decision rendered, you can appeal to the Claims Manager, and ask him/her to review your claim. See the section «Insurer» below for the **insurer's** contact information. If you still do not agree with the way your claim was handled, you can write to the complaints officer of the **insurer**. If you are still not satisfied, you can contact the Autorité des Marchés Financiers or your legal advisor.

VII. INSURER

For more information, please contact the appropriate department at the address indicated below. For more information about our products and obligations and to obtain forms, please contact the administration department (page 24).

For information about claims, please contact the Claims Department at the following address:

Claims department

INDUSTRIAL ALLIANCE
INSURANCE AND FINANCIAL SERVICES INC.
P.O. 5900 Vancouver, B.C. V6B 5H6
Tel.: 1-800-549-7227
Fax: 1-604-733-9519
Web site: www.iavag.ca

VIII. SIMILAR PRODUCTS

There are other insurance products on the market that have similar guarantees to those described in this distribution guide. Check to see if you already have an insurance that offers the same coverage as that described in this guide.

IX. THE AUTORITÉ DES MARCHÉS FINANCIERS

For more information regarding the insurer's and distributor's obligations, please contact:

THE AUTORITÉ DES MARCHÉS FINANCIERS

Place de la Cité, tour Cominar
2640, boulevard Laurier, bureau 400
Québec (Québec) G1V 5C1
Telephone: 1-877-525-0337
418-525-0337
Montréal: 514-395-0337

Web site: www.lautorite.qc.ca

X. FORMS

You can obtain the following form from your distributor or your insurer:

- Schedule 1: Notice of Cancellation of an Insurance Contract

The relevant sections of the law are printed on the back of the forms.

Personal notes	
Amount of life insurance:	_____
Amount of CI insurance:	_____
Amount of disability insurance:	_____
Total premium:	_____
Other:	_____

SCHEDULE 1

NOTICE OF CANCELLATION OF AN INSURANCE CONTRACT

NOTICE GIVEN BY A REPRESENTATIVE

Section 440 of The Act Respecting the Distribution of Financial Products and Services

THE ACT RESPECTING THE DISTRIBUTION OF FINANCIAL PRODUCTS AND SERVICES GIVES YOU IMPORTANT RIGHTS.

- The Act allows you to cancel an insurance contract you have just signed when signing another contract, **without penalty, within 10 days of its signature.** However, we are offering you an additional 10 days, giving you a total of 20 days to cancel your insurance. To do so, you must give the insurer notice by registered mail within that time frame. You may use the model below for this purpose.
- Despite the cancellation of the insurance contract, the first contract entered into will remain in force. **Caution: It is possible that you may lose advantageous conditions as a result of this insurance contract; contact your representative or consult your contract.**
- After the expiry of the 20-day period, you may cancel the insurance at any time.

For more information, contact the Autorité des marchés financiers at: 418-525-0337 or 1-877-525-0337

NOTICE OF CANCELLATION

To: Industrial Alliance Insurance and Financial Services Inc.
9150 Leduc Blvd, suite 601
Brossard (Qc) J4Y 0E3

Date: _____
(date of sending of notice)

Pursuant to section 441 of The Act Respecting the Distribution of Financial Products and Services, I hereby cancel insurance contract No.:

(contract number if it is indicated)

Entered into on: _____
(date of signature of contract)

In: _____
(place of signature of contract)

(name of client)

(signature of client)

SECTIONS FROM THE ACT RESPECTING THE DISTRIBUTION OF FINANCIAL PRODUCTS AND SERVICES

439. A representative may not make the conclusion of a contract contingent on the signing of an insurance policy with the insurer specified by the representative.

The representative may not exert undue pressure on the client to enter an insurance contract or use fraudulent tactics to induce the client to purchase a financial product or service.

440. A representative, who at the time a contract is made causes the client to make an insurance contract, must give the client a notice, drafted in accordance with regulations, stating that the client may cancel the insurance contract within 10 days of signing it.

441. A client may, by giving written notice via courier or registered mail, cancel an insurance policy signed concurrently with another contract within 10 days of the signing. Should the insurance policy be cancelled, the first contract remains effective in its entirety.

442. No contract may contain provisions allowing its amendment in the event of cancellation or termination of an insurance contract made concurrently by the client.

However, a contract may provide for the loss of advantages extended when more than one contract was concluded at one time in the event of the cancellation or termination of the insurance contract.

443. A representative, who offers financing for the purchase of goods or services and who requires the loan applicant take out insurance to guarantee the repayment of the loan, must give the debtor written notice, drawn up in accordance with the regulations, explaining that the debtor may take out insurance with an insurer or representative of his own choice, provided that the insurance is satisfactory to the creditor, who may not refuse without reasonable cause. The representative may not make the conclusion of a credit agreement contingent on the signing of an insurance policy with the insurer specified by the representative.

No credit agreement may stipulate that it was made subject to the condition that the insurance policy entered with the insurer remain in force until the expiry of the term, or that the expiry of the insurance policy will entail forfeiture of term or a reduction of the debtor's rights.

The rights of the debtor under the credit contract shall not be forfeited when the debtor cancels, terminates or withdraws from the insurance contract, provided that the debtor has obtained insurance satisfactory to the creditor with another insurer. The creditor may not refuse his permission without reasonable cause.

ACKNOWLEDGEMENT OF RECEIPT

I acknowledge receipt of this distribution guide in the course of the acquisition of the life insurance, disability insurance, Critical Illness insurance program distributed by (distributor).

My signature confirms that I accept the conditions, limitations, and exclusions of the insurance set out in the ***certificate***.

(customer's name)

(customer's name)

(customer's address)

(customer's address)

Date: _____

Date: _____

Per: _____
(customer's signature)

Per: _____
(customer's signature)



FOR MORE INFORMATION REGARDING THE INSURER'S AND DISTRIBUTOR'S OBLIGATIONS, PLEASE CONTACT:

THE AUTORITÉ DES MARCHÉS FINANCIERS

Place de la Cité, tour Cominar
2640, boulevard Laurier, bureau 400
Québec (Québec) G1V 5C1
Toll-free: 1-877-525-0337
Québec: 418-525-0337
Montréal: 514-395-0337

Web site: www.lautorite.qc.ca