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POLICY TERMS AND CONDITIONS

1. Introduction

BMO Life Assurance Company is the issuer of this Policy, a legal contract that defines the rights and obligations of the parties to the Contract. The provisions of this Policy are important. Please read them carefully.

2. Definitions

The words or expressions shown below will have the following meanings wherever they appear in this Policy:

Accident means a sudden, unexpected, unforeseeable, unavoidable external event that occurs while the Policy is in force.

Beneficiary means the person entitled to receive benefits on the death of the Life Insured.

Effective Date means the date on which insurance coverage starts and is shown on the Summary of Coverage.

Head Office means 60 Yonge Street, Toronto, Ontario, M5E 1H5 and such other address as we may inform you from time to time as being our Head Office.

Insurance Application means all the information provided in the application, enrolment or acceptance form and statements and answers furnished as evidence of insurability, whether on paper or in electronic format.

Policy means this document that we have issued as evidence of the Contract of insurance and includes all coverages issued under it.

Policy Anniversary means the same day and month as the Effective Date in each subsequent calendar year from which Policy years and Policy months are measured.

Premium(s) means the amount you pay to us in return for the insurance coverage provided under this Policy and is shown in the Summary of Coverage.

Summary refers to the Summary of Coverage which contains specific information about your insurance contract.

We, our, us, BMO Insurance or Company means BMO Life Assurance Company.

You and your means the person who owns this Policy and is also the Life Insured as shown on the Summary of Coverage. All rights and privileges under this Policy belong to you, subject to the provisions of this policy. Your rights may be limited if the Beneficiary has been designated as irrevocable or if this Contract has been hypothecated or assigned as collateral security.

3. Eligibility

You are eligible to apply for this Policy if you are:

- (a) between the ages of 40 and 75; and
- (b) a resident of Canada.

4. When Coverage Begins

Unless otherwise provided by law, the insurance contract between you and BMO Insurance takes effect on the Effective Date as shown on the Summary.

5. When Coverage Ends

Coverage under the Policy will end on the earliest of the following dates:

- (a) the date we receive your request in writing to cancel the Policy;
- (b) the date the Grace Period expires; or
- (c) the date the Life Insured dies.

6. Benefits

Upon the death of the Life Insured, we will pay only one of the benefits as set out below:

6.1. Basic Benefit

We will pay the Basic Benefit specified on the Summary if the Life Insured dies on or after the second Policy Anniversary, subject to the terms and provisions of the Policy.

If the Life Insured dies before the second Policy Anniversary, the Basic Benefit is limited to all Premiums paid to us, without interest. If the Life Insured dies from injuries caused solely from an Accident before his or her 85th birthday we will pay the Accidental Death Benefit as defined below.

6.2. Accidental Death Benefit

We will pay the Accidental Death Benefit specified in the Summary if the Life Insured dies from injuries caused solely from an Accident and all of the following conditions are met:

- (a) the injury causing death occurred before the Life Insured's 85th birthday;
- (b) the death of the Life Insured occurred within 90 days of the injury causing death; and
- (c) the injury and death occurred while this Policy was in force.

The Accidental Death Benefit is not available if the Life Insured dies after his or her 85th birthday. In this event we will pay only the Basic Benefit outlined in section 6.1

7. Payment of Premiums

Upon the death of the Life Insured, we will pay the Basic Benefit or the Accidental Death Benefit to your estate or your Beneficiary after we receive satisfactory evidence of the following:

- (a) the cause of death of the Life Insured;
- (b) the age of the Life Insured; and
- (c) the right of the person claiming the benefit to receive payment.

Such payment will be made subject to the rights of any assignee. Before paying the Accidental Death Benefit, we reserve the right to examine the body of the Life Insured and to require that an autopsy be performed, unless prohibited by law.

8. Exclusions and Limitations

We will not pay the Basic Benefit if:

- (a) the Life Insured commits suicide, while sane or insane, within two (2) years of the later of the Effective Date or the date of the last reinstatement. In this event, we will return to your Beneficiary all Premiums paid under the Policy.

We will not pay the Accidental Death Benefit if the death of the Life Insured results either directly or indirectly from any of the following:

- (a) the misuse of medication, the use of non-prescribed drugs or while the Life Insured's blood contained more than 80 milligrams of alcohol per 100 millilitres of blood;
- (b) civil disorder or war, whether declared or not;
- (c) commission or attempted commission by the Life Insured of a criminal offence; or
- (d) suicide, while sane or insane.

9. Premiums

The first and all subsequent Premiums are due as shown on the Summary.

If the first Premium is not received by us when due, all coverages under this Policy will be terminated, except otherwise provided by law.

Grace Period

If any Premium, other than the first Premium, is not paid when due, you have 31 days grace from the Premium Due Date (Grace Period). Your coverage continues during this Grace Period unless we receive written notification from you to cancel the Policy. If the Premium is still unpaid at the end of the Grace Period, the Policy will automatically terminate.

Paid Up Policy

Premiums are payable up to the first Policy Anniversary date after the Life Insured reaches the age of 95. After this date, Premiums cease and coverage will continue until the death of the Life Insured.

Premium Adjustment at Death

If the Life Insured dies on the day a Premium is due and unpaid or during the Grace Period, we will deduct the outstanding Premiums from the Death Benefit. Premiums paid before the date of death of the Life Insured, but not yet due, will be refunded.

10. Reinstatement

If your Policy terminated at the end of the Grace Period for non-payment of Premium, you may apply to have it reinstated within a period of 60 days from the date the Grace Period expires provided you pay all outstanding Premiums and the Life Insured is still alive. No evidence of insurability is required for reinstatement under these circumstances.

If the Policy has not been reinstated under the terms of the preceding paragraph, it may also be reinstated at any time within two (2) years after termination of the end of the Grace Period. To reinstate your Policy, you must:

- (a) complete an application for reinstatement;
- (b) provide evidence of insurability, satisfactory to us, including proof of non-smoking status (if applicable); and
- (c) pay all past due Premiums, including interest on past due Premiums, at a rate determined by us, but not exceeding any limits imposed by law.

The provisions of Section 8 regarding suicide will apply for a period of two (2) years after each reinstatement date.

Any supplementary agreement attached to the Policy will be reinstated if the Policy is reinstated, subject to the terms of the reinstatement. The reinstatement will take effect when we determine that all the conditions outlined in this reinstatement section have been met.

11. Designation of Beneficiary

You are entitled to designate a Beneficiary to receive the Policy benefits described on the Summary. If you have not designated a Beneficiary, the Policy benefits will be paid to your estate.

You may designate, change or revoke a Beneficiary designation by filing a written notice with us. The written consent of any irrevocable Beneficiary will be required. A change of Beneficiary will not be effective until received and recorded by the Company and will take effect as of the date of the designation, subject to any payment we made or action we took before receiving notice of the change.

12. Benefit Upgrade Option

On each Policy Anniversary Date, you have the right to increase your Basic Benefit within the allowable limits, provided you have not exceeded the maximum eligibility age and the maximum coverage available under this Policy. You can exercise this right by calling us at our Head Office no later than 30 days after each anniversary. After the Benefit Upgrade Option is exercised, a revised Summary showing the increase to your Basic Benefit and Accidental Death Benefit will be issued to you.

This right may be revoked upon 60 days prior notice, but will not affect any benefits that have already been added to your Policy.

If the Life Insured dies within one year of the exercise of the increase, the Basic Benefit will not include the amount of increase. Any additional Premium paid for the increase will be refunded, without interest.

13. Misrepresentation

Misstatement of Age and Sex

The Premium rates for the Policy depend in part on the age and sex of the Life Insured as stated in the Insurance Application. If the date of birth or sex of a Life Insured has been misstated, we will recalculate the Basic Benefit and the Accidental Death Benefit based on the Premiums paid and the correct age and sex of the Life Insured. The Basic Benefit shall not exceed our issue limits in effect at that time.

If, because of the misstatement of age, the Company accepts a Premium for a period beyond the date the Policy has been paid up, we will refund all Premiums for the period in which Premiums were not payable.

If, at the correct age, the Policy would not have been issued, we can declare the Policy void, within the period allowed by law. If the Policy is declared void, we will refund all Premiums paid.

Misstatement of Smoking Habits

Any misrepresentation made regarding the non-use of tobacco substances in the Insurance Application, application for reinstatement, or any supplement to either, shall be deemed fraudulent. The Policy shall be deemed void and no claim for benefits will be accepted. We will not refund Premiums paid if the Policy is voided for fraud.

Incontestability

We have the right to contest the validity of the Policy and deny any claim if any fact has been misrepresented or concealed. Except in the case of fraud, we will not contest the Policy after it has been in force during the lifetime of the Life Insured for two (2) years from the later of the Effective Date or the date of the latest reinstatement. We will not refund Premiums paid if the Policy is voided for fraud.

14. Other Provisions

Assignment – You may assign the Policy by filing a notice of the assignment with our Head Office. We are not responsible for the validity or legal effect of any assignment or actions taken by us before receiving notice of the assignment.

Contract – The entire contract consists of the Summary, the Policy, any endorsements and any document attached to the Policy when issued, the completed Insurance Application, the application for reinstatement and any amendment agreed on in writing after the Policy is issued along with any medical evidence, written statements and answers provided as evidence of insurability given in writing or in electronic format.

Changes to the Contract – Only an authorized officer of BMO Life Assurance Company can change, modify or waive any provisions of the Policy, and then only in writing. No agent, broker or financial advisor is authorized to change, modify or waive any provisions of this Contract.

Currency – All payments either to or by us will be in Canadian dollars.

Language – The parties expressly consent that the Policy as well as other documents, agreements, notices relating to them be drafted in English. Les parties reconnaissent expressément que le présent contrat ainsi que tous les documents, conventions ou avis s'y rattachant directement ou indirectement soient rédigés en langue anglaise.

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 the applicable legislation).

Non-participating – The Policy does not participate in the Company's profits or surplus.

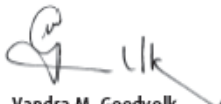
Termination by You – You may terminate the Contract at any time by giving us written notice of termination to our Head Office.

Travel, Residence and Occupation – Once the Policy has taken effect and so long as it remains in effect, the benefits provided shall not be prejudiced or affected by any travel, change of residence or change of occupation of the Life Insured unless otherwise stated in the Policy.

Signed for and on behalf of BMO Life Assurance Company



Peter McCarthy
President and Chief Executive Officer



Vandra M. Goedvolk
Corporate Secretary

BMO Life Assurance Company, 60 Yonge Street, Toronto, ON M5E 1H5, 1-800-387-9855