

EMPIRE LIFE INFORMATION CIRCULAR

DATE: January 15, 2016

N° 2016-02

CATEGORY: INSURANCE

TO: Managing General Agents, Associate General Agents, Advisors, General Agents and National Accounts

SUBJECT: New Lower Solution 10 and Solution 20 Term Life Insurance Rates

Effective February 1, 2016, we are pleased to announce that new rates for Solution 10 and Solution 20 term life insurance will take effect. These new rates will significantly improve the overall competitive positioning of initial premiums for Solution 10 and Solution 20 in our core target audience segments.

This rate change reflects our on-going commitment to provide competitive pricing and help make life insurance affordable for Canadians.

**Improved
Overall
Initial Premium
Ranking**

Initial premium rates will decrease on average by 2% for Solution 10 and 3% for Solution 20, resulting in improvements in our overall initial premium ranking[†] for these products, especially for our key target audiences of ages 30 to 50. For example:

	Scenario	Old Ranking*	New Ranking*	Improved By
Solution 10 \$250,000 (NS = non-smoker)	Male 30 NS	3	2	1
	Male 40 NS	5	3	2
	Male 50 NS	6	3	3
	Female 30 NS	4	2	2
	Female 40 NS	6	3	3
	Female 50 NS	7	2	5

	Scenario	Old Ranking*	New Ranking*	Improved By
Solution 20 \$250,000 (NS = non-smoker)	Male 30 NS	7	2	5
	Male 40 NS	9	3	6
	Male 50 NS	10	3	7
	Female 30 NS	5	4	1
	Female 40 NS	8	3	5
	Female 50 NS	11	3	8

	Scenario	Old Ranking*	New Ranking*	Improved By
Solution 10 \$500,000 (Standard, NS = non-smoker)	Male 30 NS	4	2	2
	Male 40 NS	7	2	5
	Male 50 NS	9	3	6
	Female 30 NS	6	3	3
	Female 40 NS	7	5	2
	Female 50 NS	9	3	6

	Scenario	Old Ranking*	New Ranking*	Improved By
Solution 20 \$500,000 (Standard, NS = non-smoker)	Male 30 NS	8	2	6
	Male 40 NS	12	5	7
	Male 50 NS	13	5	8
	Female 30 NS	8	3	5
	Female 40 NS	8	2	6
	Female 50 NS	11	4	7

* Rankings are based on Life Guide quotes dated Jan. 4, 2016, comparing old and new Solution 10 & 20 initial premium rates with the initial premium rates of 20 other term products.

Solution 10 & 20 Rate Change Details

- On average, 2% reduction in initial premium rates for Solution 10 and 3% for Solution 20 for all Bands, ages and gender.
- Renewal premium rates for these products have generally decreased.
- Initial premium rates for some ages in Band 1 (<\$100,000) have increased.

Transition Rules

- For applications received in Head Office on or after 5:00 p.m. Friday, January 29, 2016 (EST) that are approved, Solution 10 & Solution 20 coverages will be issued with the new plan rates.
- For pending "in the mill" applications that are received in Head Office before 5:00 p.m. on January 29, 2016 (EST), and are approved and the policy issued after January 29, 2016, Solution 10 and 20 coverages will be automatically issued with the **lower** of the new plan rates and the current rates, but must be settled by 11:00 a.m. March 31, 2016 (EST).
- Any Solution 10 or 20 policy that is issued on or before January 29, 2016, but not yet settled must be returned to Head Office by February 12, 2016 at 5:00 p.m. (EST) to receive the new rates.
- Any request to reopen a closed Solution 10 or 20 application must be received in Head Office by 5:00 p.m. January 29th, 2016 (EST). If the application is approved, the policy will be issued with the **lower** of the new plan rates and the current rates.

Reference

Yvonne Lau, Product and Pricing Specialist, Insurance Marketing

