

20-year term life insurance policy

We're pleased to provide you with your life insurance policy. Purchasing the right amount of life insurance protection is an important step in building a solid financial future. As of the *policy effective date* on your Policy Summary, your insurance is in force under the terms and conditions of the policy.

Benefits are provided and underwritten by The Manufacturers Life Insurance Company (Manulife).

We pay benefits according to the terms, conditions, and limitations of the policy. At the time of any claims, this policy must be in good standing, which means the premiums must be paid in full to the current date, unless we are waiving your premiums.

Some of the terms used in this policy have been assigned a specific meaning and are *italicized* throughout this document. It's important to read and understand this policy with these specific meanings in mind. Read the section called [Words and phrases used in this policy](#) to familiarize yourself with these terms and their associated meanings. In this policy, "you," and "your," means the policy owner named on the Policy Summary and "we," "our," and "us" means Manulife.

In this policy, we occasionally use the phrase, "subject to our administrative rules." Administrative rules are the guidelines we set to determine how, and in what circumstances, you may exercise certain rights under your policy. We change our administrative rules from time to time to reflect corporate policy and economic and legislative changes, including revisions to income tax legislation. Any changes we make to our administrative rules will not affect any guaranteed benefits provided by this policy.

Sincerely,



Naveed Irshad
President and Chief Executive Officer, Manulife Canada

30-day satisfaction guarantee

The first 30 days from receiving your policy is known as the free-look period. If you decide you don't want this insurance, return the policy to us at the address on this page.

If the *insured person* is still alive, we will cancel your policy and send you a full refund of premiums, minus any claims we've paid. If the claims we paid are more than your premium payments, you must repay the difference. This right of cancellation does not apply to any reissued, substituted, or consolidated policy continuing coverage that began under a previously issued policy.

The rights of any beneficiary under the policy are also subject to this right of cancellation. All of our obligations and liabilities under this policy will end immediately when we receive your request to cancel the policy.

Replacing this policy with a new one or using this policy to replace another may not result in any advantage to you. If someone suggested that you change or replace this policy, you should contact Manulife for advice at the toll-free number shown below.

Affinity Markets
250 Bloor Street East
Toronto, Ontario
M4W 1E5

Web: manulife.ca
Email: am_service@manulife.ca
Telephone:

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1 How this policy works

When you bought this policy, we agreed to provide you with insurance protection according to the terms of this policy as long as you pay your premiums. We pay the living benefit and/or the *death benefit* subject to the terms and conditions of this policy and any exclusions that apply.

Here's a summary of how your policy works:

- You must pay your premiums to us in Canadian funds.
- If you don't pay your premiums, you have a 30-day grace period to pay the overdue amount to keep your policy in effect.
- Your policy insures the life of 1 person. We pay the *death benefit* when the *insured person* dies, subject to the terms of your policy.
- Your policy renews every 20 years until the expiry date.
- We guarantee your premiums won't change for the first 20 years unless you make a change to your policy.

Term of this policy

The initial term of this policy is 20 years as indicated on your Policy Summary. The initial term ends on the first *renewal date*.

At each *renewal date*, we will automatically renew the insurance coverage for another 20 years. We will not ask for medical *evidence of insurability* of the *insured person* if both of the following are true:

- All premiums have been paid when due.
- The *insured person's attained age* is 70 or younger.

If the *insured person's attained age* is 71 or older, we will renew the insurance for the number of years that remain until the *policy anniversary* closest to their 90th birthday. For example, if the insured is 89 years old on the *renewal date*, the renewal term will be 1 year.

Eligibility

To qualify for this insurance, you must be all the following at the time of your application:

- A resident of Canada
- Between the *issue age* of 18 and 70, inclusive
- A Costco member in good standing or the eligible spouse of a member
 - Eligible spouse means a person who is legally married to the member, or if not legally married to the member, resides with the member in a conjugal relationship for a continuous period of not less than 2 years.

Effective date of this policy

The *policy effective date*, subject to payment of the initial premium required, is as follows:

- If the application is approved by us as applied for with *evidence of insurability*, on the date the application is approved by us.
- If the application is approved by us other than as applied for, or requires an amendment to restrict coverage, the date the application is approved by us.

2 Benefits

Death benefit

We pay a *death benefit* if the *insured person* dies before this policy ends, subject to any exclusions and limitations.

How we determine the *death benefit*

We calculate the *death benefit* as of the date the *insured person* dies. The *death benefit* is calculated as follows:

- The total *amount of insurance*

Minus

- Any living benefit paid to the *insured person*, if applicable

Minus

- Any outstanding premium due before the date of death, if applicable

Under certain conditions, we adjust the *death benefit* as explained in the following sections of your policy:

- [The grace period](#)
- [Living benefit](#)
- [Exclusions and limitations](#)
- [Misstatement of age or sex](#)

In some cases, we may determine that a *death benefit* is not payable. These situations are described in the section called [Contesting the policy](#).

Who receives the *death benefit*

The *death benefit* is generally payable to the beneficiary named for the *insured person* who dies. For more information about beneficiaries, read the [Beneficiaries](#) section of this policy.

You may use this policy as security for a loan by assigning it to a lender. The rights of the lender, collateral assignee, or hypothecary creditor may take precedence over the rights of any other person claiming the *death benefit*. For more details, review the section called, [Using this policy as security for a loan](#).

Unused premium

If we pay a *death benefit*, we will refund any unused premium if applicable.

Notice and proof of claim

Beneficiaries must contact our *Canadian head office* within 12 months after the date of death to claim a *death benefit*. Our contact information is included in this policy package. We will advise what documents we need to determine the benefit payable and to make sure we make payment to the appropriate person.

We may accept the documents after 12 months if the beneficiary can show that the information was sent as soon as reasonably possible.

We need proof of all the following:

- The death of the *insured person*
- The birthdate of the *insured person*
- The beneficiary's right to be paid

We have the right to investigate the circumstances of the death and to require supporting documentation such as, but not limited to, an autopsy, coroner's report, medical examination records, unless prohibited by law.

Exclusions and limitations

Suicide exclusion

If the *insured person* dies by suicide within 2 years of the *policy effective date* or the date we last reinstated the insurance, we pay a reduced *death benefit* and the policy ends. The reduced benefit is equal only to the premiums paid for the insurance since the *policy effective date* or the date we last reinstated the insurance, whichever is later. The reduced benefit is payable to you or your estate.

Additional exclusions

If there are additional exclusions that apply to the *insured person* under this policy, we include them as an amendment to this policy.

Living benefit

The living benefit is an early payment of a portion of the *death benefit*.

When we pay the living benefit

If the *insured person* is diagnosed with a terminal illness and is given 12 months or less to live, we may pay a living benefit in the form of a lump sum payment, subject to the terms of this policy.

The living benefit is payable only **once in the *insured person's* lifetime**. To be eligible, the *insured person* must be under *attained age* 85 and the policy must be in force for 2 years from the later of the following dates:

- the *policy effective date*
- the date of any change to this policy that required evidence of insurability to be provided
- the date of any reinstatement of this policy

The amount of the living benefit

We will pay 50% of the applicable *amount of insurance* to a maximum of \$200,000.

Who receives the living benefit

The living benefit payment is paid directly to the *insured person* and only during the *insured person's* lifetime.

How a living benefit payment affects your policy

If we pay the living benefit, we reduce the total *death benefit* on the *insured person's* life by the living benefit payment.

If we approve the living benefit payment, you don't need to make any further premium payments after the date we make the living benefit payment. You may not apply for new or increased benefits while we are waiving your premiums.

How to claim the living benefit

To apply for the living benefit, send us all of the following:

- A written request for the living benefit, including the written consent of the policy owner
- The signature of any irrevocable beneficiaries and assignees, if applicable
- Proof of the *insured person's* date of birth
- The written medical opinion of a *physician* that outlines the prognosis of death within 12 months
- Proof, satisfactory to us, that the terminal illness began more than 2 years after the *policy effective date*, the date you made changes to your policy that required evidence of insurability to be provided, or the date we last reinstated the insurance, whichever is later

You are responsible for the cost of any documents we need to make our decision. We solely reserve the right to make the final decision on payment of the living benefit.

3 Premiums

The premium is the amount we charge you for the insurance we provide.

The insurance coverage premium

This is the amount we charge you for the insurance coverage. We base the premium on the following information:

- The *amount of insurance*
- The personal information that applies to the *insured person*, shown on the Policy Summary
- The premium frequency selected
- Our premium rates

Paying your premium

You must pay your premiums to keep your policy in effect.

Your first premium is payable on the *policy effective date*. The insurance does not take effect if we don't receive the premium or if the payment is not honoured for any reason. The first premium provides coverage from the *policy effective date* shown on the Policy Summary to the next premium due date.

For subsequent premiums, if you choose to pay:

- monthly, the premium due date is the 1st of each month.
- annually, the premium due date is the *policy anniversary*.

Payment method and frequency

You may choose to pay premiums in the following ways:

- Monthly through pre-authorized debits (PADs) from a Canadian bank account
- Monthly or annually by a credit card acceptable to us
- Any other payment method or frequency subject to our administrative rules

Contact us for instructions on how to change your payment method or frequency. Your premium changes if you change your payment frequency.

Premium guarantee

We guaranteed that the premium will not increase for the first 20 policy years unless you make a change to your policy, or the coverage ends and the policy is reinstated.

Premium changes at *renewal dates*

Premiums on *renewal dates* are not guaranteed.

Your premiums will usually increase at each *renewal date* until the date when the policy ends. Premiums for each renewal term are based on:

- The *insured person's attained age* on the *renewal date*
- The rates in effect on the *renewal date*

We'll send you advance notice when your premium is scheduled to change.

Grace period

If on any premium due date after the insurance takes effect, we do not receive enough money to cover your entire premium, you will have 30 days to pay the full amount. This 30-day period is called the grace period. During the grace period, the insurance stays in effect.

If you do not pay the entire premium by the last day of the grace period, this policy and the insurance it provides will end. We refund any partial payments that may be made during the grace period.

If the *insured person* dies during the grace period, we deduct the overdue premium from any payable *death benefit*.

Reinstating the policy

If your policy is terminated for non-payment of premiums, you may ask us to reinstate your policy up to 2 years after the start of the grace period if the *insured person* is still alive and prior to the date the policy ends. To be considered for reinstatement, you need to be a resident of Canada and provide all of the following:

- A written application for reinstatement
- Any medical *evidence of insurability* we ask for
- Payment of the reinstatement amount

If we approve your request, the effective date of the reinstatement is the date we determine that these requirements have been met.

We will not reinstate a policy if the reinstatement would result in a greater risk to insure such as, but not limited to, a less favorable smoking status or exclusion for any *insured person* under the policy.

The suicide exclusion and contestability period will begin anew from the date the policy is reinstated.

The reinstatement amount

The reinstatement amount is the **total** of the following:

- All amounts due on the date your policy went into the grace period, **plus**
- All premiums due from the date your policy went into the grace period to the date we reinstate your policy, **plus**
- Interest on these amounts at a rate determined by us

4 Making changes to your insurance

In this policy, you can ask us to:

- Decrease the *amount of insurance*.
- Change from smoker to non-smoker status.

Any change must meet the administrative rules we have in place at the time of the change, and we must approve your request for any change. We may ask for additional information to help us decide whether, and under what conditions, we will make any change to your insurance. Contact us for instructions or more information.

Decreasing the *amount of insurance*

You may send us a request in writing to decrease the *amount of insurance* at any time. The request to decrease must be in \$25,000 increments, subject to our administrative rules around minimum decreases and amounts of insurance coverage.

The change will take effect on the first of the month on or following the date we approve the request for change. We will refund any unused premiums.

Changing from a smoker to non-smoker

You can apply to change to the non-smoker premium rates after the insured person has been a non-smoker for 12 consecutive months. A non-smoker means a person who has not used any cigarettes, e-cigarettes, vapes, cigars, cigarillos, chewing tobacco, nicotine substitutes (such as gum or patches), shisha or hookah pipe, betel nuts, nicotine, or tobacco in any form in the past 12 months.

To make the change, please contact us to confirm the requirements. We ask you to give us any information we need to decide on whether, and under what conditions, we will change the smoking status of the *insured person*.

If we approve the change, your future premium will be based on non-smoker premium rates. The change will take effect on the first of the month on or following the date we approve the request for change. We will refund any unused premiums.

On the date that we approve the smoking status change, a new contestability period begins. For more information, read [Contesting the policy](#).

5 When your policy ends

Your insurance ends on the earliest of the following dates:

- The 1st of the month on or immediately after the date we receive your written request to cancel your insurance
- The date any premium due has not been paid, subject to the grace period
- The *policy anniversary* date nearest to the *insured person's* 90th birthday
- The date we cancel the policy or deny a claim as described in [Contesting the policy](#).
- The date the *insured person* dies

6 More information about your insurance

Your contract

This policy is part of the legal contract between you and us. This contract commits us to providing life insurance and the other benefits described in this document.

The entire contract consists of:

- This policy
- The Policy Summary
- The application for insurance
- Any medical *evidence of insurability* forms
- Any written or verbal statements and answers given as *evidence of insurability*
- All applications to change the insurance and any new versions of the Policy Summary that result from the changes
- Any amendments agreed upon in writing
- Any endorsements
- Any application to reinstate the contract

We are bound only by the statements that are part of the contract. Only our president or one of our vice-presidents can agree to any change you request in the contract and their agreement must be in writing.

Your rights as a policy owner

Your rights include the right to the following:

- Name beneficiaries
- Vary the frequency of your premium payments within our administrative limits
- Use this policy as security for a loan
- Transfer ownership of the policy
- Cancel the policy

You must follow the terms and conditions of this policy when you exercise the rights we've listed in this section. Your rights may also be limited by any laws that apply to your contract.

You may name a successor owner, called a subrogated policyholder in Quebec, to assume the rights of this policy when you die. If there is no successor owner and if the policy does not terminate on your death, the rights and benefits pass to your estate.

Beneficiaries

You may name 1 or more beneficiaries to receive the *death benefit* when the *insured person* dies. We pay the proceeds of the *death benefit* to the primary beneficiaries. If no primary beneficiary is alive when the *insured person* dies, we pay the proceeds to any secondary beneficiaries. If there is no surviving beneficiary or if no beneficiary has been named, we pay the proceeds to you or your estate.

You may change beneficiaries at any time before the *insured person's* death unless any laws prohibit the change. To change beneficiaries, we need a written request from you. If you named an irrevocable beneficiary, you cannot make a change without that beneficiary's consent.

If you have named more than 1 primary or secondary beneficiary, you may designate how the proceeds are divided. If you have not indicated this, we assume the proceeds should be divided equally among the surviving primary or secondary beneficiaries.

If the beneficiary has not reached the age of majority, we must pay the *death benefit* according to the applicable law.

If you have used this policy as security for a loan, the rights of a collateral assignee or, under the Quebec Civil Code, a hypothecary creditor, may take precedence over the rights of a beneficiary.

Currency

All premiums paid to us or payments made by us are in Canadian dollars.

Non-waiver

If we waive or do not enforce any of the provisions in this policy, this does not mean that we will waive the right to enforce them in the future. Additionally, if we approve or consent to a specific act, it does not mean we will allow the same act in the future.

Applicable jurisdiction

This policy is subject to the laws of the Canadian province or territory where you lived at the time of application for insurance.

Contesting the policy contract

We rely on you and the *insured person* to be truthful and tell us every fact that might have affected our decision to issue any insurance, and the terms under which we issued the insurance.

Fraudulent misrepresentation

A material fact is information or a fact you're aware of that could affect the conditions under which we would be willing to provide insurance and at what cost.

At any time, we have the right to question the validity of the policy if you or the *insured person* under the policy misrepresent or fail to disclose a material fact. We can deny any claim if you or the *insured person* under the policy has fraudulently misrepresented a material fact by not disclosing it or by stating it incorrectly in any application, medical examination, any written, verbal, or electronic statement or answers provided, or other information we have used as *evidence of insurability* or proof of claim. In this provision, a material fact does not include any statements made about the *insured person's* age or sex.

Misrepresentation or non-disclosure of a material fact

In the absence of fraud, or unless the *insured person's* age or sex has been stated incorrectly, we have the right to contest the validity of any insurance coverage within 2 years from the later of the following dates:

- The *policy effective date*
- The effective date of any change you made on any insurance coverage that required *evidence of insurability* to be provided
- The date the policy was last reinstated

This is known as the contestability period.

During the contestability period, we have the right to void your policy, or deny a claim, if the *insured person* has misrepresented a material fact by not disclosing it or by stating it incorrectly in any application, medical examination, any written, verbal, or electronic statement or answers provided, or other information we have used as *evidence of insurability* or proof of claim.

Misstatement of non-smoker status

If your status as a non-smoker has been misstated, your insurance will be cancelled retroactive to the *policy effective date* with no refund of premiums paid.

Misstatement of age or sex

If the age or sex of the *insured person* has been stated incorrectly, we will adjust the *death benefit* using the correct age or sex.

However, if we would not have issued the insurance because the correct age would not have met our rules about the minimum and maximum age, we may declare the policy invalid within the period allowed by law and refund the premiums paid.

Using this policy as security for a loan

You may use this policy as security for a loan by assigning it to the lender, based on the information and rules outlined in this section. This is called a collateral assignment or, under the Quebec Civil Code, a hypothec.

We are bound by the assignment or hypothec when we receive written notice of it at our *Canadian head office*. The lender should send the assignment or hypothec to us in duplicate, and we will return a copy to the lender.

After you have collaterally assigned or hypothecated the policy, you may need the consent of the lender to reduce the *amount of insurance* or cancel the policy.

We are not responsible for the validity of any assignment or hypothec.

The rights of the lender may take precedence over the rights of any person claiming a *death benefit*.

Type of policy

This policy is non-participating. It has no cash value and receives no dividends. The owner of a non-participating policy does not have some of the same rights as the owner of a participating policy, including eligibility for annual dividends and the right to vote at our annual meetings.

Transferring ownership

You may transfer ownership of your policy to another person. This type of transfer is called an absolute assignment. The entire policy must be assigned. We are not bound by the assignment until we receive a copy of it at our *Canadian head office*. We are not responsible for making sure that an assignment is valid.

Any absolute assignment will revoke the interest of a revocable beneficiary.

Transferring ownership of your contract has tax consequences, which may include increasing your taxable income.

Limitation of action

Any legal action taken against us on claims must begin within 2 years of the date the claim became payable or would have been payable if it had been valid. In Quebec, all action must begin within 3 years of this date.

Limitation period

Every action or proceeding against an insurer for the recovery of insurance money payable under the policy is absolutely barred unless commenced within the time set out in the Insurance Act or other applicable legislation.

7 Words and phrases used in this policy

Some of the terms used in this policy have a specific meaning. It's important to read and understand this policy with these specific meanings in mind. Please familiarize yourself with these terms and their associated meaning whenever consulting this policy.

attained age – the sum of an *insured person's issue age* and the number of complete years the policy has been in force from the first premium due date to the most recent *policy anniversary*.

amount of insurance – the amount of life insurance coverage in force as shown on the Policy Summary. Life insurance is available in increments of \$25,000, with a minimum amount of \$50,000 and a maximum amount of \$2,000,000.

death benefit – the total amount we pay when an *insured person* dies.

evidence of insurability – any information we need to decide if a person is insurable, and if so, on what terms. *Evidence of insurability* includes the application for insurance and other information we ask for, including but not limited to medical exams, tele-interviews, *physicians'* reports, blood or fluid tests, and financial information.

Canadian head office – our Manulife Affinity Markets office at 250 Bloor Street East, Toronto, ON or any other location we provide.

insured person – is any person whose life we have agreed to insure in this policy. We've shown the insured person in the Policy Summary.

issue age – an *insured person's* age on the *policy effective date*.

physician – is a legally qualified medical doctor, duly licensed where they practice, and practicing within the scope of their licensed authority. An *insured person's* physician must be someone other than themselves, or a member of their immediate family. An immediate family member is considered a spouse, children, parents and siblings.

policy anniversary – means any anniversary of the first premium due date. The policy anniversary is shown on the Policy Summary.

policy effective date – the date that your policy begins as shown on the Policy Summary.

renewal dates – policy anniversaries that fall at 20-year intervals after the first premium due date but before the date the policy ends.

Underwritten by The Manufacturers Life Insurance Company (Manulife)

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