

EMPIRE LIFE INFORMATION CIRCULAR

DATE: June 23, 2014

Nº. 2014-21

CATEGORY: INSURANCE

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

SUBJECT: **Vital Link rate changes**

Recently we completed a pricing review of our Vital Link plans as part of our product review. As a result of this review, and in part due to the sustained low interest rate environment, we will be implementing some pricing changes for all three of our stand alone critical illness plans. These changes will come into effect **July 5, 2014**.

Vital Link 100

- The new Vital Link 100 rates will see an overall increase. By age band, for those under age 35 rates will increase on average by 26%, for ages 35 to 50 by 15% and for ages over 50 by 7%. Younger smokers will see higher increases than non-smokers.

Vital Link 75

- The new Vital Link 75 rates will include a blend of increases and decreases. By age band, for those under age 35 rates will increase on average by 15% and for ages 35 to 50 by 7%. For those over the age of 50, the average change will be a 4% decrease from current rates.

Vital Link 10

- The new Vital Link 10 rates will mostly consist of rate decreases. For ages under 35, non-smoker rates will not change. Female smoker rates will decrease by 1% and male smoker rates will increase by 9%. For ages 35 to 50, female will see rate decreases (non-smokers by 10%, smokers by 5%). For males, there will be no change to rates. For ages over 50, the average rate decrease will be 13% for all classes.

Life Plus

- There are no rate changes to Life Plus Addition or Life Plus Advance riders on our Trilogy or Trilogy Plus plans

Commissions

- A small change to our commission schedule for new Vital Link plans will reduce the second year commission from 15% to 5% and introduce a 2% lifetime renewal commission, starting in year 6
- Updated Vital Link commission rates:

Year 1	45%
Years 2-5	5%
Years 6+	2%
- Commission payments for Vital Link coverages issued with new premium rates will be based on the updated commission structure.

Transition Rules

- Applications received in Head Office after July 4, 2014, by 5:00 p.m. ET will be set up using the new plan rates.
- All pending "in the mill" business that is in Head Office on July 4, 2014 will be issued using the lower rate between the new rates or current rates, but must be settled by September 26, 2014, by 11:00 a.m. ET.
- Any policy issued on or before July 4, 2014, but not yet settled may be returned to Head Office up to July 11, 2014, by 5:00 p.m. ET to receive new rates, if applicable.
- Any request to reopen an application that has been closed must be received in Head Office by July 4, 2014, by 5:00 p.m. ET in order to qualify for existing rate and/or plan structures.
- To guarantee that clients receive the old rates and plan, applications must be received in Head Office no later than July 4, 2014, by 5:00 p.m. ET. Please make sure you allow time for courier service and delivery.

If there are questions or concerns about the processing of these plans or you have a special request, please submit it in writing to insurance@empire.ca.

Reference

Cameron Walker, Manager, Retail Insurance Products & Marketing