

TERM LIFE

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Policy Terms

In this policy, “you”, and “your” mean each policy owner, and “we”, “our”, “us”, the “Company” or “BMO Insurance” mean BMO Life Assurance Company.

General information about your policy

This policy provides a basic coverage under which a death benefit is payable and if applied for, rider coverages under which additional benefits are payable. Details of the basic coverage and any applicable rider coverages of your policy are set out in the policy information pages.

Depending on the plan type you have selected, the basic coverage can be on one life (single life plan) or two lives (combined life or joint last-to-die plan). If the plan type is single life, the death benefit is payable on the death of the life insured. For a combined life plan, the death benefit is payable on the death of each life insured, and for a joint last-to-die plan type the death benefit is payable on the death of the last surviving life insured.

The term option applicable to your policy (Term 10, Term 15, Term 20, Term 25, Term 30) determines the period during which premium will not change. At the end of each term, the policy will automatically renew for the same term at a guaranteed renewal rate in accordance with the terms of the policy.

This policy gives you the option to convert to a permanent policy. If you have a Term 10 or Term 15, you also have the option to exchange your policy to another term.

The policy information pages show information specific to your policy such as the amount of basic coverage, plan type optional rider coverage, premiums for the basic coverage and rider coverage, the term option you have selected and the expiry date of your policy.

When the policy takes effect

The policy takes effect if all the following conditions have been met:

- (a) The policy has been delivered to you, or if you reside in Quebec, we have accepted your application without modification;
- (b) We have received the first premium; and
- (c) The insurability of the life insured has not changed between the date the application was completed and the date the policy was delivered.

Provided all the above conditions have been met and subject to applicable law, the policy will take effect on the later of the date we receive the first premium or the policy date.

Basic coverage

The basic coverage is shown in the policy information pages. The amount of life insurance under the basic coverage according to the plan type, is called the “sum insured”.

Death benefit

When we pay the death benefit under the basic coverage

The death benefit is the amount we will pay to the named beneficiary upon the death of the life insured as determined by the plan type.

While the policy is in effect, the death benefit provided under the basic coverage is payable in accordance with the terms of the policy as follows:

- (a) For a single life plan, we will pay the death benefit on the death of the life insured;
- (b) For a combined life plan, we will pay the death benefit on the death of each life insured. Coverage under the policy will continue on the life of the surviving life insured as a single life plan; and
- (c) For a joint last-to-die plan, we will pay the death benefit on the death of the last surviving life insured.

Amount of the death benefit

The amount of death benefit of your policy is set out on the policy information pages as "sum insured", subject to any applicable adjustments. If the life insured dies during the grace period, any unpaid premium will be deducted from the death benefit. If the age and sex of a life insured is misstated, the death benefit will be adjusted as set out below under "Misstatement of age or sex".

Suicide exclusion

The death benefit is not payable if a life insured dies by suicide or self-destruction, while sane or insane, within two (2) years from the later of:

- (a) the date the policy takes effect; or
- (b) the date the policy was last reinstated.

We will refund any premium paid for the policy from the later of the date the policy took effect or the date of the last reinstatement. The refund will be made without interest.

How to claim the death benefit

To claim the death benefit, we must receive satisfactory evidence of the following:

- (a) the life insured's death;
- (b) the life insured's date of birth; and
- (c) the right of the person making the claim to the death benefit.

We reserve the right to request any additional information as is reasonably necessary to adjudicate the claim.

Rider Coverage

You may purchase optional coverages under a rider, subject to our approval. If approved, the optional coverage issued to you is indicated on the policy information pages and is subject to the terms and conditions of the rider attached to your policy. Optional coverages may have additional exclusions that will be set out in the rider.

Paying for your policy

Premium

You must pay premiums to us for the policy to remain in force.

The first premium must be paid for your policy to take effect. Each subsequent premium must be paid when due. The due date is measured from the policy date based on the payment frequency you have selected (annual, semi-annual, or monthly). The payment frequency may be changed on a policy anniversary on prior written notice.

The amount of premium for the basic coverage and any rider coverages for the initial and renewal terms is set out on the policy information pages. Premium includes a policy fee to pay for the administration of the policy.

If your policy is a joint last-to-die plan, a single premium is payable until the death of the last surviving life insured. If your policy is a combined life plan, premium will be shown separately for each life insured. When one life insured dies, premiums will be based on the single life rates applicable to the surviving life insured at the time the policy took effect.

Premium by term option

When you applied for this policy, you selected a term option that determines the period for which premium stays the same. The term option that applies to your policy is shown on the policy information pages. When the term ends, your policy will automatically renew for the same term option until the expiry date of the policy.

Premiums for each renewal term will increase at a guaranteed renewal rate as shown in the policy information pages. If the renewal term extends to or beyond the expiry date, the policy will end on the expiry date.

The policy information pages show the premium for the initial term under "Initial premium period" and the premium for renewal terms under "Premium renewal schedule".

Grace period to pay premium

After payment of the first premium, you have a 31-day grace period from the due date to pay premium. The basic coverage and rider coverage will continue to be in force during this grace period.

If we do not receive the overdue premium before the end of the grace period, your policy will terminate.

Reinstatement of your policy

You may apply to put your policy back into effect (reinstatement) if it was terminated for non-payment of premiums under the terms set out below. If the reinstatement is approved, your policy and any riders will be put back into effect.

To reinstate a policy within 30 days of the expiry of the grace period, you must:

- (a) give us evidence that all life insureds are living at the time of the reinstatement application; and
- (b) pay all overdue premiums.

If a policy is not reinstated under the terms above, it may be reinstated within two years of the expiry of the grace period provided that you

- (a) give us evidence of insurability, satisfactory to us for all life insureds, including proof of non-smoking status (if applicable); and
- (b) pay all overdue premiums and interest at a rate we set to the extent permitted by law.

Conversion option

You can apply to convert all or part of the sum insured of the basic coverage to a permanent policy we determine for conversion without evidence of insurability.

If the conversion is for the full sum insured, this policy will terminate, and a new policy will be issued to you. If the conversion is partial, the sum insured of this policy will be reduced by the amount being converted to a new policy.

Conditions to exercise the conversion option

- (a) The application for conversion is made before the life insured's attained age 71 for a single life plan or before the older of the two life insureds' attained age 71 for a combined life or joint last-to-die plan;
- (b) The sum insured is not increased as a result of the conversion;
- (c) The minimum coverage, premium and age requirements are met for the new policy and for a partial conversion, the requirements are met for both this policy and the new policy;
- (d) If the policy being converted is a single life plan, the new policy must also be a single life plan. Combined life plans can convert to two single life plans or a joint first-to-die plan. A joint-last-to-die plan must convert to another joint last-to-die plan; and
- (e) Premiums under the policy being converted are not being waived under a total disability premium waiver.

Information about the new policy

If all the conditions are met and your application for conversion is approved, the terms of the new policy are as follows:

- (a) For a full conversion, the sum insured of the new policy will be the same as the sum insured of this policy. For a partial conversion, the sum insured will be amount of basic coverage being converted;
- (b) The new policy will take effect on the date the conversion is approved;
- (c) The first premium for the new policy will be due on the date of the conversion;
- (d) Premiums for the new policy will be based on:
 - i. the risk classification and insurance rating of the policy being converted;
 - ii. the rates in effect on the date of the conversion application; and
 - iii. the attained age(s) of the life insured(s).
- (e) Any evidence of insurability provided for the policy being converted will be part of the new policy;
- (f) Any exclusion or limitation on the policy being converted will continue to apply to the new policy; and
- (g) The addition of riders to the new policy is subject to our approval.

Exchange option (Term 10 or Term 15)

If your policy is a Term 10 or Term 15, you can apply to exchange all or part of the sum insured of the basic coverage to a policy with a different term option without evidence of insurability. A Term 10 policy can be exchanged for a Term 15, Term 20, Term 25, or Term 30 policy. A Term 15 policy can be exchanged for a Term 20, Term 25, or Term 30 policy.

If the exchange is for the full sum insured, this policy will terminate, and a new policy will be issued to you. If the exchange is partial, the sum insured of this policy will be reduced by the amount being exchanged to a new policy.

Conditions to exercise the exchange option

- (a) An exchange is available after the first policy anniversary for a full exchange, and after the second policy anniversary for a partial exchange;
- (b) The application for the exchange must be made before the earlier of the fifth policy anniversary and the age limit set out below:
 - i. Term 15 - the date the life insured or the older of the two life insureds for a combined or joint last-to-die plan reach attained age 70;
 - ii. Term 20 -, the date the life insured or the older of the two life insureds for a combined or joint last-to-die plan reach attained age 65;
 - iii. Term 25 - the date the life insured or the older of the two life insureds for a combined or joint last-to-die plan reach attained age 60;
 - iv. Term 30 - the date the life insured or the older of the two life insureds for a combined or joint last-to-die plan reach attained age 55.
- (c) The sum insured cannot be increased as a result of the exchange;
- (d) The minimum coverage, premium and age requirements are met for the new policy and for a partial exchange, the requirements are met for both this policy and the new policy; and
- (e) Premiums under the policy being exchanged are not being waived under a total disability premium waiver.

Information about the exchanged policy

If all the conditions are met and your application for an exchange is approved, you will be issued a new policy in accordance with the terms set out below:

- (a) For a full exchange, the sum insured of the new policy will be the same as the policy being exchanged. For a partial exchange, the sum insured will be the amount of coverage being exchanged;
- (b) The policy date will be the date the application for exchange is approved;
- (c) The premium will be due on the date of exchange;
- (d) Premiums will be based on:
 - i. the rates in effect at the time of exchange; and
 - ii. the attained age(s) of the life insured(s) when you apply for the exchange.
- (e) Any evidence of insurability provided for the policy being exchanged will be part of the new policy;
- (f) Any exclusion or limitation on the policy being exchanged will continue to apply to the new policy; and
- (g) The addition of riders to the new policy is subject to our approval.

Termination

This policy and all riders attached to it will end on the earliest of:

- (a) The date you ask us in writing to terminate the policy;
- (b) The date the grace period expires;
- (c) The date the life insured dies or for a combined life plan or a joint last-to-die plan, the date the last surviving life insured dies;
- (d) The date any life insured dies by suicide or self-destruction within two years of the date the policy took effect or the date the policy was last reinstated;
- (e) The date the conversion or exchange takes effect if the policy is converted or exchanged in full; or
- (f) The expiry date of the policy shown on the policy information pages.

No premiums are payable after the policy terminates. If we accepted a premium after termination, our sole obligation is to refund the premium paid.

Parties to the contract

Life insured

The life insured is the person who is insured under the policy. The insured person is named in the policy information pages.

Policy owner

The policy owner is the person entitled to all rights and benefits under the policy. The policy owner's rights may be limited by an irrevocable beneficiary designation, a collateral assignment, or a hypothec on the policy. If there is more than one owner, all owners must exercise their rights unanimously unless other directions are provided to us.

Beneficiary

The beneficiary is the person you name to receive the death benefit before the termination of the policy. If you named more than one beneficiary, you may tell us how to divide the death benefit. If you do not give us this information, the death benefit will be divided equally among surviving beneficiaries.

You may change a beneficiary at any time while the policy is in force and prior to any benefits becoming payable. If the beneficiary designation is irrevocable, you cannot change it without the beneficiary's consent. Some of your rights as owner may not be exercised without the irrevocable beneficiary's consent, including using the policy as collateral for a loan.

If you did not designate a beneficiary or if no beneficiary survives the life insured, the death benefit will be paid to you or your estate.

If you have given this policy as collateral for a loan, the rights of a collateral assignee or hypothecary creditor may have priority over the rights of a beneficiary.

We are not responsible for any payments made before we receive any change of beneficiary at our Head Office.

General provisions

Assignment

You can assign or hypothecate the entire policy as security for a loan. We are only bound by the assignment or hypothec when we receive written notice of it at our head office. We are not responsible for the validity of the assignment or hypothec.

Changes to tax law

Changes to tax legislation that exists when the policy takes effect or new tax legislation passed in the future may affect how this policy is taxed and how premium is charged. In such case, premium will be charged in accordance with the revised tax legislation.

Conformity with Law

This policy is subject to all applicable laws of Canada, its provinces, and territories.

Contract between you and BMO Insurance

All of our obligations to you are set out in the documents or statements that are part of the contract. Our entire contract with you consists of the policy terms, the policy information pages, the application for insurance or reinstatement, medical evidence, written statements, and answers given as evidence of insurability, riders, and any amendments we agreed to after the policy is issued. The contract may not be amended or waived except in writing and signed by two authorized officers of BMO Insurance. No agent, broker or financial advisor is authorized to change this contract.

Currency

All amounts of money referred to in this policy are in Canadian dollars.

Incontestability

We have the right to contest the validity of the policy and deny any claim if you misrepresent or fail to disclose a material fact. In the absence of fraud, we will not contest the validity of this policy after it has been in force for two (2) years from the later of (a) the policy date or the date the policy takes effect, if later; or (b) the date the policy was last reinstated. There is no time limit to void a policy if the misrepresentation or non-disclosure is fraudulent.

If the misrepresentation or failure to disclose is in connection with a policy increase, change or addition, our right to contest is only in connection with the policy increase, change or addition.

We will refund premium if a policy is declared void, except in the case where the misrepresentation or non-disclosure is fraudulent. If a policy is declared void no benefit is payable.

Limitation of actions

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 applicable legislation).

Misstatement of Age or Sex

If the age or sex of a life insured has been misstated, we will adjust the sum insured or premium based on the correct age or sex. If we would not have issued coverage at the correct age, we can declare the policy void, within the period allowed by law. All premiums paid will be refunded to you.

Non-participating

This policy does not participate in the company's profits or surplus.

Trading in life insurance policies

To the extent permitted by law, we can decline your request to record the assignment, transfer, hypothecation or any other change to the policy if the request is considered to be for trafficking or trading in life insurance.

Values

This policy has no loan, cash surrender or reduced paid-up values.

Terms used in this policy

In addition to the terms defined above, the terms below have the following meanings.

Attained age is used to determine the maximum age to be eligible to make changes to the policy and to calculate the amount of premium following any changes. Attained age is calculated as the insurance age shown on the policy information pages plus the number of policy anniversaries that have passed since the policy date.

Basic coverage is the coverage that provides a death benefit.

Coverage includes the basic coverage and optional rider coverage.

Coverage date is the date that the basic coverage and any rider coverages take effect.

Death benefit is the total amount payable on the death of a person whose life is insured under the basic coverage.

Evidence of insurability is information we use to decide whether to insure a person or to approve changes to the policy. The information may include medical, lifestyle, smoking and other personal information.

Initial premium period is the term immediately following the policy date during which the initial annual premium set out in the policy information pages is payable.

Insurance age is the age indicated on the policy information pages and is the age of the life insured on the birthday nearest to the policy date. It is used to determine the premium amount and the number of years premiums are payable. For a joint last-to-die plan, a single insurance age is set for both life insureds, except that for purpose of a conversion or an exchange, the insurance age is determined for each life insured.

Insurance rating is the rating assigned to each life insured based primarily on a life insured's medical, lifestyle, smoking status, and other personal information.

Permanent policy is a policy that will remain in effect for the lifetime of a life insured.

Plan type determines the number of persons covered under the policy. A single life plan covers one life insured whereas a combined life and joint last-to-die plan covers two life insureds.

Policy anniversary is the annual recurrence of the policy date.

Policy date is the date from which we measure years, months, and anniversaries of the policy and is shown on the policy information pages.

Policy information pages is the section of your policy that sets out specific details of your policy.

Premium renewal schedule sets out the amount of premium for each renewal term and is shown on the policy information pages.

Rider coverage is an optional coverage under a rider. Any rider coverage you have will be shown in the policy information pages.

Risk classification is a system we use to evaluate evidence of insurability and classify each life insured based on anticipated insurance risk. The risk classification is a factor in the calculation of premium.

Sum insured is the amount of basic coverage applied for.

Term option is the period you selected during which the amount of premium does not change. The term option for your policy is shown on the policy information pages as "Initial premium period".

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