



# INFORMATION CIRCULAR

**DATE:** August 19<sup>th</sup>, 2019

**N° 2019-12**

**CATEGORY:** INSURANCE

**TO:** Managing General Agents, Associate General Agents, Advisors, General Agents, Independent Financial Advisors and National Accounts

**SUBJECT:** Important Notice: Dividend Scale change for Empire Participating Plans.

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## Changes to the Dividend scale:

In February 2019, the Board of Directors of The Empire Life Insurance Company approved a change in the Dividend Scales for our participating life insurance policies effective for dividends declared on or after October 1<sup>st</sup>, 2019. The methodology used to calculate dividends is consistent with Board approved, accepted actuarial practices and will result in an average dividend change of -5.4%. The change is relative to the dividend that would have been declared on the next policy anniversary had there been no change. The actual change in dividends declared on a particular policy may be less than or greater than the overall average change and may vary by product, year of issue, issue age, duration and risk class.

The last Dividend Scale change we made was effective for dividends declared on or after July 1, 2018. The current change to the Dividend Scales reflects recent investment, mortality and lapse experience. **The Dividend Scale interest rate, which is used to determine the interest component of the dividends, has decreased from 6.25% to 6.00% effective October 1<sup>st</sup> 2019.**

## Policies Affected:

Empire Life participating life and endowment policies, former Montreal Life participating life and endowment policies, former Concordia Life participating life and endowment policies, former Dominion Life participating life and endowment policies, former Citadel Life participating life and endowment policies and former Franklin Life participating life and endowment policies.

## How policyowner dividends are determined:

Dividends are not guaranteed and depend on many factors. The principal sources of income considered for determining the aggregate amount of dividends declared each year are investment income, asset defaults, mortality, lapses, expenses and taxes. The Dividend Scales determine how much of the total amount of dividends available to be paid in any given year are allocated to each participating policy. Dividend Scales are not guaranteed and may be adjusted to reflect emerging generational experience.

To understand how the current change in Dividend Scales may impact the future performance of your clients participating policy, we recommend that you request an inforce illustration for each of your client's policies by sending an email to: [pardividends@empire.ca](mailto:pardividends@empire.ca)

**Please Note:** Inforce illustrations will be available after October 2nd 2019.

We plan to send customers a notification letter informing them of this change one month prior to their standard dividend notice. These letters will be distributed throughout the next 12 months. Note that policy owners with two or more participating coverages issued on different dates will receive a letter and notice for each affected coverage. To help Advisors service their clients, we will be sending advisors a sample of the customer letter and a copy of the client Q&A.

If you have any questions, please contact our Customer Service Team at [1 800 561 1268](tel:18005611268).

**Reference:**

**Steve Pong**, Senior Vice-President, Retail

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