

Table of Contents

Policy Terms and Conditions	Page
1. Introduction	1
2. About Your Insurance Contract	1
3. Payment of Benefits	1
4. Exclusions	2
5. When the Insurance Contract is in Effect	2
6. Age of Life Insured	2
7. Travel, Residence and Occupation	3
8. Payment of Premiums	3
9. Failure to Pay Premiums	3
10. Waiver of Premium Benefit	4
11. Guaranteed Insurance Benefit	4
12. Reinstatement	5
13. Designation of Beneficiary	5
14. Assignment of the Policy	5
15. Filing of Documents	5
16. Limitation of Actions	6

Table of Contents

	Page
17. Options Available	6
18. Conditions for Exercising the Option	6
19. Automatic Premium Loans	6
20. Interest on Amounts Owing under this Policy	7
21. When Amounts are Owing under this Policy	7
22. Participation in Profits	7
23. Calculation of Cash Surrender Value and Loan Values	7

SPECIMEN

POLICY TERMS AND CONDITIONS

1. Introduction

This Policy is a legal contract which sets out the rights and obligations of the parties to the contract. The provisions of this Policy are important to you and we suggest that you take the time to read it carefully.

In this Policy the terms “we”, “us” and “our”, “Head Office” and “BMO Insurance” mean BMO Life Assurance Company. The term “Summary” refers to Your Summary of Coverage which forms part of this Policy and which contains specific information regarding your insurance contract.

The term “you” refers to the person named as Policyowner in the Summary. The term “Life Insured” refers to the person named in the Summary as Life Insured.

All amounts paid to us and by us are in Canadian dollars.

2. About Your Insurance Contract

Your insurance contract with us consists not only of this Policy, which you are now reading, but also certain other documents and statements. These are:

- (a) the Summary, which is included with this Policy document; and
- (b) the enrolment form and, if applicable, the recorded or electronic application and their transcripts; and
- (c) any Policy endorsement and any amendment which is attached to this Policy when it is delivered to you or which is added subsequently by written agreement between you and BMO Insurance.

For convenience, when we use the phrase “this Policy” we mean this Policy document which you are reading, the Summary and any Policy endorsement. When we use the phrase “the Insurance Application” we mean the document and statements described in (b) above.

The insurance contract is also subject to the general laws which apply to all insurance contracts from time to time.

Payment of the initial premium, on the due date specified in the Summary, acknowledges your acceptance of provisions of this Policy.

Please note that we are not bound by Policy amendments or waivers unless they have been signed on our behalf at our Head Office by one of our authorized officials.

3. Payment of Benefits

When we use the term “Benefit” we mean the amount of the life insurance benefit indicated in your Summary.

We will pay the Benefit, stated in your Summary if this Policy is in force on the date of death of the Life Insured and we receive evidence sufficient to us at our Head Office of:

- (a) the death of the Life Insured as specified in the Summary;
- (b) the age of the Life Insured;
- (c) the right of the person claiming the life insurance Benefit to receive payment of it; and
- (d) the name and age of any beneficiary designated in accordance with the provisions of this Policy, and we must also be satisfied that none of the circumstances described in Clause 4 applies.

In order to satisfy ourselves that the circumstances in Clause 4 are not applicable, we are entitled to require delivery of such reasonable evidence as to such matters as we may request, including medical records relating to the Life Insured and relating to the time the Insurance Application was completed.

4. Exclusions

We will not pay the amount of the life insurance Benefit:

- (a) if the death of the Life Insured results either directly or indirectly from suicide within two (2) years after the Effective Date of this Policy (see your Summary) or the date of the latest reinstatement, whether he or she is sane or insane at the time. In this event, we will, however, return all premiums paid under this Policy;
- (b) if you have made a fraudulent statement, misrepresentation or concealment in the Insurance Application; or
- (c) if you, in completing the Insurance Application, failed to disclose every fact within your knowledge which was material to the insurance or if you misrepresented such facts. This condition will cease to apply (except in the case of fraud) after this Policy has been in effect for two (2) consecutive years during the lifetime of the Life Insured or two (2) consecutive years after the latest reinstatement.

5. When the Insurance Contract is in Effect

Unless otherwise provided by law, the insurance contract between you and BMO Insurance takes effect on the Effective Date as specified in the Summary. This Policy ceases to be in effect if any of the conditions described in Clause 4 applies.

6. Age of Life Insured

We have issued this Policy in reliance on the statement of the age of the Life Insured contained in the Insurance Application. This age appears in the Summary. You must notify us immediately upon receipt of the Summary if the Life Insured's age is incorrectly stated in the Summary and you must provide us with satisfactory proof of the Life Insured's correct age. If this age has been misstated, and you have not notified us and corrected this information, the following rules apply:

- (a) if the Life Insured's correct age at the time of application was less than 14 days or greater than 17 years, unless prohibited by law, premiums paid plus interest will be refunded and you will not be entitled to any other benefits, including the Benefit, under this Policy;
- (b) if the Life Insured's correct age at the time of application was between 14 days and 17 years, the Benefit under this Policy will be such as would have been provided by the same premium at the correct age.

7. Travel, Residence and Occupation

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

8. Payment of Premiums

The Summary sets forth the premium payable for the Benefit, as well as the number of full years for which the premiums are to be paid and the date or dates in each year when the premiums are to be paid. We refer to those dates as the "Premium Due Dates".

Premiums for the Benefit under this Policy are guaranteed and do not increase while this Policy is in effect.

If you exercise the Guaranteed Insurance Benefit Option premiums will be determined in accordance with Clause 11 of this Policy.

If Benefits have been added or changed by way of endorsement, information relating to premiums will be found in the relevant endorsements. All premiums and any other payments to us under this Policy are to be paid to us at our Head Office.

9. Failure to Pay Premiums

In order to keep this Policy in force, the correct premium must be paid at our Head Office on or before each Premium Due Date indicated in the Summary.

If the first premium is not paid at the time it is due, this Policy will not come into effect and we shall have no liability under this Policy.

If a premium (other than the first premium) is not paid at the time it is due, the premium may be paid within a grace period of 30 days from and excluding the Premium Due Date. This Policy will lapse, automatically and without notice from us, at the end of the grace period, if the overdue premium has not been paid during that period and our liability under this Policy will cease.

If the Life Insured dies during the grace period but before the overdue premium is paid, this Policy shall be considered to be in force as if the premium had been paid on the Premium Due Date, but we will deduct the amount of the unpaid premium from any amount which we would otherwise pay under this Policy.

10. Waiver of Premium Benefit

On the death of the Policyowner by accidental means while the Policy is in effect, we will waive payment of all premiums for this Policy which fall due after your death providing that:

- (a) we receive proof satisfactory to us that your death resulted directly and independently of all other causes from bodily injury and that such death was caused solely by external, violent and accidental means; and
- (b) the death must have occurred within 90 days of the injury being sustained.

In such case this Policy shall continue in force as if all premiums for this Policy had been paid.

We will not pay this Waiver of Premium Benefit if your death results either directly or indirectly from any of the following causes:

- (i) suicide within two (2) years of the Effective Date of this Policy or the date of the most recent reinstatement, whether you are sane or insane at the time;
- (ii) injury received while under the influence of any non-prescribed drug or intoxicant or while your blood contained more than 80 milligrams of alcohol per 100 millilitres of blood; or
- (iii) injury received during a civil disorder or war, whether declared or not, or injury received while, or as a result of, committing or attempting to commit an assault or criminal offense.

11. Guaranteed Insurance Benefit

We agree to issue without medical examination or other evidence of insurability a New Policy as described in this Guaranteed Insurance Benefit Clause on the life of the Life Insured on each of the Option Dates specified in the Summary provided that all of the following conditions are met:

- (a) we receive a properly completed written application for the New Policy satisfactory to us together with the first applicable premium for the New Policy on the Option Date or within 30 days thereafter so long as the Life Insured is then living;
- (b) we receive proof satisfactory to us that the age of the Life Insured was correctly stated in the relevant Insurance Application;
- (c) the sum insured under each New Policy is not more than the Option Amount as shown in the Summary.

For the purpose of this Guaranteed Insurance Benefit:

- (a) a New Policy means a Policy issued by us on the life of the Life Insured under any nonparticipating Whole Life Plan which we are writing at the Option Date but not including any provision, endorsement or Benefit for which an additional premium would be required; and

- (b) the applicable premium for such New Policy shall be based on the yearly premium rate then in effect which we are quoting at the Option Date and which is appropriate to the New Policy and to the then attained age of the Life Insured.

12. Reinstatement

If your Policy lapsed at the end of the grace period for non-payment of premium, you may apply to have it reinstated within a period of 30 days from the date the grace period expires provided you pay all outstanding premium 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) submit 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 we determine, but not exceeding any limits imposed by law.

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.

The provisions of Clause 4 (a) and (c) will apply for a period of two (2) years after each reinstatement date.

13. Designation of Beneficiary

You are entitled to designate a beneficiary to receive the Benefit described in the Summary. This designation may be made either in the Insurance Application or in a subsequent written and signed declaration which meets the requirements of all applicable laws. You may alter or revoke any designation of beneficiary (other than an irrevocable one) by a written and signed declaration, to the extent permitted by applicable laws.

14. Assignment of the Policy

You are entitled to assign any rights which you have under this Policy unless otherwise expressly stated in this Policy or in any document relating to this Policy. Any assignment must be in writing, signed by you, and must comply with all applicable laws.

15. Filing of Documents

We assume no responsibility for the form, validity or effect of any election, declaration or assignment which is filed with us. We are not bound by any of the foregoing documents unless, before we have paid a Benefit under this Policy which would have been affected by any such document, we receive evidence of it at our Head Office in compliance with all applicable laws.

All elections, consents and other similar documents, whether given or made by us or by you, must be in writing, and, if given or made by you, must be in a form satisfactory to us and filed at our Head Office.

16. 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).

17. Options Available

Subject to the conditions stated in Clause 18, you may at your discretion, elect one (1) of the following options:

(a) Policy Surrender

To receive in cash from us for the surrender of this Policy the "Cash Surrender Value" calculated as set forth in Clause 23; or

(b) Loan

To obtain a cash loan or loans from us on the security of this Policy in an aggregate amount up to the "Loan Value" calculated as set forth in Clause 23 and bearing interest determined in accordance with Clause 20 from the date the loan is made.

If you elect option (a) above then except for our obligation to make payment of the appropriate Cash Surrender Value, this Policy shall have no effect thereafter and no further Benefit or right will exist or be available under this Policy.

18. Conditions for Exercising the Option

All of the following conditions must be satisfied before any of the options provided in Clause 17 may be exercised:

(a) premiums have been paid and this Policy must have been in force for at least the minimum period specified in Clause 23;

(b) we have received a signed request from you specifying the option you wish to elect;

(c) you have made this Policy available to us for cancellation or endorsement, whichever is appropriate;

(d) you have provided us with evidence as we may reasonably require of your ownership of this Policy; and

(e) all statutory requirements which apply to the transaction have been met.

19. Automatic Premium Loans

The Policy will not lapse because you have not paid premiums so long as it has a Loan Value calculated in accordance with Clause 23. We will automatically apply the Loan Value to pay any unpaid premium. Before this automatic premium loan will operate, you must have paid premiums for the minimum period specified in Clause 23.

If the Loan Value is at least equal to the unpaid premium, the premium will be paid in full pursuant to this Automatic Premium Loan. If the Loan Value is less than the unpaid premium, the maximum Loan Value will be advanced to keep the Policy in effect for a period of time comparable to the Loan Value's proportion to the unpaid premium. When the period so covered expires, this Policy will lapse unless you have paid to us the unpaid premium plus interest thereon.

Premium loans will bear interest from the end of the 30 day grace period in accordance with Clause 20.

20. Interest on Amounts Owing under this Policy

If you owe us any amount under this Policy, you will be charged interest. The then current interest rate will be applicable until your Policy Anniversary (see your Summary). The interest rate may change at each Policy Anniversary, but will not exceed the average bond yield at that time for Government of Canada Securities maturing in 10 years or more (Bank of Canada Statistical Series B14013) increased by two (2) percentage points (except that any reduction in rate required by this basis may be delayed for a period of 12 months).

Interest on this loan will be due, and if not paid, will be capitalized on the Policy Anniversary. A notice of the current rate and interest due will be sent prior to the Policy Anniversary. Loans and interest owing to us are a first charge on this Policy in priority to all other claims.

21. When Amounts are Owing under this Policy

We will deduct from any amount which we would otherwise pay under this Policy all amounts which are owed to us under this Policy, including loans, accrued interest and unpaid premiums.

If at any time the amount you owe us under this Policy is equal to or greater than the "Cash Surrender Value" calculated in accordance with Clause 23, this Policy will lapse as provided by Clause 9.

22. Participation in Profits

This Policy is nonparticipating, which means that it does not provide for participation in the distribution of our profits.

23. Calculation of Cash Surrender Value and Loan Values

Table A, which follows, will be used in calculating the values used in the "Cash Surrender Value" in Clause 17 and the "Loan Value" in Clause 17. The values shown in Table A assume that the Benefit shown in the Summary is \$1,000. If the actual Benefit is more or less than \$1,000, the values used in Table A will be increased or decreased proportionately. For example, if the Benefit is \$10,000, all the values shown in the table will be multiplied by 10. The values in the table also assume that no loan has been made under this Policy. If a loan has been made, we will make appropriate adjustments in the values.

The values calculated in this Clause 23 are available only if premiums for this Policy have been paid for the minimum number of years shown at the top of the left-hand column of Table A and if this Policy has been in force for the full number of years to which the values relate. Table A shows selective durations - a complete table is available upon request.

The calculations are made as follows:

(a) the Cash Surrender Value available in any Policy year is:

- (i) the Basic Cash Surrender Value for that year determined from Table A, for the age and sex of the Life Insured, multiplied by that Benefit shown in the Summary, divided by \$1,000;
- (ii) minus any amount which you may owe us under this Policy.

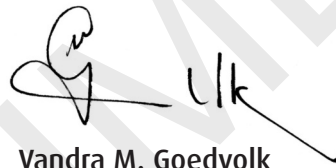
(b) the Loan Value available in any Policy year is:

- (i) 90% of the Basic Cash Surrender Value for that year as calculated in (a)(i) above;
- (ii) minus any amount which you may owe us under this 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

Table A – Cash Surrender Value
 Life Insured's age when this Policy was issued (as specified in the Summary)

After premiums have been paid and this Policy has been in force for: ▼	Life Insured's age when this Policy was issued (as specified in the Summary)																	
	Less than 1	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
6 years	1	1	2	3	3	4	5	5	6	7	7	7	8	8	9	10	10	11
10	12	13	15	16	17	18	19	20	21	22	24	25	26	27	29	31	32	35
20	53	55	58	61	63	66	70	73	77	80	84	88	92	97	102	107	112	118
30	84	88	92	97	102	107	112	118	123	130	136	143	150	157	165	173	181	190
40	136	143	150	157	165	173	181	190	199	208	218	228	239	249	261	272	284	296
50	218	228	239	249	261	272	284	296	309	322	335	349	363	377	392	407	422	437
60	335	349	363	377	392	407	422	437	453	469	485	501	517	534	550	567	583	600
70	485	501	517	534	550	567	583	600	616	633	649	665	681	696	712	727	742	756
80	649	665	681	696	712	727	742	756	770	784	798	812	825	838	852	866	882	901
90	798	812	825	838	852	866	882	901	923	954	1000							
100	1000																	