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**Date:** April 12, 2011 **Nº. 2011-09A**  
**Category:** Life Insurance  
**To:** Managing General Agents, Associate General Agents, Brokers, General Agents, Independent Financial Advisors and National Accounts  
**Subject:** **More information and Q&A on Solution 100 Term**

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As communicated earlier, Empire Life will no longer accept new applications for our Term to 100 plan called **Solution 100 Term**, effective **April 29, 2011**.

As previously mentioned, we have continually referred to current market conditions and forecasts calling for continued low, long-term interest rates. This is driving the need to increase long-term, guaranteed insurance rates in Canada. Our review concluded two things:

- 1) The increases necessary to make Solution 100 Term viable would make it uncompetitive for customers and therefore not practical for Empire Life.
- 2) Current expected lapse rates, coupled with continued forecasts for low, long-term interest rates support product design that offers cash values on a plan of this type. This offers better value for the customer and supports our philosophy of consumer-accountable products. Products that offer customers cash values that can revert to the policyowner provide a fair, flexible and adaptable solution for long-term needs that may change or for unexpected needs for cash that pop up.

We will continue to offer a **Solution 100 with Values** product, which offers a better design considering the current pricing environment for both lapse and interest rate expectations.

**Q&A** This change is sure to raise some questions, so in an effort to help you manage through this change, here is a short Q & A to address some concerns:

1. *If I am planning to submit an application Solution 100 Term, when is the cutoff date?*

Applications for Solution 100 Term **must be received** in the Empire Life Head Office, in good order, **no later than close of business on April 29, 2011**.

We will not accept faxed applications. Applications for Solution 100 Term, whether submitted as a policy, rider or conversion, must be submitted using the normal practice for sending in applications. Scanned applications **will only be accepted** from MGA offices currently approved to submit scanned applications providing they arrive in Head Office prior to the close of business on April 29<sup>th</sup>, 2011.

2. *What happens to applications that arrive in Head Office after the cutoff date?*

Applications for Solution 100 Term received after the cutoff **will be treated as 'not proceeded with' (NPW)**. You will have the option to select another product. However, if we do not receive instruction within 20 business days, we will close the file and return the premium cheque to the client as per normal practice. We do not return applications.

3. *Will Solution 100 Term be removed from the Envision sales illustration software by April 29<sup>th</sup>?*

No. We are in final development and testing of *Envision* sales illustration enhancements highlighted in the Risk Road Show last fall. We do not want to delay the release of these enhancements so we will defer removing Solution 100 Term from our illustration system until the next *Envision* release planned for this summer.

4. *What if I forget? How will I remember that it is not available if Solution 100 Term is still on the illustration system?*

We will be sending out weekly reminders that even though Solution 100 Term can be illustrated on *Envision*, the product will no longer be available for sale after April 29. These weekly reminders will be sent through *Insight*, our weekly e-newsletter, email blasts from your regional offices and posts to our Advisor website.

5. *Will Solution 100 Term be removed from the life application by April 29<sup>th</sup>?*

No. For a limited time, this product option will still be on the life application. The application is also undergoing a number of changes and enhancements, including the revised and improved underwriting guidelines we announced earlier. We wanted to have all the changes done at the same time, rather than introduce them over a relatively short period of time.

We will be adding a new insert for all life applications shipped from our Head Office reminding brokers that even though Solution 100 Term is listed on the life application as a product choice, it is no longer available for sale after April 29, 2011. A supply of these life application inserts will be shipped to the MGA offices for use with their existing stock of life applications. A copy of the insert will also be placed on the Empire Advisor website as a reminder to advisors and staff for life applications downloaded from the website.

6. *Why not wait until everything is ready?*

Current market conditions are changing quickly. The responsible thing for Empire Life to do is respond to the present environment and guard against any dramatic changes that can create an unnecessary burden on all stakeholders.

We appreciate your efforts in helping us manage through this change.

**References:** **Steve MacCharles**, Vice-President and Product Actuary  
**Peter A. Wouters**, Director, Retail Risk Product Marketing and Director, Tax & Estate Planning