



DATA PAGE

POLICY NUMBER **001234552L**
OWNER(S) **JOHN L SMITH**
POLICY DATE **NOVEMBER 6, 2020**

LIVES INSURED AND SCHEDULE OF BENEFITS	INITIAL ANNUAL PREMIUM/ PAYMENT	MATURITY OR EXPIRY DATE
LIFE INSURED(S): JOHN L SMITH INSURANCE AGE: 42 RATE CLASS: NON-SMOKER		
LIFE INSURANCE Solution 10 Non-participating \$100,000 Sum Insured Conversion Privilege \$100,000 Total Sum Insured For JOHN L SMITH	\$142.00	Life November 6, 2053
DISABILITY INSURANCE Empire Life Disability Credit Protect Non-Participating 24-Month Benefit Period Maximum Monthly Benefit \$3,200	\$846.08	November 6, 2043

Included in this policy are pages with the following codes:
GP-NP-1, SOL-3, CONV-4, DCP-1

Issued by the Company, November 9, 2020

SCHEDULE OF PREMIUMS

POLICY 001234552L

The premiums shown in this schedule of premiums are for all coverages and include the policy administration fee.

BEGINNING	ANNUAL PREMIUM	MONTHLY PRE-AUTHORIZED DEBIT PREMIUM
November 6, 2020	\$988.08	\$88.93
November 6, 2030	\$1,466.08	\$131.95
November 6, 2040	\$2,546.08	\$229.15
November 6, 2043	\$1,700.00	\$153.00
November 6, 2050	\$5,380.00	\$484.20
November 6, 2060	\$11,856.00	\$1,067.04
November 6, 2078	\$0.00	\$0.00

GENERAL PROVISIONS

GP1 Definitions

The following are definitions for some of the key terms used throughout this policy. Terms are also defined in other sections of this policy.

"Attained Insurance Age" at any time is the Insurance Age increased by the number of policy years that have elapsed since the effective date of each Coverage.

"Company" means The Empire Life Insurance Company.

"Coverage" means any Life Insurance, Critical Illness Insurance, Disability Insurance, or Additional Benefit shown on the most recent Data Page.

"Death Benefit" is any money that becomes payable under the terms of the contract if a Life Insured dies.

"Insurance Age" for each Coverage is as shown on the most recent Data Page. It is based on the age of the Life or Lives Insured provided in the application and is subject to any modifications due to underwriting ratings.

"Life Insured" means the individual whose life is insured as shown on the most recent Data Page.

"Life or Lives Insured" means each individual Life Insured or all Life Insureds.

"Owner" means the person or person(s) who own the contract and all of the rights, options and privileges associated with it. An Owner may also be a Life Insured. If the contract is owned by more than one person, they will be joint owners with right of survivorship, except in Québec. In Québec, joint owners who wish to obtain the same legal effect as the right of survivorship must each appoint the other Owner as his or her subrogated policyholder.

"Premium(s)" means the amount payable for each Coverage and the policy administration fee.

"Proceeds" means any money payable by the Company under the terms of the contract.

"Sum Insured" means the insured amount for a Coverage, which is shown on the most recent Data Page.

GP2 The Contract

The **"contract"** includes the terms set out in this policy, in the original application for the contract, in any subsequent applications for a change to or reinstatement of the contract, and in any endorsements, all of which constitute the entire agreement between the Company and the Owner. The Owner and the Company may mutually agree to change a provision of the contract, subject to all applicable laws. In addition, the Company can waive a contract provision or change a contract provision if it does not lessen the Owner's rights or increase the Owner's obligations under the contract. Any change or waiver of a contract provision must be in writing and signed by an authorized officer of the Company to be valid.

The contract will be governed and administered in accordance with the laws of the province or territory of Canada in which the Owner signs the application for this policy. When joint Owners sign the application for this policy in different locations, the province or territory of Canada where the first Owner signs will determine the laws that govern the contract.

Other than in Québec, the contract will take effect only if:

- 1) the initial premium has been paid; and
- 2) the insurability of the Life or Lives Insured has not changed between the completion of the application for this policy and the delivery of this policy; and
- 3) the policy has been delivered to the Owner, an agent or assignee of the Owner, or the beneficiary.

In Québec, the contract will take effect only if:

- 1) the initial premium has been paid; and
- 2) the insurability of the Life or Lives Insured has not changed between the completion of the application for the contract and the date the application is approved without modification by the Company.

GP3 Incontestability

If an Owner or Life Insured misrepresents or fails to disclose in the original application for the contract, or in any subsequent application to change or reinstate the contract that requires evidence of insurability, a fact that is material to the contract, the Company can void the contract.

If an Owner or Life Insured misrepresents or fails to disclose in any subsequent application to change the contract that requires evidence of insurability, a fact that is material to the contract change applied for, the Company can void the contract but only in relation to the Coverage(s) affected by the contract change. The Company cannot void the contract or a Coverage affected by the contract change as described above after the contract or Coverage has been in force for a period of two years, unless one of the following applies:

GENERAL PROVISIONS

- 1) the non-disclosure or misrepresentation constitutes fraud; or
- 2) the Coverage is a Waiver of Premium Benefit; or
- 3) the Coverage is a Critical Illness Coverage and a claim arises from symptoms or medical problems that commenced before the end of the two year period and lead to a Diagnosis or surgery; or
- 4) the Coverage is a Disability Coverage and a claim arises for a Disability that commenced before the end of the two year period,

in which case, there is no time limit for voiding the contract or Coverage.

The two-year period is measured from the later of the effective date of:

- 1) the contract; or
- 2) the Coverage affected by the contract change; or
- 3) the last reinstatement of the contract.

Without limiting when misrepresentation or non-disclosure constitutes fraud, if the total premium charged for the contract is based, in whole or in part, on a declaration made on the application for this policy or any subsequent application for policy change or reinstatement as to the non-use of tobacco or tobacco products by the Life or Lives Insured and the declaration is false, the declaration will be deemed to be fraud and the contract will be void.

Misstatement of age or sex will not be considered misrepresentation for the purpose of the contract.

GP4 Currency

Payments made to or by the Company will be in Canadian currency.

GP5 Premiums

The Schedule of Premiums page shows the total premium due for the contract and future adjustments in premiums for Coverages that have guaranteed premium rates on renewal.

Premiums are payable in advance. Premiums may be paid on a monthly Pre-Authorized Debit basis or any other basis that is agreed to by the Company.

No premiums will be due or payable after the contract terminates or becomes paid-up in accordance with the terms and conditions of a Paid-Up Option or Paid-Up Privilege, if applicable.

The acceptance of any premium made in respect of any Coverage after the termination of that Coverage in accordance with its terms will not impose any liability on the Company and the premium will be refunded to the Owner.

Other than as expressly provided in these General Provisions, premiums are not refundable, in whole or in part.

GP6 Rescission Rights

The Owner has 10 days after receiving the contract to change his or her mind about buying it. This is called a Rescission Right. If the Owner submits a request to rescind the contract, the Company will refund the initial premium to the Owner.

GP7 Grace Period

While the contract is in force, any premium, or any part of a premium that is not paid on or before the due date will constitute a premium in default. A "**grace period**" of 31 days after the due date of a premium will be allowed for payment of the premium in default during which time the contract will remain in force.

If a Life Insured dies at any time during the grace period, an amount equal to any premium in default will be deducted from the Proceeds payable on the death of the Life Insured.

If the contract includes Critical Illness Coverage for a Life Insured and the Life Insured is diagnosed with a Critical Illness during the grace period, an amount equal to any premium in default will be deducted from the Proceeds payable as a result of the Critical Illness.

If the contract includes Disability Coverage, an amount equal to any premium in default will be deducted from any monthly benefit payment payable under the Disability Coverage during the grace period.

If a premium in default remains unpaid at the end of the grace period, and the contract includes a Coverage that earns Cash Values and there is Cash Value available, an automatic premium loan as described in CV5 Automatic Premium Loans will be applied.

If the Company applies a premium loan as described above, it may change the premium payment frequency from monthly to annual.

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If the premium in default remains unpaid after the above steps have been taken, this policy will lapse and cease to be in force effective the due date of the premium in default.

If this policy lapses, no Proceeds will be payable or privileges enforceable except if specified in a provision of this policy and then only to the extent and in accordance with the terms of the provision.

GP8 Reinstatement

If the contract lapses for non-payment as described in GP7 Grace Period, the Owner can apply to reinstate the contract within two years of the date it lapsed and ceased to be in force by:

- 1) paying to the Company all overdue premiums and any other Indebtedness owed to the Company at the time of application for reinstatement, plus interest; and
- 2) submitting evidence of the good health and other evidence of the insurability for the Life or Lives Insured, satisfactory to the Company.

The reinstatement will be effective on the later of:

- 1) the date the Company receives all overdue premiums and other indebtedness; and
- 2) the date the Company determines that the submitted evidence of good health and insurability is satisfactory.

GP9 Policy Years and Policy Anniversaries

If the contract takes effect, the effective date of any Coverage applied for on the original application for the contract is the Policy Date shown on the Data Page. Policy years will be measured from that date. Each succeeding anniversary of the Policy Date will constitute a policy anniversary for those Coverage(s).

The effective date for any Coverage applied for after the Policy Date shown on the Data Page is the date indicated by the Company in writing. Each succeeding anniversary of the effective date of those Coverage(s) will constitute a policy anniversary for those Coverage(s).

GP10 Indebtedness

"**Indebtedness**" means all indebtedness owed to the Company under this policy at any time and will consist of the total of:

- 1) amounts loaned by the Company on the security of this policy; plus
- 2) interest on 1); less
- 3) the amount of any repayment of 1) or 2).

The interest rate charged on Indebtedness will be set by the Company from time to time. Interest payable on Indebtedness will be compounded annually.

Indebtedness will be a first charge against the contract in favour of the Company and in priority to the claim of any beneficiary, assignee or other person making a claim, and will be deducted from the Proceeds.

Repayment, in whole or in part, of Indebtedness may be made to the Company at any time.

GP11 Suicide

If a Life Insured commits suicide, while sane or insane, within two years of the later of the effective date of:

- 1) the contract;
- 2) a Coverage for that Life Insured; or
- 3) the last policy change requiring evidence of insurability; or
- 4) the last reinstatement,

the only amounts payable by the Company will be the Cash Value, determined at the date of death in accordance with the Cash Value Provisions, if the contract includes a Coverage that earns Cash Values and Cash Value is available.

GP12 Payment of Proceeds

Before making payment of any Proceeds, the Company will require:

- 1) sufficient proof of the right of the claimant to receive a payment;
- 2) satisfactory proof of age for the Life or Lives Insured;
- 3) for a Death Benefit, satisfactory evidence of the death and the cause of death of a Life Insured;
- 4) any other information the Company may reasonably require to establish the validity of the claim.

On making payment of any Proceeds that become payable under the terms of the contract, a valid discharge of all liability under the contract for such Proceeds will also be required.

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Every action or proceeding against an insurer for the recovery of insurance money payable under the contract is absolutely barred unless commenced within the time set out in the Insurance Act (for British Columbia, Alberta and Manitoba), the Limitations Act, 2002 (for Ontario), or other applicable legislation (for all other provinces and territories).

GP13 Settlement Options

Proceeds payable under the terms of the contract will be paid by cheque, unless the person entitled to the Proceeds wants to use them to purchase an annuity or another settlement option available at the time the Proceeds are payable. Details of the options and the conditions under which they are available will be provided by the Company on request.

GP14 Age and Gender

If the age or gender of a Life Insured for any Coverage is misstated in the application for the Coverage, the Proceeds payable for that Coverage will be adjusted to the amount that would have been provided on the basis of the correct age or gender by the premium actually paid in respect of that Coverage. If, on the basis of the correct age, the Coverage would not have been available for that Life Insured, that Coverage will be void and cancelled and all premiums paid for that Coverage will be refunded to the Owner.

GP15 Beneficiary for Death Benefit

The Owner can designate one or more person(s) to receive the Death Benefit payable with respect to each Life Insured. Each designated person is called a **"beneficiary"**.

The Owner can change or revoke the beneficiary designation, as permitted by applicable legislation, by a written declaration signed by the Owner and submitted to the Company. If the designation is irrevocable, it cannot be changed or revoked and certain privileges cannot be exercised without the irrevocable beneficiary's written consent. The Company assumes no responsibility for the validity or effect of any beneficiary designation.

In the event of a common disaster, if the Company cannot determine the first to die of the Life Insured or the beneficiary, the beneficiary will be deemed to have died first.

The Owner can designate primary and contingent beneficiaries. If a primary beneficiary dies before the Life Insured, that primary beneficiary's share will be divided equally among the remaining primary beneficiaries who survive the Life Insured. Any contingent beneficiary will become a beneficiary only if all of the primary beneficiary(ies) have died before the Life Insured, unless otherwise indicated by the Owner.

If no beneficiary is designated or no designated beneficiary survives the Life Insured, the beneficiary will be the Owner, unless the Owner is the deceased Life Insured, in which case the beneficiary will be the estate of the Owner.

GP16 Control of Policy

Subject to the provisions of the law governing the contract and to the rights of any beneficiary, the Owner may:

- 1) exercise all the rights, options and privileges granted by the contract or permitted by the Company; and/or
- 2) assign the contract.

The Owner can designate a contingent Owner or a subrogated policyholder (for Québec only) for the contract. If the Owner dies and the contract remains in force because the Owner is not the sole Life Insured, the contingent Owner or subrogated policyholder will have all the rights, options and privileges of the Owner. If no contingent Owner or subrogated policyholder has been named, all rights, options and privileges of the Owner will be transferred to the Life or Lives Insured under this policy.

GP17 Assignment

The Company will not be bound by any assignment of the contract, unless it is in writing and filed with the Company. The Company assumes no responsibility for the validity or effect of any assignment of the contract.

GP18 Termination of a Coverage

A Coverage will terminate,

- 1) on the date payment of the Sum Insured for that Coverage is made; or
- 2) when the Company receives a written request from the Owner to terminate the Coverage; or
- 3) at the expiry date for the Coverage as shown on the most recent Data Page; or
- 4) when the contract terminates,

whichever occurs first.

GENERAL PROVISIONS

GP19 Termination of the Contract

The contract will terminate:

- 1) if all Coverages have been terminated; or
- 2) for non-payment of premiums as described in GP7, Grace Period; or
- 3) at any time Indebtedness exceeds the Cash Value; or
- 4) when the Company receives a written request from the Owner to cancel the contract, whichever occurs first.

SAMPLE

SAMPLE

SOLUTION SERIES LIFE INSURANCE PROVISIONS

These provisions will apply to only those Coverages identified as Solution 10, Solution 20, Solution 25, Solution 30, Solution 100 or Solution ART (referred to below as a "Coverage") shown on the most recent Data Page. If there is a conflict between a Solution Series Life Insurance Provision and a General Provision, the Solution Series Life Insurance Provision will apply.

SS1 Sum Insured

The Sum Insured for a Coverage on a Life or Lives Insured is as shown on the most recent Data Page. The Sum Insured is guaranteed not to change while the Coverage is in force, unless the Owner submits a written request to decrease it.

SS2 Deferred Non-Smoker Provision

If the Insurance Age of a Life Insured is 17 or less and, if within 60 days of the policy anniversary nearest that Life Insured's 18th birthday, the Owner submits to the Company satisfactory proof that the Life Insured has not used any tobacco or nicotine products within the previous 12 months, the Company will reduce the portion of the policy's premium applicable to that Life Insured effective from that policy anniversary. The amount of the reduction in the total annual premium will be determined based on the Company's rules in effect at the Policy Date shown on the Data Page.

SS3 Paid-Up Benefit

Premiums are payable until the policy anniversary nearest the Life or Lives Insured's Attained Insurance Age 100. If all premiums due until the policy anniversary nearest the Life or Lives Insured's Attained Insurance Age 100 are paid, the Coverage becomes paid-up, which means no more premiums will be due or payable. The Coverage will remain in effect until it terminates in accordance with GP18 Termination of a Coverage.

SS4 Death Benefit

If the Life Insured dies, the Company will pay, as part of the Proceeds of the contract, the Sum Insured for a Life Insurance Coverage on that Life Insured provided the Life Insurance Coverage is in force on the date of death.

SAMPLE

LIFE INSURANCE CONVERSION PRIVILEGE PROVISIONS

These provisions apply to only those Coverages identified as Solution 10, Solution 20, Solution 25, Solution 30 or Solution ART on the most recent Data Page (referred to below as the "Coverage").

C1 Conversion Privilege

If a Coverage has a conversion privilege (as indicated on the most recent Data Page), the Owner may convert all or part of the Coverage on a Life Insured to a new life insurance coverage, without any further evidence of the insurability of that Life Insured, provided the conversion privilege has not expired. The conversion privilege expiry date for a Coverage is as shown on the most recent Data Page.

The Owner selects the new coverage, subject to the following conditions:

- 1) the new coverage must be a level premium permanent whole life insurance plan then being offered by the Company; and
- 2) the Sum Insured for the new coverage cannot be greater than the Sum Insured specified on the most recent Data Page for the Coverage being converted.

The new coverage will become effective and the Coverage or portion of the Coverage being converted will terminate at the time of the conversion.

The premium for the new coverage will be determined by the Company at the time of the conversion, using:

- 1) the Life Insured's Attained Insurance Age;
- 2) the Life Insured's rate class (smoker or non-smoker); and
- 3) the risk class for the Coverage being converted, unless the risk class of the Coverage being converted is not available on the new coverage, in which case a standard risk class will apply.

The new coverage may include an Accidental Death and Dismemberment Benefit if, at the time of the conversion, the Life Insured has an Accidental Death and Dismemberment Benefit on the Coverage being converted and the Life Insured meets applicable age requirements. The Sum Insured for the Accidental Death and Dismemberment Benefit cannot be greater than the Sum Insured for the Accidental Death and Dismemberment Benefit specified on the most recent Data Page for the Coverage being converted.

The new coverage may include a Waiver of Premium Benefit if, at the time of the conversion the Life Insured:

- 1) has a Waiver of Premium Benefit on the Coverage being converted; and
- 2) meets applicable age requirements; and
- 3) is not totally disabled, as defined in the Waiver of Premium Provisions, at the time of conversion.

The Owner may exercise this conversion privilege by submitting to the Company, an application for the new coverage, a request for termination of the Coverage or the portion of the Coverage to be converted and the initial premium due for the new coverage.

C2 Special Conversion

If a Coverage includes a Waiver of Premium Benefit for the Life Insured and has a conversion privilege (as indicated on the most recent Data Page) and the Life Insured:

- 1) meets applicable age requirements; and
- 2) is totally disabled prior to the policy anniversary nearest the Life Insured's sixtieth birthday; and
- 2) remains continuously disabled until the date specified on the most recent Data Page for the expiry of the conversion privilege on that Coverage,

then the Owner may convert the Coverage to a non-participating level premium permanent whole life insurance plan then being offered by the Company, without any further evidence of the insurability of the Life Insured, provided the conversion privilege has not expired. The Coverage being converted will terminate on the date the new coverage becomes effective.

The new coverage resulting from this special conversion will:

- 1) include a Waiver of Premium Benefit; and

LIFE INSURANCE CONVERSION PRIVILEGE PROVISIONS

- 2) have the same Sum Insured as the Coverage being converted; and
- 3) become effective on the conversion privilege expiry date for the Coverage being converted as shown on the Data Page.

The Owner may exercise this special conversion privilege by submitting an application for the new coverage and a request for the termination of the Coverage to be converted to the Company within 90 days prior to the conversion privilege expiry date for the Coverage being converted as shown on the Data Page.

SAMPLE

EMPIRE LIFE DISABILITY CREDIT PROTECT PROVISIONS

These Empire Life Disability Credit Protect Provisions apply to only those Coverages identified as Empire Life Disability Credit Protect on the most recent Data Page. If there is a conflict between an Empire Life Disability Credit Protect Provision and a General Provision, the Empire Life Disability Credit Protect Provision will apply.

DCP1 Definitions

The following are definitions for some of the key terms used throughout these Empire Life Disability Credit Protect Provisions.

“Accident” means an unforeseeable event resulting from an external, sudden, violent and involuntary cause that results in bodily harm or injury and occurs while the Disability Credit Protect Coverage is in force.

“Claim” means a request for payment of the monthly benefit under a Disability Credit Protect Coverage made in accordance with DCP11 Proof of Claim.

“Continuous Care of a Physician” means being under the continuous care of a Physician with respect to the condition(s) causing the Disability and complying with treatment recommended by the Physician that is in accordance with generally accepted medical standards for the condition(s) causing the Disability.

“Disability” or **“Disabled”** means:

- 1) for a Life Insured who is Gainfully Employed, the total and continuous incapacity caused by an Accident or Illness that prevents the Life Insured from performing, for any period of time, the regular duties of the work for which the Life Insured is Gainfully Employed; or
- 2) for a Life Insured who is not Gainfully Employed, the total and continuous incapacity caused by an Accident or Illness that prevents the Life Insured from working for salary, wages or commissions in any capacity for any period of time.

“Disability Credit Protect Coverage” means an Empire Life Disability Credit Protect Coverage as shown on the most recent Data Page.

“Elimination Period” means a period of 30 consecutive days after the Onset of Disability.

“Financial Institution” means an entity governed by federal or provincial legislation and legally authorized to conduct business in Canada.

“Gainfully Employed” means is and has been for at least eight months during the past 12 months, working for salary, wages or commissions on a continuing basis for a minimum of 20 hours per week.

“Illness” means a disease or period of sickness affecting the body or mind that occurs while the Disability Credit Protect Coverage is in force.

“Maximum Monthly Benefit” is shown on the Data Page and is the maximum amount that may be paid as a monthly benefit.

“Onset of Disability” means the date the Life Insured becomes Disabled as definitively determined by a Physician supported by sound medical evidence.

“Physician” means a licensed medical practitioner practising medicine in Canada or the United States or other jurisdiction approved by the Company. A Physician must be an individual other than the Owner, the Life Insured or a relative or business associate of either.

“Recovers from a Disability” or **“recovers from the Disability”** means the Life Insured is able to perform, for any period of time, the regular duties of the work for which the Life Insured was Gainfully Employed or, if Life Insured was not Gainfully Employed, is able to work in any capacity for any period of time.

“Waiting Period” means a period of 90 consecutive days after the Onset of Disability, except if the Disability is the result of an Accident or requires hospitalization for at least 72 hours at the Onset of Disability, in which case the Waiting Period means a period of 30 consecutive days after the Onset of Disability.

DCP2 Premiums

To keep the Disability Credit Protect Coverage in force, premiums for a Disability Credit Protect Coverage must be paid in accordance with the General Provisions, including, but not limited to:

- 1) during the Waiting Period; and

EMPIRE LIFE DISABILITY CREDIT PROTECT PROVISIONS

- 2) while any monthly benefit for the Disability Credit Protect Coverage is being paid, unless the premiums are waived under another disability benefit included in the contract.

Premiums are payable whether or not there is an eligible debt as described in DCP12 Eligible Debts.

Premiums will not be refunded, in whole or in part, if the monthly benefit amount that is paid is less than the Maximum Monthly Benefit for the Disability Credit Protect Coverage.

DCP3 Elimination Period and Waiting Period

No monthly benefit is payable during the Elimination Period for an approved Claim.

If the Life Insured is continuously Disabled during the Waiting Period, the monthly benefit will be payable as of the 31st day after the Onset of Disability.

The Owner and/or Life Insured are responsible for making all payments on eligible debts by their due dates. The Company assumes no liability for any payments on eligible debts or any related penalties or fees charged if payments on eligible debts are not made or not made by their due dates.

DCP4 Payment of the Monthly Benefit

If the Life Insured becomes Disabled and is under the Continuous Care of a Physician and there is an eligible debt at the time of the Claim, the Company will pay the monthly benefit in the amount determined in accordance with DCP6 Monthly Benefit Amount, subject to DCP7 Benefit Period, DCP13 Exclusions and the terms set out below.

In order for the monthly benefit to be payable:

- 1) the Life Insured must be a Canadian resident or a permanent resident of Canada for the allowable benefit period for the Claim; and
- 2) the Life Insured must be residing in Canada or the United States or another jurisdiction approved by the Company for the allowable benefit period for the Claim; and
- 3) the Continuous Care of a Physician must have commenced before or within 30 days of the Onset of Disability.

If the Life Insured is not in Canada or the United States or another jurisdiction approved by the Company at the Onset of Disability and the Life Insured does not return to Canada within 60 days of the Onset of Disability, the monthly benefit will be payable for a maximum of three months.

The amount of the monthly benefit is determined at the Onset of Disability.

Example

A. If the Onset of Disability is July 14 and the Disability is not the result of an Accident and did not require hospitalization for at least 72 hours at the Onset of Disability, then the Elimination Period ends August 13 and the Waiting Period ends October 12. If the Life Insured is continuously Disabled due to the same cause from July 14 to October 12 and there is still an eligible debt, the first monthly benefit will be for the period August 14 to October 13 and monthly payments will be made thereafter for the allowable benefit period, if conditions for payment are met.

B. If the Onset of Disability is July 14 and the Disability is the result of an Accident or requires hospitalization for at least 72 hours at the Onset of Disability, then the Elimination Period and the Waiting Period end August 13, and if the Life Insured is continuously Disabled due to the same cause from July 14 to August 13 and there is still an eligible debt, the first monthly benefit will be paid for the period August 14 to September 13 and monthly payments will be made thereafter for the allowable benefit period, if conditions for payment are met.

While the monthly benefit is being paid under a Disability Credit Protect Coverage, no other Claims arising from related or unrelated disabilities will be accepted for that Coverage.

DCP5 Beneficiary for Monthly Benefit

The Owner shall not be permitted to designate persons to receive monthly benefits payable under a Disability Credit Protect Coverage. The monthly benefits for a Disability Credit Protect Coverage will only be paid to the Owner. If there are joint Owners, the monthly benefit will be paid to the Owners, jointly.

DCP6 Monthly Benefit Amount

The monthly benefit amount payable under a Disability Credit Protect Coverage is the lesser of:

- 1) the Maximum Monthly Benefit, as at the Onset of Disability, for the Disability Credit Protect Coverage; and

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- 2) the total amount of the monthly payments required, as at the Onset of Disability, for all eligible debts as determined by the Company based on documentation provided as required under DCP11 Proof of Claim. The monthly payment required for a line of credit will be the average of the monthly payments, including interest, made on the line of credit during the six months preceding the Onset of Disability.

If Claims are made under multiple Disability Credit Protect Coverages with respect to an eligible debt that is jointly held, then, in determining the monthly benefit amount for each of the Disability Credit Protect Coverages, the required monthly payment for the jointly held debt will be apportioned between those Coverages in accordance with the Company's administrative rules such that the portion of the total monthly benefit amount payable under the Disability Credit Protect Coverages with respect to such jointly held eligible debt will not exceed the required monthly payment for such debt.

The monthly benefit amount payable with respect to any eligible debt will continue to be the amount established for that debt as at the Onset of Disability even if the required monthly payment for the eligible debt changes during the benefit period, subject to DCP9 Termination or Reduction of Monthly Benefit.

DCP7 Benefit Period

The benefit period shown on the Data Page for a Disability Credit Protect Coverage is the maximum period of time during which the monthly benefit for any approved Claim under that Coverage may be paid if all terms and conditions for payment are met. The benefit period shown on the Data Page for a Disability Credit Protect Coverage cannot be changed once the Disability Credit Protect Coverage is in force and is subject to the maximum described in DCP8 Maximum Benefit Period.

If the Life Insured recovers from a Disability for which monthly benefit payments were being made under a Disability Credit Protect Coverage and subsequently becomes Disabled from an unrelated cause, a new Claim may be made under that Coverage and if approved, the benefit period for the new Claim will be the benefit period shown on the Data Page for that Coverage, subject to the maximum benefit period described in DCP8 Maximum Benefit Period.

If the Disability for which a Claim under a Disability Credit Protect Coverage was approved continues after the end of the benefit period allowed for that Claim, no further monthly benefits will be paid for that Claim or that Disability.

If monthly benefits are being paid on the expiry date of the Disability Credit Protect Coverage as shown on the most recent Data Page, the monthly benefits will continue to be paid for that Coverage after the expiry date up to the end of the benefit period allowed for that Claim, subject to the terms and conditions for payment of the monthly benefit. No Claims can be made on or after the expiry date for the Coverage.

DCP8 Maximum Benefit Period

The maximum benefit period for all approved Claims under a Disability Credit Protect Coverage, in the aggregate, is two times the benefit period shown on the Data Page for that Coverage. The Disability Credit Protect Coverage terminates if the maximum benefit period for payment of the monthly benefit for the Coverage is reached and thereafter no further monthly benefits will be paid.

DCP9 Termination or Reduction of Monthly Benefit

Monthly benefits will not be payable if, during a benefit period, the Life Insured:

- 1) declares bankruptcy;
- 2) starts work for salary, wages or commissions;
- 3) recovers from a Disability;
- 4) refuses to undergo an examination by a Company appointed Physician;
- 5) is not under the Continuous Care of a Physician; or
- 6) dies.

The Owner and Life Insured must promptly notify the Company if any of the above occurs. Any monthly benefit paid after any of the above has occurred must be refunded to the Company and, until repaid, will be a debt owed by the Owner to the Company and secured against the contract and deductible from Proceeds in accordance with GP10 Indebtedness.

When requested by the Company, the Life Insured must provide evidence satisfactory to the Company to confirm none of the above has occurred while monthly benefits are payable. The Company shall be entitled to stop making monthly benefit payments if the Life Insured fails to provide such evidence to the Company in a timely manner.

If an eligible debt for which all or a portion of a monthly benefit is being paid is paid in full during the applicable benefit period, then the monthly benefit will be reduced by an amount equal to the required monthly payment, determined at the Onset of Disability, for the eligible debt that has been paid in full. The Owner and Life Insured must promptly notify the

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Company if an eligible debt for which a monthly benefit is being paid is paid in full during the benefit period. If all or any portion of a monthly benefit with respect to an eligible debt is paid after the eligible debt has been paid in full, it must be refunded to the Company and, until repaid, will be a debt owed by the Owner to the Company and secured against the contract and deductible from Proceeds in accordance with GP10 Indebtedness.

DCP10 Recurring Disabilities

If the Life Insured recovers from a Disability for which monthly benefit payments were being made under a Disability Credit Protect Coverage and there is a recurrence of the Disability due to the same or a related cause, a new Claim for monthly benefits must be made under that Coverage.

If the recurring Disability occurs within six months of the Life Insured recovering from the previous Disability, the Claim for the recurring Disability under that Coverage is treated as a continuation of the Claim for the previous Disability, and if approved, there is no additional Elimination Period or Waiting Period and the benefit period for monthly benefit payments related to the recurring Disability will be the portion of benefit period for the previous Disability during which monthly benefit payments were not made, subject to the maximum benefit period described in DCP8 Maximum Benefit Period.

If the recurring Disability occurs more than six months after the Life Insured recovered from the previous Disability, the new Claim is not a continuation of the Claim for the previous Disability for which benefits were paid. If the new Claim is approved, there is a new Elimination Period and Waiting Period and the benefit period for the new Claim will be the benefit period shown on the Data Page, subject to the maximum benefit period described in DCP8 Maximum Benefit Period.

Example

A Disability Credit Protect Coverage has a 12 month benefit period. The Life Insured makes the first Claim under the Disability Credit Protect Coverage, which is approved. The benefit period for the Claim is 12 months. The monthly benefit stops being paid after five months because the Life Insured recovers from the Disability and returns to work.

A. Three months later there is a recurrence of the Disability for the same cause and the Life Insured makes a second Claim. If the second Claim is approved, it would be treated as a continuation of the previous Claim. There would be no additional Waiting Period and the benefit period for the Claim for the recurrence of the Disability would be seven months (benefit period of 12 months for the Claim less the five month benefit period during which payments were made for previous Disability for same cause). If the Life Insured becomes Disabled five years later and makes a Claim that is approved, the benefit period for this Claim would be 12 months, assuming no other Claims have been paid during the five year period.

B If the recurrence of the Disability for the same cause happened more than six months later, the Claim for the recurrence would be treated as a new Claim. There would be a Waiting Period for this new Claim and the benefit period for the recurrence of the Disability would be 12 months. If the monthly benefits for the recurrence are paid for nine months and then stop, and the Life Insured becomes Disabled from the same or a different cause five years later and makes a Claim that is approved, the benefit period for this Claim would be 10 months (maximum benefit period of 24 months less the 14 month benefit period for initial Disability and the recurrence).

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DCP11 Proof of Claim

Before making any payment of a monthly benefit, the Company will require:

- 1) notice of a Claim for the monthly benefit;
- 2) sufficient proof of the right of the claimant to receive the monthly benefit;
- 3) medical evidence satisfactory to the Company that the Life Insured is Disabled. The Company has the right to require the Life Insured to undergo additional tests and/or examinations necessary to confirm that the Life Insured is Disabled, which may include examination of the Life Insured by a Company appointed Physician;
- 4) documents from a Financial Institution, or other lender, lessor or landlord, satisfactory to the Company, confirming that each debt or lease for which benefit payments are being sought is an eligible debt. The documents must show the Life Insured or, for corporately owned policies, the Owner as the borrower or co-borrower, lessee or co-lessee, or tenant or co-tenant, the name of the lender, or lessor, the effective date of the debt, the outstanding balance owing on the debt, the date the debt is expected to be paid in full and the required monthly payment amount and, for a line of credit, the actual monthly payment amounts for the last six months, or a copy of a residential lease agreement that shows the Life Insured or, for corporately owned policies, the Owner as the tenant, the name of the landlord, the required monthly rent payment, and the expiry date of the lease; and
- 5) any other information that the Company may reasonably require to establish the validity of the Claim and/or the amount of the monthly benefit.

DCP12 Eligible Debts

“Eligible debt” means any of the following for which the Life Insured or, for corporately owned policies for which the corporation is legally responsible as the borrower or co-borrower, lessee or co-lessee, or tenant or co-tenant:

- 1) loan with a Financial Institution (e.g. car, truck or motorcycle loan, boat or RV loan, student loan, loan for renovations);
- 2) mortgage with a Financial Institution for a residential property;
- 3) vehicle lease;
- 4) residential property lease where the Life Insured is a tenant, provided the Life Insured does not have a mortgage or a home equity line of credit. The lease must be for a minimum of one year. The landlord cannot be, or be directly or indirectly controlled by, the Owner, the Life Insured or a relative or business associate of either;
- 5) line of credit with a Financial Institution; and
- 6) commercial loan with a Financial Institution where the borrower is a corporation that owns the contract and the Life Insured directly or indirectly controls the Owner;

The following are not considered eligible debts:

- 1) loans or leases entered into within 120 days prior to the Onset of Disability;
- 2) loans or leases entered into after the Onset of Disability;
- 3) loans or leases covered under other disability insurance;
- 4) loans or leases between individuals or persons that are related persons or otherwise not dealing at arm's length as those terms are defined in the *Income Tax Act* (R.S.C., 1985, c. 1 (5th Supp.)).
- 5) credit card balances;
- 6) commercial loans for buildings with seven units or more, including any unit in which the Life Insured or Owner or any shareholder of a corporate Owner is living;
- 7) living benefit advance or policy loans on a life insurance policy.

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DCP13 Exclusions

A monthly benefit will not be paid if the Disability results directly or indirectly from:

- 1) intentionally self-inflicted injuries, while sane or insane;
- 2) the illegal use of drugs or substances, the misuse of medication obtained with or without a prescription, or the misuse of alcohol;
- 3) any violation of, or attempt to violate, any criminal law by the Life Insured;
- 4) the operation of a motor vehicle by the Life Insured while under the influence of narcotics or while his or her blood alcohol level exceeds 80 milligrams per 100 millilitres of blood (0.08) or any lower limit prescribed by law;
- 5) the Life Insured's participation in a public demonstration, riot, insurrection, war or military operation whether war has been declared or not;
- 6) cosmetic or elective surgery;
- 7) participation in professional sports or international athletic competition; or
- 8) participation in any of the following activities: mountaineering, rock climbing, caving, parachuting, sky diving, scuba diving, hang gliding, bungee jumping, racing (including, but not limited to, automobile, motorcycle, snowmobile, speedboat or horse) or any other hazardous activity.

A monthly benefit will not be paid for:

- 1) pregnancy, unless there is a Disability caused by the pregnancy, childbirth or miscarriage;
- 2) any period of time the Life Insured is incarcerated in a penitentiary or any government detention facility.

DCP14 Termination of Coverage

In addition to the provisions outlined in GP18 Termination of a Coverage, the Disability Credit Protect Coverage will terminate on the first to occur of:

- 1) the date on which the Company has paid the monthly benefits for the maximum benefit period; or
- 2) the date the life insurance coverage to which the Disability Credit Protect Coverage is attached is terminated.

DCP15 Taxation

For income tax purposes, the Company will report a monthly benefit paid under a Disability Credit Protect Coverage based on our understanding of the applicable tax legislation at the time the monthly benefit is paid.

Regardless of how the Company reports a monthly benefit, the Owner is responsible for reporting and remitting all taxes with respect to the payment of a monthly benefit, including any tax liability resulting from any change in law, or any Canada Revenue Agency interpretation, policy, ruling or guideline.

DCP16 Assignment

Subject to the provisions of the law governing the contract, if the contract is assigned as security for a debt, the monthly benefits payable for any Disability Credit Protect Coverage are not subject to the assignment and will not be payable to the assignee.