



Sample Policy Contract

This sample policy contract is provided for your information only.
It is not a valid contract or an offer of insurance.

GENERAL PROVISIONS

Definitions

Age at a given date means attained age at the Policy Anniversary coinciding with or immediately prior to that date.

Effective Date of Insurance is the later of the date on which:

- a) A written application is received by the Company at its Office; and
- b) The medical history telephone interview (if applicable) is received by the Company at its Office; and
- c) The full premium for the insurance applied for is received by the Company at its Office;

If on that date he/she was insurable in accordance with the underwriting rules of the Company.

Eligible Member means a Member who, at the date his/her application is received by the Company at its Office is:

- a) resident in Canada; and
- b) under Age 71.

Evidence of Insurability is any information that the Company requires to decide if the person to be insured is insurable, and if so, on what terms. Evidence of Insurability includes information contained in the application and may include, but is not limited to, medical examination(s), Physician's report(s) and blood or fluid tests.

Insured Member means an Eligible Member who is insured under the Policy.

Member means a member of the Association or an alumnus of the post-secondary institution named in this Policy.

Office means the Company's Affinity Markets Office at 2 Queen Street East, Toronto, Ontario or elsewhere as advised by the Company.

Payment Option means:

- a) payment of the proceeds in the form of an annuity;
- b) leaving the proceeds on deposit at interest with a right of withdrawal; or

- c) any other form of payment agreed to by the Company.

Physician means a Physician or surgeon who is duly licensed in the jurisdiction in which he/she operates and who gives medical care within the scope of his/her licensed authority. A Physician must be a person other than: the Insured Member, or an immediate family member of the Insured Member.

Policy Anniversary is the Policy Anniversary date shown on the cover page.

Premium Due Date means:

- a) the Policy Anniversary if premiums are paid annually; or
- b) the first day of each month if premiums are paid by Pre-Authorized Collections (PAC).

Non-Smoker Rates or **Smoker Rates** mean the Term Life Insurance premium rates for which the Insured Member qualifies in accordance with the underwriting rules of the Company and the provisions of the Policy.

Unit means an amount of insurance available at a specific Age. For Term Life Insurance refer to the Term Life Insurance Schedule.

Copy of Application

A copy of the application for any Unit of insurance which is approved is attached to the Policy issued as a result of that application.

Please retain all certificates and policies since copies of application documents attached to earlier certificates and policies would still be relevant with regard to the Unit(s) of insurance approved at that time.

Individual Policy

The Insured Member's Policy consists of:

- a) this Individual Policy;
- b) the Insured Member's application for the insurance under this Policy;
- c) the Insured Member's medical history telephone interview report (if any);

- d) the Insured Member's Evidence of Insurability;
- e) all subsequent applications to change the insurance, any amendments to, or new versions of this Policy that results;
- f) any other amendments agreed upon in writing after this Policy is issued;
- g) any other documents recording changes to this Policy; and
- h) any application to reinstate the contract.

The Policy constitutes the entire contract, and no agent has the authority to change the contract or waive any of its provisions. Any change in the contract may be made only with the written consent of the Insured Member and the Company. Only the President or Vice-President of the Company has the authority to waive or agree to change any of the conditions or provisions of this Policy.

Special Provisions

If a Special Provision is applied to any insurance on the life of the Insured Member, the Special Provision will be endorsed on this Policy.

Currency

All payments to be made hereunder either to or by the Company shall be in the lawful currency of Canada.

Governing Law

The contract shall be subject to the laws of the Canadian province or territory in which the Insured Member resided at the time of application.

Payment of Benefits

Before any benefits are paid under this Policy, the Company will require satisfactory proof of:

- a) the Age of the Insured Member; and
- b) the right of the claimant to receive any proceeds payable.

The Insured Member, or in the event of his/her death, a beneficiary, may elect to have benefits paid either in a single sum or by means of a Payment Option offered by the Company. The Company will give details about Payment Options upon request.

The Company must receive proof of death at the Company's Office within 12 months after the date of death. Failure to submit proof within 12 months after the date of death shall not invalidate any claim if it can

be shown that submission of such proof was not reasonably possible and that proof was submitted as soon as was reasonably possible. The Company may also require submission of this Policy.

The Company has the right to investigate the circumstances of the death and to require an autopsy unless prohibited by law.

Assignment

The Insured Member may assign his/her Member Term Life Insurance only. No assignment of any insurance under the Policy will be binding on the Company unless it is in writing and received by the Company at its Office. The Company is not responsible for the validity or effect of any assignment.

Beneficiary

The right of any person to designate persons to whom or for whose benefit insurance money is to be payable is restricted to money payable in event of death.

General

The Insured Member may name one or more revocable or irrevocable beneficiaries to receive the amount of insurance in effect on his/her life. Any beneficiary appointment or change will apply to all Units unless the Insured Member states otherwise in writing.

Change

The Insured Member may change a revocable beneficiary from time to time and a change will automatically revoke any prior appointment. A change of beneficiary appointment may be made by filing a written request with the Company, in a form acceptable to the Company. When it has been recorded by the Company, the change will take effect as of the date the form was signed, subject to any payment made or other action taken by the Company before it was recorded.

Benefit Payment

Unless otherwise provided in the beneficiary appointment applicable to any Unit:

- a) if more than one beneficiary is named, the benefits will be paid in equal shares;
- b) if no beneficiary survives the Insured Member, or if none has been named, benefits will be paid to the estate of the Insured Member;

- c) if a beneficiary dies before the Insured Member, and one or more beneficiaries survive, the share of the deceased beneficiary will pass to the survivor or in equal shares to the survivors.

Limitation Period

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*, or other applicable legislation.

Incontestability

The Company will not contest the validity of any Unit on the life of the Insured Member after it has been in effect for two years during his/her lifetime, from the later of:

- a) the Effective Date; or
- b) the date of the last reinstatement; or
- c) the date of the last change where Evidence of Insurability was required;

except for fraud. No statement will be used by the Company to void insurance on the life of the Insured Member or deny a claim during this two year period unless the statement is:

- a) false;
- b) part of his/her application; and
- c) material to the insurance.

In issuing this Policy, the Company has relied on statements made by the Insured Member in his/her application(s). These are representations and not warranties.

Misstatement of Age or Sex

If the Age or sex of the Insured Member has been misstated, the amount of insurance and the premium required will be adjusted on the basis of the correct Age or sex.

Premium Payment

The first premium is payable on or before the Effective Date of each Unit of insurance. Thereafter, premiums are payable in advance on or before each Premium Due Date.

Grace Period

Except for the first premium for any Unit of insurance, a grace period of 31 days is allowed for payment in full of any premium due.

Payment of Premiums After Insurance Ceases

If a premium is paid after insurance ceases, the Company is not liable for the payment of any benefits under this Policy in respect of the insurance which ceased. In that event, the Company will refund the amount of premium paid.

Premium Rates

The premium rates shown in any of the Policy pages are not guaranteed and could change on any Policy Anniversary, in accordance with the terms of this Policy.

Non-Participating

This Policy is not eligible to share in the divisible surplus of the Company. This Policy does not have any cash value and is not eligible for dividends.

Reinstatement

This Policy may be reinstated within 3 years after the due date of the first unpaid premium. The requirements to reinstate are:

- 1) a written application for reinstatement;
- 2) Evidence of Insurability satisfactory to the Company; and
- 3) payment of overdue premiums with interest at a rate to be determined by the Company.

Waiver

The Company shall be deemed not to have waived any condition of this contract, either in whole or in part, unless the waiver is clearly expressed in writing signed by the Company.

MEMBER TERM LIFE TO 85 INSURANCE

The General Provisions of the Policy apply to insurance issued on the life of the Insured Member along with the following provisions.

Death Benefit

The Company will pay, subject to the provisions of the Policy the amount of Member Term Life Insurance in force on the Insured Member to his/her beneficiary after receiving satisfactory proof of the death of the Insured Member.

The amount of insurance in effect on the life of the Insured Member will be as shown in the applicable Term Life Insurance Schedule.

In the event that the Living Benefit is paid, the total amount of Member Term Life Insurance, as indicated on the Term Life Insurance Schedule, will be reduced at all subsequent Ages by the amount of the Living Benefit paid.

Suicide Exclusion

Suicide of the Insured Member, while sane or insane, within two years of the later of:

- a) the Effective Date; or
- b) the date of last reinstatement; or
- c) the date of the last change where Evidence of Insurability was required;

of any Unit of Term Life Insurance is not covered by the Policy. In that event, the Company will pay an amount equal to the premium paid for that Unit.

Living Benefit

Application for Living Benefit

An Insured Member who is under Age 83 and whose Member Term Life Insurance under the Policy has been in force for at least 2 years may apply for the Living Benefit by submitting to the Company a written application for the Living Benefit. The application must have the written concurrence of the Insured Member's assignees and irrevocable beneficiaries, if any.

Conditions for Payment of Living Benefit

The Company will pay the Living Benefit during the lifetime of the Insured Member subject to the provisions of the Policy upon receipt of proof, satisfactory to the Company, that the Insured Member suffers from a fatal disease with a prognosis of death of the Insured Member within 12 months.

Proof Required with Application for Living Benefit

The Company will require submission of the written medical opinion of a Physician demonstrating, to the satisfaction of the Company, the prognosis of death of the Insured Member within 12 months. Such medical opinion must be provided at no cost to the Company.

Notwithstanding any other provisions in this section, the final decision on payment of the Living Benefit is reserved solely to the Company.

Amount of the Living Benefit

The amount of the Living Benefit is the lesser of:

- a) 50% of the amount of Member Term Life Insurance in force; or
- b) \$100,000.

In no event will the Company pay the Living Benefit under the Policy more than once to the same Insured Member.

Payment of Living Benefit

Any Living Benefit payable under the Policy will be paid directly to the Insured Member.

Any death benefit payable under the Policy upon the death of the Insured Member will be reduced by the amount of the Living Benefit paid.

Conversion

On or before Age 70 the Insured Member may convert, without Evidence of Insurability, any Units of term life Insurance on his/her own life to a permanent life insurance policy. The Insured Member must apply in writing and pay the required premium within 31 days following the date on which his/her insurance terminated.

However, if the Policy is cancelled and the insurance which terminated is replaced by another insurer within 31 days of the date of cancellation of the Policy, the right of conversion will not be available.

On or before Age 70, if the Policy is cancelled, and the insurance which terminated is not replaced by another insurer, and the Insured Member dies within 31 days of the date of cancellation of the Policy the Company will pay the amount of insurance that could have been converted, provided any permanent policy issued during this 31 day period is returned to the Company in exchange for a refund of premiums. If the permanent policy is not returned, the Company will pay:

- a) the amount of insurance that could have been converted; less
- b) the amount of insurance in force under the permanent policy.

Type of Insurance Under the Permanent Policy

The Insured Member may convert to a regular whole life insurance plan then issued by the Company.

No waiver of premium, other disability riders, other term riders, supplementary benefits or other term plans may be included. The permanent policy will be endorsed with any Special Provision endorsed on this Policy.

Amount of Converted Insurance Available

The maximum amount which may be converted is the amount of insurance which was cancelled under the Policy.

The minimum amount which may be converted is the lesser of:

- a) the amount of insurance cancelled; or
- b) the minimum amount for which the Company will issue a permanent policy.

Premium

The premium for the permanent policy will be calculated using:

- a) Company rates for the type and amount of insurance;
- b) the class of risk to which the Insured Member belongs; and
- c) the Age of the Insured Member on the date of issue of the permanent policy.

Annual Premium for Member Term Life Insurance

The annual premium for Member Term Life Insurance is calculated by multiplying the applicable Non-Smoker Rate or Smoker Rate for Term Life Insurance at the Age of the Insured Member by the number of Units for which he/she is insured.

Non-Smoker Status

- a) **Initial Qualification.** If the Insured Member has not smoked cigarettes in the preceding 12 months, and meets the Company's underwriting rules, he/she may apply for Non-Smoker Rates. If approved for Non-Smoker Rates, he/she shall be considered to have non-smoker status on:
 - i) the date of receipt of the application, if he/she is not already insured under the Policy; or
 - ii) the first of the month following the date he/she applies for non-smoker status or for additional Term Life Insurance under the Policy.
- b) **Continuing Qualification.** The Insured Member must maintain non-smoker status to continue to qualify for Non-Smoker Rates. If a Member insured at Non-Smoker Rates resumes or starts smoking cigarettes, he/she must notify the Company before the next Premium Due Date. Upon receipt of notice, the Company will alter the premium to Smoker Rates.
- c) **Misstatement of Smoker Status.** A misstatement of smoker status or failure to advise the Company of a change from non-smoker status shall void the insurance.

Preferred Premium Rates

- a) **Increase in Insurance.** If the Insured Member purchases additional Units of Member Term Life Insurance which increases the total number of Units in force on his/her life to 8 or more, the Schedule B premium rates as shown on the applicable Term Life Insurance Schedule will apply to all such Units. The Schedule B premium rates will take effect from the first of the month following the Effective Date of the additional Units of Insurance.

Any excess premium that has been paid will be refunded to the Insured Member.

- b) **Decrease in Insurance.** If the Insured Member cancels one or more Units of his/her Member Term Life Insurance which reduces the total number of Units on his/her life to less than 8, the Schedule A premium rates as shown on the applicable Term Life Insurance Schedule will apply to all such Units. The Schedule A premium rate will take effect from the Premium Due Date on which the Units of insurance are cancelled.

Termination of Member Term Life Insurance

Member Term Life Insurance on the life of the Insured Member ceases on the earliest of the following dates:

- a) the Premium Due Date coinciding with or immediately following the date on which the Company receives written notice from the Insured Member requesting that all or part of his/her insurance be cancelled. The Insured Member may cancel one or more Units but, if only part of the insurance is cancelled, the Units with the most recent effective date must be cancelled first;
- b) the end of the Grace Period, after any premium due or any part thereof has not been paid, unless premiums are being waived under the Policy; or
- c) the Policy Anniversary coinciding with or immediately following the date on which the Insured Member attains Age 85; or
- d) the date the Insured Member dies.

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MEMBER WAIVER OF PREMIUM BENEFIT

Benefit

If the Insured Member becomes Totally Disabled, insurance which is in effect may be continued under this section and premiums waived if:

- a) on the date he/she became Totally Disabled the Insured Member was under Age 65;
- b) the Company receives proof, satisfactory to the Company, that the Insured Member has been Totally Disabled for 90 consecutive days; and
- c) the Insured Member continues to be Totally Disabled.

Premiums will be waived from the first Premium Due Date which falls after the Insured Member qualifies as Totally Disabled for 90 consecutive days.

Definition

The Insured Member is Totally Disabled if due to injury or sickness he/she is unable to work at any occupation for wage or profit and for which he/she is qualified by reason of education, training or experience.

Procedure for Claiming Benefit

Notice and Proof of Claim

Written notice and sufficient proof of claim must be received by the Company at its Office:

- a) while the Insured Member is Totally Disabled; and
- b) within six months after the date the Insured Member became Totally Disabled;

otherwise no insurance will be continued and no premium will be waived unless it is shown that notice and proof were given as soon as it was reasonably possible. In any event, if written notice is not received within one year no benefits will be paid.

Proof that the Insured Member Remains Totally Disabled

The Company may request proof at reasonable intervals that the Insured Member is still Totally Disabled. This proof must be satisfactory to the Company.

The Company may require the Insured Member to be examined by a Physician named by the Company. If the Insured Member has been Totally Disabled for two years or more, the Company will not require an examination more often than once a year.

Risks Not Covered

The Member Waiver of Premium Benefit will not be granted if the Total Disability of the Insured Member is due to:

- a) self-inflicted injury while sane or insane;
- b) war, whether declared or not, any act of war, or insurrection.

Termination

The Member Waiver of Premium Benefit ceases on the earliest of:

- a) the Premium Due Date immediately following the date the Insured Member ceases to be Totally Disabled;
- b) the date the Company asks for proof that the Insured Member is still Totally Disabled and proof is not given within 31 days unless it is shown that proof cannot be reasonably given within this period of time;
- c) the date the Company asks the Insured Member to be examined by a Physician named by the Company and an examination is not made within 31 days, or within such longer period stated by the Company.

Limitations of Member Waiver of Premium Benefit

General

If the Insured Member dies while his/her insurance is being continued under the Member Waiver of Premium Benefit, written notice of death must be received by the Company within one year of the date of death. If written notice is not received within one year, no death benefit will be paid.

Limitation on New Applications

An Insured Member who is Totally Disabled shall not be eligible to apply for increased or new benefits on his/her own life, on the lives of his/her eligible dependents or for Non-Smoker Rates.