

Canassurance Hospital Service Association and/or Canassurance Life Insurance Company Inc., hereinafter called the Insurer, undertakes to fulfill, at his head office located in Montreal, Quebec, the obligations mentioned in this contract, subject to the conditions stipulated herein.

Claude Boivin
Chief Executive Officer

CONTRACT SUMMARY

Name and address of Policyholder:

Blue Cross Policyholder
550 Sherbooke West
Montreal, Québec H3A 1B9

Policy number: 52 019

Renewal date: March 31, 2010

Name of Borrower insured:

Blue Cross Borrower
Non-Smoker

Name of Co-borrower insured:

Blue Cross Co-borrower
Non-Smoker

BENEFIT(S)	EFFECTIVE DATE	AMOUNT INSURED \$	PREMIUM(S) \$
MORTGAGE LIFE			
Borrower	04/01/2005	100 000,00	14,00
Co-borrower	04/01/2005	100 000,00	11,00
MORTGAGE DISBILITY			
Borrower	04/01/2005	600,00	19,80
Waiting period: 90 days Duration: Duration of loan			
Co-borrower	04/01/2005	600,00	13,20
Waiting period: 90 days Duration: 2 years			

Payable monthly premium

Total:

\$58,00

GENERAL PROVISIONS

Contract

This policy, its summary, the insurance application and any other document that by agreement is part of the contract shall constitute the entire contract between the parties. No provision of the contract may be cancelled or modified except by written endorsement signed by a person authorized by the Insurer.

Purpose of the contract

The Insurer undertakes to pay the benefits provided for in the contract, subject to the conditions, limitations and exclusions herein described. However, no amounts are payable unless the applicable benefit is in force at the time of the event giving rise to the claim.

Rescission period

In the ten days following receipt of the contract, the Policyholder may request that it be cancelled by sending the Insurer a written notice to this effect. The contract is then declared null and void from its effective date, and any premium paid is fully refunded.

Notice of correction

The Policyholder must notify the Insurer in writing within ten days of receiving the contract of any omission or other misstatement in the insurance application, particularly regarding the age, sex or medical record of any Insured.

Definitions

Accident means a sudden, unintentional, fortuitous and unforeseeable event due solely to a violent external cause and occurring while this contract is in force. If incapacity occurs more than 90 days after an accident, it is deemed to be due to illness.

Age means age on the last birthday.

Borrower or Co-borrower refers to an individual who has contracted a mortgage loan other than those mentioned below with the Creditor or the Private Creditor:

- a) A loan granted to a corporation or a company
- b) A loan granted to a construction contractor on buildings destined for sale

Claim refers to any loss suffered by the Insured that is covered by a benefit and for which a claim for indemnity can be made.

Contract summary refers to the summary of benefits mentioned on the front page.

Creditor refers to the financial institution that grants the Insured a mortgage loan.

Health professional means any health professional mentioned in the contract who is a member in good standing of his/her professional order or corporation and practices within the limits of his/her competence as established by law.

Hospital means a short-term care hospital centre as defined in *An Act respecting health services and social services*, excluding any part of such centre reserved for extended care.

Hospitalization means admission to a hospital to receive short-term care as a bedridden patient for a minimum stay of 18 hours.

Covered short-term care comprises preventive care, medical diagnosis and medical treatment (including surgery) for an acute illness and does not include convalescent care and physical or mental rehabilitation.

In the case of day surgery, the hospital stay is equivalent to 18 hours of hospitalization.

Housing means a separate and independent room or rooms used for the dwelling.

GENERAL PROVISIONS

Definitions (continued)

Illness means a deterioration of health or a physical disorder recognized by a physician that requires regular and continuous medical care considered satisfactory by the Insurer. Pregnancy is not considered an illness, except in case of pathological complications.

Injury means bodily harm caused by an accident, directly and independently of any other cause.

Insurability refers to the condition of an Insured who meets the Insurer's insurance enrolment requirements regarding age, health and, in certain cases, occupational status.

Insured refers to the Borrower and, as the case may be, the Insured Co-borrower, whose insurance application has been approved by the Insurer.

Insurer refers to the Canassurance Life Insurance Company Inc.

Loan means any mortgage loan contracted by an Insured for which the terms and conditions of repayment during each term is set forth in writing in an agreement between the Creditor or the Private Creditor and the Insured.

Loan balance at death means the portion of the loan originally extended by the Creditor or by the Private Creditor, excluding credit cost, taxes and legal, administrative or other fees, plus credit cost to the date of the Insured's death and less payments made to discharge the loan.

Loan balance on renewal date means the portion of the loan originally extended by the Creditor or by the Private Creditor, excluding credit cost, taxes and legal, administrative or other fees, plus credit cost incurred to the contract renewal date and less payments made to discharge the loan.

Non-smoker means anyone who has not used tobacco in any form during the 12 months prior to the insurance application or the review of his/her smoker/nonsmoker status, which may be revised if no other change has occurred in the Insured's insurability. The Insurer reserves the right to ask for additional evidence of insurability.

Physician means anyone legally authorized to practice medicine in his/her field of expertise. The physician may not be the Insured or a close relative of the Insured.

Policyholder refers to the person who purchases the insurance.

Pregnancy includes pregnancy itself, delivery, abortion and miscarriage.

Principal residence means an occupied housing in a permanent way by the Insured.

Private Creditor (applicable for **MORTGAGE LIFE** only) means an individual or a corporate body who authorizes a mortgage loan registered by a notary for the Insured.

Second residence means a housing used for the weekends, for leisure or for holidays. The furnished residences rented (or to be rented) for tourist stays are also classified as second residences.

Smoker means anyone who uses tobacco in any form or has done so in the 12 months prior to the insurance application, regardless of the frequency of use.

Term means a period of time not exceeding five years within the mortgage loan amortization period for which the conditions of the mortgage loan have been agreed upon between the Insured and the Creditor or the Private Creditor.

Total disability means, during the first 24 months of benefit payments, that the Insured is unable, due directly to accident or illness independently of any other cause, to perform the major duties of the occupation in which he/she was engaged at the onset of disability.

Thereafter, **total disability** means that the Insured is unable, due directly to accident or illness independently of any other cause, to engage in any occupation for which he/she is reasonably suited by education, training or experience.

To be considered **totally disabled**, the Insured must be under the continuous care of a physician providing medical care suitable for his/her disability at an appropriate frequency and must not be engaged in any remunerative work.

GENERAL PROVISIONS

Definitions (continued)

Total disability (continued)

For the Insured who is not gainfully employed at the onset of disability:

Total disability means that the Insured is unable, due directly to accident or illness independently of any other cause to perform his/her usual daily tasks and any other tasks for which he/she is reasonably qualified by education or experience.

To be considered **totally disabled**, the Insured must be under the continuous care of a physician providing care suitable for his/her disability at an appropriate frequency.

Eligibility

To be eligible, the person to be insured must not be hospitalized and/or disabled on the effective date of the contract.

Misstatement of age

If an Insured has understated or overstated his/her age in the insurance application, the following applies:

- a) the Policyholder shall pay the Insurer the difference, if any, between the premiums that would have been paid and those actually paid, in cash and with interest. If the Insured has overstated the true age, then he/she will be reimbursed for the difference in premiums; or
- b) the benefit shall be reduced or increased to correspond to the benefit amount that the premiums actually paid would have purchased if the true age had been declared.

The Insurer reserves the right to decide how any adjustment will be made.

If as a result of a misstatement in age, the Insurer has received premiums for a protection under this contract covering a period beyond the termination date according to the Insured's true age, then the Insurer's liability is limited to refunding premiums paid for said period.

Likewise, if a benefit could not have come into effect if true age had been declared, then the Insurer's liability is limited to refunding premiums paid for the period during which the benefit could not have been in force.

Claims

The Insurer has no obligation under this contract unless evidence of costs incurred or information that the Insurer deems useful regarding the cause, nature and duration of total disability or of the event from which the claim arises is submitted no later than 90 days after the date the costs were incurred or the onset of total disability, as the case may be.

Failure to submit a claim within the time limit specified shall not annul or reduce the scope of the claim if it can be proved that it was physically impossible to submit the claim and that it was submitted as soon as possible within the 12 months following the date the costs were incurred or the onset of total disability.

Request for information

The Insurer reserves the right to request all records, information, details and medical observations related to the diagnosis, treatment or care given to an Insured before or after the effective date of the contract.

Under the terms of this contract, the Insurer is liable only if the Insured authorizes all individuals, firms, institutions and organizations, specifically physicians, dentists, health professionals, hospitals and clinics, to give the above information to the Insurer.

Proof of claim forms

The Insurer provides the proof of claim forms within 15 days of receiving the notice of claim. However, if the claimant has not received the forms within this time frame, he/she may submit the proof of claim in the form of a written statement describing the cause or nature of the total disability that is the subject of the claim.

GENERAL PROVISIONS

Claims (continued)

Terms and conditions of payment

The Insurer makes all reimbursements in the form of a cheque made out to the Insured or the Insured's assignee after receipt and evaluation of pertinent accounts and necessary related information, in accordance with stipulated procedures.

Any amount paid by the Insurer or on the Insurer's behalf releases the Insurer from any liability up to said amount.

Required proof

Before considering a claim under the contract and before granting benefits, the Insurer is entitled to demand satisfactory proof of the following:

- a) The event giving rise to the claim
- b) The circumstances of the accident, illness or death
- c) The age of the Insured

The Insurer has the right, and the Insured must make this possible, to have the Insured examined by a physician chosen by the Insurer as often as the latter deems necessary while the claim is under settlement. The Insurer may require that the Insured be under the care of a specialist when his/her medical condition so warrants.

The Insurer reserves the right, before any payments are made under the contract, to have the Insured examined, at the Insurer's expense or to have an autopsy performed in case of death, if the law so authorizes.

Subrogation

If the Insured has a claim against any individual or corporate body for compensation of a loss covered under this contract, the Insurer is subrogated to all the Insured's rights against the third party concerned, up to the amount paid by the Insurer and with priority to any residual rights of the Insured. The Insured shall sign and return the necessary documents to this effect and do everything required to protect his/her rights.

Waiver of premiums

Should the Insured become totally disabled before his/her 60th birthday, no premiums are payable for the **MORTGAGE LIFE** and **MORTGAGE DISABILITY** benefits.

The first consecutive 90 days of total disability constitute a waiting period during which no benefits are payable.

However, the Insured becomes eligible for benefits after the end of the 90-day waiting period, at which point benefits are payable retroactive to the 31st day after the onset of total disability.

The premiums waived are those for benefits effective under this contract at the onset of disability. Under no circumstances may premiums be retroactively reimbursed beyond six months from the date the Insurer approves the application for premium waiver.

The premium waiver for the Insured shall end if the Insured ceases to be disabled, if the Insured is unable or refuses to give the Insurer satisfactory evidence of his/her disability, or if any of the reasons listed under **END OF COVERAGE** in the benefit insured apply.

Incontestability

Except in case of fraud, insurance in effect for two years may not be cancelled or reduced for misstatement or omission.

However, in case of death or onset of total disability in the first two years of insurance, the preceding paragraph does not apply and the Insurer may cancel or reduce any benefits payable in case of misstatement or omission.

Interest

No interest is paid on amounts payable under the contract unless otherwise required by law.

GENERAL PROVISIONS

Contract amendment

Throughout the term of the contract, whenever a new law or an amendment to a provincial or federal law or to one of its regulations leads to a change in benefits payable under the contract, the Insurer reserves the right, at the Insurer's discretion, to change the premium based on the new law or the amendment or calculate the benefits based on the laws or regulations in effect at the time the premiums were initially set.

Contract modified by the Insured

Should the Insured wish to modify or add a benefit, he/she must submit an application using the form supplied for this purpose.

Any application for modification or addition of a benefit must be submitted before the Insured's 60th birthday.

Currency

All payments under this contract, whether to or by the Insurer, are payable in the legal currency of Canada.

Premium

Premium determination

The premium is established at the start of each loan term based on the adjusted amount of the outstanding loan balance and the premium rate for the Insured's attained age on this date.

The premium thus calculated remains unchanged for the duration of the term.

When a Borrower and a Co-borrower purchase insurance, each must pay the monthly premium calculated according to his or her attained age, the adjusted amount of the loan balance and the mortgage payments on the effective date of the insurance, and subsequently at the start of each term.

Payment of premiums

For the contract to become and remain effective, all premiums must be paid when due at the Insurer's head office or to any intermediary authorized in writing by the Insurer.

Non-payment of premiums

If the premium is unpaid on the due date, the Insurer grants a grace period of 30 days as of the due date, except in case of the first premium, which must be paid before the insurance comes into effect. If the premium remains unpaid at the end of the grace period, the Insurer shall mail a notice to the Policyholder at the last address shown in his/her records indicating that the contract shall be terminated retroactive to the due date unless the premium is paid within 15 days. If the Policyholder still has failed to pay the premium by the end of said 15 days, the contract shall be terminated retroactive as mentioned above.

If a cheque or other commercial paper remitted to the Insurer as payment of a premium is not honoured upon presentation, the premium is considered unpaid and any receipt issued with regard to payment of said premium is null and void.

If payment is not made before the end of the grace period due to the death of the payor, the amount of the premium is deducted from the benefit payable.

Contract commencement

The contract commencement date is shown in the **CONTRACT SUMMARY**.

Successive periods of disability

Successive periods of total disability are considered a single continuous period of total disability, and a new waiting period does not apply in case of the following:

- a) The second period of total disability is caused by the same accident or illness
- b) The second period of total disability begins within 90 days of the end of the first and one of the following applies:
 - i) The preceding period of total disability entitled the Insured to benefits under this coverage, or
 - ii) The waiting period was filled by successive periods of disability

GENERAL PROVISIONS

Obligation of the Insured

Should changes occur after the contract is issued or after the date of the last renewal thereof, the Insured must inform the Insurer of said changes to be made to the information in his or her file at least 60 days before the contract renewal date.

The Insured must inform the Insurer of new conditions of renewal of his or her loan before the start of each term of said loan, so that the Insurer can determine the monthly premium payable.

On receipt and approval of changes to be made, the Insurer shall adjust the benefits and the premiums in accordance with contract conditions.

Reinstatement

If the policy or the coverage is cancelled for nonpayment of premium, the Policyholder may apply to have the policy reinstated in the 90 days following its cancellation. The Policyholder must, in this case, do the following:

- a) Pay the entire amount of the premium or premiums due
- b) Complete the reinstatement form provided by the Insurer and return it to the latter

The Insurer shall examine these documents and notify the Policyholder that the policy or coverage is reinstated, subject to any modifications in the reinstatement application, provided the Insured meets the Insurer's underwriting standards. Otherwise, the Insurer may refuse to reinstate the insurance contract.

Waiver

The Insurer is deemed to have waived a contract provision, in whole or in part, only if said waiver is clearly expressed in writing and is signed by a person duly authorized by the Insurer.

Renewal

The contract is renewed at the end of each loan term.

Termination

The Policyholder may terminate the contract on written notice sent to the Insurer's head office. If the premium is paid annually, termination is effective on the date said notice is received.

If premiums are paid on a monthly basis, however, they are refunded as follows:

- a) If the Insurer receives the notice of cancellation before the premium due date and has cashed the premium for that period, the excess amount paid is entirely refunded to the Policyholder and termination is effective on the due date.
- b) If the notice of cancellation is received after the due date and the Insurer has cashed the premium for that period, then there is no refund, and contract termination is effective at the end of the period for which the last cashed premium was paid.

Omission, fraud or attempted fraud

Any omission or misrepresentation which might influence risk appraisal by the Insurer, will result in cancellation of the contract or rejection of a claim that would otherwise have been valid.

The Insured's entitlement to benefits is automatically revoked if he/she obtains or seeks to obtain a benefit payment under this contract by fraudulent means, directly or indirectly.

In such a case, the Insurer is released from all obligations under the contract as of the time of the fraud and reserves the right to require reimbursement of benefit payments already made. Any fraud or attempted fraud may lead to cancellation of the insurance.

General exclusions

No benefits are payable for claims arising directly or indirectly from any of the following:

- a) The Insured's service as an active member of the armed forces of any country
- b) Direct or indirect commission or attempted commission by the Insured of a criminal act under the Criminal Code or under a similar law in another country

GENERAL PROVISIONS

End of coverage

Coverage under the contract ends on the earliest of the following dates:

- a) When the contract is terminated by the Policyholder
- b) When premiums are no longer paid to the Insurer, subject to the grace period and any premium waiver provisions
- c) When the Insured reaches the maximum age mentioned in each benefits
- d) When the Insured commits or attempts to commit a fraudulent act with respect to the Insurer
- e) The death of the Insured

Application

The **GENERAL PROVISIONS** of the contract apply to all benefits, provided the provisions are not incompatible with the terms of any particular coverage.

SPECIMEN

MORTGAGE LIFE

Purpose of the benefit

Subject to the provisions of this benefit and the contract, the Insurer undertakes, on the death of the Insured, to pay the designated beneficiary the benefit amount.

Eligibility

To be eligible for this benefit, the Insured must be between 18 and 65 years of age inclusive when the application is signed.

The Insured must also contract or have contracted a mortgage loan for a building.

Benefit commencement

The effective date of the benefit is the latest of the following dates:

- a) The date the loan is approved
- b) The date the application is approved by the Insurer, provided that it is approved without modification and that no changes in the insurability of the Insured have occurred since the signing of the application.

Otherwise, the contract only takes effect when delivered to the Policyholder, provided no changes in the insurability of the Insured have occurred since the signing of the application.

Additional definition

Building means a building securing the mortgage loan such as:

- a) Principal residence
- b) Second residence
- c) Building with income
- d) Building which its primary use is commercial on the effective date

Benefit amount

The amount of the benefit is equal to the lesser of the following amounts:

- a) The outstanding balance of the mortgage loan plus credit costs incurred between the date of the Insured's death and the date of payment of the death benefit
- b) The amount insured that the Insurer has approved for the Insured

All amounts payable are paid to the designated beneficiary.

Beneficiary

The beneficiary is the person so designated by the Policyholder on the insurance application and may be replaced on written request. If the beneficiary is designated as irrevocable, however, he/she must explicitly approve any request to replace him/her. The Insurer records the change requested but assumes no responsibility regarding its validity.

Amount insured

The amount insured remains at all times equal to the adjusted amount of the decreasing outstanding balance of the mortgage loan rounded down to the nearest thousand dollars.

The adjusted amount of the mortgage loan is calculated by multiplying the outstanding balance of the mortgage loan by the percentage of the initial mortgage loan that the initial amount insured represents.

In case of joint insurance, the Insurer shall pay the **MORTGAGE LIFE** benefit on the death of the first Insured. Coverage of the surviving Insured shall remain effective without payment of premiums for a maximum of 45 days following the date of death.

During this 45-day period, the surviving Insured may invoke the conversion privilege under the conditions set forth under **CONVERSION PRIVILEGE** in this benefit.

MORTGAGE LIFE

Amount insured (continued)

In the event of simultaneous death of the Insureds, the Insurer shall pay the death benefit on each of the Insured's lives. Death is considered simultaneous when the second Insured dies within 45 days of the date of death of the first Insured.

Cession or assignment

Subject to the provisions of the law, the Policyholder may at any time cede or assign this policy. The Insurer shall only recognize cession or assignment of which the Insurer is notified in writing and assumes no responsibility regarding the validity of any such cession or assignment.

Conversion privilege

Prior to age 65 and within 45 days of the date of death of an Insured, the surviving Insured may convert an amount equal to or less than the insured amount of the MORTGAGE LIFE benefit effective on the date of death.

The insured amount converted may not be less than \$5000 or more than \$200 000.

To exercise this privilege, the surviving Insured must apply to the Insurer in writing and must pay the Insurer the amount of the premium for the proposed contract within 45 days of the date of death. If the Insured dies within this time, the Insurer shall pay an amount equal to the amount that the Insured would have been entitled to convert.

However, this privilege is subject to the following conditions:

- a) The Insured must purchase a life-insurance policy covering the life of the Insured to age 100.
- b) The policy requested may not contain any additional benefits.
- c) The premium for the requested policy shall be set based on the rate schedule used by the Insurer on the policy's effective date, given the attained age, gender and risk category of the Insured as well as the type and amount of insurance requested.
- d) The new policy takes effect 45 days after the date of death of the first Insured.

Accelerated benefit

The accelerated benefit is an advance made in a single payment secured by the amount insured under this benefit and bearing interest at a rate set by the Insurer when the request is approved. The amount of this advance, plus any interest incurred, is deducted from the benefit payable on death.

The amount is the lesser of \$25 000 or 50% of the effective amount insured on the date the application for an accelerated benefit is made.

Upon review of the Insured's medical record, the Insurer shall grant an accelerated benefit if it is demonstrated that the Insured is terminally ill and has a life expectancy of no more than 12 months. If the beneficiary is designated as irrevocable, then he/she must give his/her sworn written consent to the accelerated benefit.

Suicide

Should the Insured die of suicide, or of the consequences of a suicide attempt, in the first twelve months following the effective date of this coverage or of its reinstatement (or of any increase in the amount insured), whether or not he/she is of sound mind at the time of the suicide or the suicide attempt, the coverage (or the increase, as the case may be) shall be null and void and the Insurer's liability limited to refund of premiums collected for the coverage or for the increase in the amount insured, as the case may be.

Change of Creditor or Private Creditor

Notwithstanding paragraph a) under END OF COVERAGE in this benefit, in the event of a change of Creditor or Private Creditor, the amount insured corresponding to the outstanding capital balance of the mortgage loan on the date of the change remains effective without new evidence of insurability.

Thereafter, the amount insured diminishes proportionally to the decreasing outstanding balance of the mortgage loan granted by the new Creditor or by the new Private Creditor.

MORTGAGE LIFE

Limitation (change of Creditor or Private Creditor)

The benefit period of the new loan may not exceed the benefit period of the existing loan on the effective date of this contract, unless the Insured can provide evidence of insurability that meets the Insurer's standards if the term of the new loan exceeds the benefit period of the original loan.

Transfer of MORTGAGE LIFE benefit

Notwithstanding paragraph a) under **END OF COVERAGE** in this benefit, in the event of sale of the building securing the mortgage loan covered by the **MORTGAGE LIFE** benefit, the amount insured corresponding to the outstanding balance of the mortgage loan on the date of sale of the building remains in effect for 60 days following the date of sale, provided the Insured purchases another building and obtains another mortgage loan during this period.

The amount insured decreases subsequently proportionally to the decreasing outstanding balance of the new mortgage loan that the Creditor or the Private Creditor grants the Insured.

Limitation (transfer of MORTGAGE LIFE benefit)

The benefit period for the new loan may not exceed the benefit period of the existing loan on the effective date of this contract, unless the Insured can provide evidence of insurability that meets the Insurer's standards if the term of the new loan exceeds the benefit period of the original loan.

End of coverage

This coverage ends on the earliest of the following dates:

- a) The date of repayment of the final balance of the Insured's mortgage loan
- b) The contract anniversary coinciding with or following the Insured's 70th birthday
- c) The date that the Creditor or the Private Creditor is declared, voluntarily or judicially, the owner of the building
- d) The date of total or partial transfer of the Insured's interest in the mortgage loan
- e) The date of death of the Insured, but subject to payment of benefits owing

MORTGAGE DISABILITY

Purpose of the benefit

Subject to the provisions of this benefit and the contract, the Insurer undertakes, should the Insured become totally disabled, to pay the benefits payable to the Creditor for and on behalf of the Insured. The benefits payable to the Creditor for and on behalf of the totally disabled Insured for each month of any period of total disability starting when the waiting period ends are equal to the insured portion of the Insured's monthly loan payment.

When the benefit is payable for less than one month, the daily benefit is equal to one-thirtieth of the monthly benefit payable.

Benefit payments are made at monthly intervals calculated from the due date of the monthly loan payment immediately following the end of the waiting period.

Eligibility

To be eligible for this benefit, the Insured must meet the following criteria:

- a) Be between 18 and 59 years of age inclusive when the application is signed
- b) Have regular gainful employment requiring active work for at least 20 hours a week
- c) Contract or have contracted a mortgage loan for a building

The Insured must also reside in the building (with the exception of the second residence) securing the mortgage loan no later than twelve months after the effective date of the **MORTGAGE DISABILITY** benefit and must live there as long as the contract is in effect.

If the insurable monthly loan payment increases more than fifty percent due to a change in the amortization period, the Insured must submit evidence of insurability that meets specified requirements.

Benefit commencement

The effective date of the benefit is the latest of the following dates:

- a) The date the loan is approved

- b) The date the application is approved by the Insurer, provided that it is approved without modification and that no changes in the insurability of the Insured have occurred since the signing of the application.

Otherwise, the contract only takes effect when delivered to the Policyholder, provided no changes in the insurability of the Insured have occurred since the signing of the application.

Additional definition

Building means a building securing the mortgage loan such as:

- a) Principal residence
- b) Second residence
- c) Building with income of 8 dwellings or less

Waiting period

The waiting period refers to the first consecutive 90 days of the Insured's total disability, during which no benefits are payable by the Insurer.

However, the Insured becomes eligible for benefits after the end of the 90-day waiting period, at which point benefits are payable retroactive to the 31st day after the onset of total disability.

Benefit period

Subject to the provisions under **WAITING PERIOD** in this benefit, monthly disability benefits are payable for every distinct period of total disability in accordance with the option selected by the Insured:

Option A – 24-month benefit period

Benefits are payable until the earliest of the following dates:

- a) The end of the maximum 24-month period following the 31st day of the onset of disability
- b) The end of the amortization period of the loan
- c) The contract anniversary coinciding with or following the Insured's 65th birthday

MORTGAGE DISABILITY

Benefit period (continued)

Option B – duration of loan

Benefits are payable until the earlier of the following dates:

- a) The end of the amortization period of the loan
- b) The contract anniversary coinciding with or following the Insured's 65th birthday

Benefit amount

The amount of the initial benefit is the amount selected by the Insured in the insurance application; it may not exceed the amount of the monthly loan payment corresponding to the term of the mortgage loan, including the portion of property and municipal taxes payable monthly to the Creditor.

Thereafter, at the start of each term, both of the following elements shall be adjusted based on the new monthly loan payments during the term:

- a) The benefit amount
- b) The monthly premium

Should more than one Insured become totally disabled during the same period, in the case of a mortgage loan with a Co-borrower, the monthly benefit payable for all claims together may not exceed the lesser of the following: the amount of the benefit specified in the **CONTRACT SUMMARY**; the amount of the monthly loan payment.

Change of Creditor

Notwithstanding paragraph a) under **END OF COVERAGE** in this benefit, in the event of a change of Creditor, the amount of the Insured's **MORTGAGE DISABILITY** benefit on the date of the change remains effective without new evidence of insurability.

Thereafter, at the start of each term of the mortgage loan granted by the new Creditor, the following two elements shall be adjusted based on the new monthly loan payments during the term:

- a) The benefit amount
- b) The monthly premium

Limitation (change of Creditor)

The benefit period of the **MORTGAGE DISABILITY** benefit may not exceed the maximum benefit period according to the option selected by the Insured on the effective date of this contract, unless the Insured can provide the Insurer evidence of insurability that meets the Insurer's standards if the benefit period for the loan from the new Creditor exceeds the benefit period of the original loan.

Transfer of MORTGAGE DISABILITY benefit

Notwithstanding paragraph a) under **END OF COVERAGE** in this benefit, in the event of sale of the building securing the mortgage loan covered by the **MORTGAGE DISABILITY** benefit of this contract, the amount of the **MORTGAGE DISABILITY** benefit corresponding to the monthly loan payments for the mortgage loan on the date of sale of the building remains in effect, without evidence of insurability, for 60 days following the date of sale, provided the Insured purchases another building and obtains another mortgage loan during this period.

Thereafter, at the start of each term of the mortgage loan granted by the new Creditor, the following two elements shall be adjusted based on the new monthly loan payments during the term:

- a) The benefit amount
- b) The monthly premium

Limitation (transfer of MORTGAGE DISABILITY benefit)

The benefit period of the **MORTGAGE DISABILITY** coverage may not exceed the maximum benefit period according to the option selected by the Insured on the effective date of this benefit, unless the Insured can provide the Insurer evidence of insurability that meets the Insurer's standards if the benefit period for the loan from the new Creditor exceeds the benefit period of the original loan.

MORTGAGE DISABILITY

Termination of benefits

The Insurer ceases to make payments under this coverage on the earliest of the following dates:

- a) On the day the total disability ends
- b) On the date the Insured ceases to be under the regular care of a physician
- c) When the Insured is unable or refuses to give the Insurer satisfactory evidence of his/her total disability
- d) On the date the Creditor receives for and on behalf of the Insured all benefits payable according to the option selected by the Insured
- e) The date the Insured receives a retirement pension
- e) The Insured's active participation in a public confrontation, riot, insurrection, war or act of war (declared or not) or any other warlike act
- f) The Insured's operation of a motor vehicle or a boat with an alcohol level exceeding 80 mg per 100 mL of blood or under the influence of any drug
- g) The Insured's participation in a flight or a flight attempt in any aircraft in any sort in any capacity other than that of a passenger

No benefits are payable unless the Insured receives continuous care appropriate for his/her disability from a physician.

Benefit payment

Benefits payable for and on behalf of the totally disabled Insured are paid directly to the Creditor, who must use them to reduce the outstanding balance of the mortgage loan of the disabled Insured.

Limitations

- a) The period of total disability may not begin before the first medical visit for the disability in question
- b) In the event where the principal residence of the Insured becomes his/her second residence, the benefit period will be reduced to 24 months if the Insured chose **OPTION B** when the application was signed

Exclusions

No benefits are payable if the total disability is caused directly or indirectly by any of the following:

- a) An accident sustained by the Insured while participating in a sport for remuneration or in any kind of motor vehicle competition, race or speed contest
- b) Attempted suicide or intentional self-injury, regardless of the Insured's state of mind
- c) Cosmetic care or treatment
- d) Experimental care or treatments, or new procedures or therapies not yet commonly used

End of coverage

This coverage ends on the earliest of the following dates:

- a) The date of repayment of the final balance of the Insured's mortgage loan
- b) The date that the Creditor is declared, voluntarily or judicially, the owner of the building
- c) The date of total or partial transfer of the Insured's interest in the mortgage loan
- d) The contract anniversary coinciding with or following the Insured's 65th birthday
- e) The date of death of the Insured, but subject to payment of benefits owing