

EMPIRE LIFE INFORMATION CIRCULAR

DATE: November 9, 2012

Nº. 2012-21

CATEGORY : INSURANCE

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

SUBJECT : New Retail Insurance product changes coming this fall

Effective **November 24, 2012**, we will be making the following changes to our guaranteed Level cost of insurance plans available for sale.

- **20 Pay Solution** will no longer be available for sale. We continue to offer a guaranteed, limited pay alternative with the Optimax 20 Pay plan.
- The rates on **Solution 100** (guaranteed whole life insurance) plans will increase. To offset the increase, the values within Solution 100 will also increase significantly in the early years and will also start after the 4th policy anniversary.
- The level cost of insurance rates within **Trilogy** and **Trilogy Plus** (universal life) plans will increase.
- First Year Commission (FYC) based on target premium will decrease for the Level cost of insurance for both Trilogy and Trilogy Plus to 50%. The FYC for the term 10 cost of insurance option (10YRT) will increase to 45%.

We continue to monitor the environment and review our pricing position. We have continually referred to market conditions and industry changes that have fundamentally changed how insurance companies can offer life insurance coverage to remain viable.

Rate changes Increases for Solution 100 average 21% overall, ranging between 9% for older ages and 45% for younger ages. For Level cost of insurance inside universal life, increases average 20% overall, ranging between 9% for older ages and 33% for younger ages.

Increased value changes (Solution 100 only) Along with rate increases, we are happy to introduce improvements to the values for Solution 100. The start of values will change from the 10th anniversary to the 4th anniversary. The values will also increase dramatically for the early policy years. The following table shows the increases in values after certain periods.

End of Year Values	CSV	RPU
10 Years	+980%	+655%
15 Years	+142%	+83%
20 Years	+40%	+13%
25 Years	+35%	+14%

**First Year
Commission
changes
(Universal Life
only)**

The following table reflects the change in first year commission based on target premium inside universal life. These changes will allow our compensation to be more consistent when comparing plans inside and outside of universal life that offer the same rate structures.

Rate Structure	FYC (old)	FYC (new)
Level (Trilogy)	60%	50%
Level (Trilogy Plus)	55%	50%
10 YRT (Trilogy & Trilogy Plus)	40%	45%

Software changes

With the new release in rates, we will be introducing some minor fixes to the Envision software, including the above-mentioned changes. We have also temporarily removed the Insured Annuity strategy from our Financial and Estate Planning Strategies Suite which will undergo some reprogramming and changes. This strategy can still be illustrated using AddCalc. You may also contact your local Empire Life sales office for assistance.

SimpleQuote will also be released with some upgrades to our iPad and iPhone app. Waiver of premium will now be available to quote. Users will also be able to toggle between French and English and latest iOS 6 Apple software.

**New Medical
Service
notification**

Earlier this year, we replaced our medical concierge services for our current Vital Link and children's critical illness plans with the services offered through MedExtra Inc. We will be notifying the eligible inforce clients of the change, starting in November. The non-contractual benefit provides help before a second opinion is needed.

Transition rules

These changes go into effect **November 24, 2012**. Existing business written and in Head Office by **4:00pm EST on Friday, November 23, 2012** will be eligible for existing plans, rates and compensation. Any applications or requests to reopen an application that has been closed must be received in Head Office by **4:00pm EST** that day.

Applications for 20 Pay Solution must be in Head Office by November 23, 2012, including scanned applications. If the application is received after that date, you will be asked for an alternate plan.

New applications and changes to applications or policies, including scanned applications received in Head Office after November 23, 2012 will be processed with new plans, new rates and new compensation per the above announcement.

All pending "in the mill" business that is in Head Office on November 23, 2012 will be eligible for the 20 Pay Solution and existing rates, but must be settled no later than **March 1, 2013**. All underwriting requirements must be received in Head Office by **February 15, 2013**, and all settlement requirements in by **February 27, 2013**.

All universal life plans with a Term 10 cost of insurance option, issued after November 23, 2012, will be eligible for the new commission of 45% of the target premium.

To guarantee that customers are eligible for old rates and plans, all applications including scanned applications must be received in Head Office no later than November 23, 2012. Please make sure you allow time for courier service and delivery. There will be no exceptions.

Reference **Cameron Walker**, Manager of Product Development, Retail Insurance Products & Marketing