

Creditor Insurance for BMO® Semi-Revolving Instalment Lines of Credit and Small Business Loans

Life, Disability and Job Loss

Distribution Guide

Group Policy: 21559

Name and Address of Insurer:

Sun Life Assurance Company of Canada (Sun Life)

Creditor Team

PO Box 638 STN Waterloo

227 King Street South

Waterloo ON N2J 4B8

Telephone: 1-877-271-8713

Fax: 1-866-923-8353

Email: creditorteam@sunlife.com



Name and Address of Distributor:

BMO Bank of Montreal® (BMO)

129 Saint-Jacques Street West, 2nd floor

Montreal, QC H2Y 1L6

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Responsibility of the Autorité des marchés financiers

The *Autorité des marchés financiers* does not express an opinion on the quality of the product offered in this guide. The insurer alone is responsible for any discrepancies between the wording of the guide and the policy.

Distribution Guide

Name of Insurance Product:	Creditor Insurance for Semi-Revolving Instalment Loans and Small Business Loans
Type of Insurance Product:	Life, Disability and Disability Plus Job Loss Insurance
Group Policy:	21559

Name and Address of Insurer:

Sun Life Assurance Company of Canada, ("Sun Life")
Group Creditor Benefits
227 King Street South
P.O. Box 638, Station Waterloo
Waterloo, Ontario
Canada N2J 4B8

Telephone: 1-877-271-8713

Fax: 1-866-923-8353

Email: credorteam@sunlife.com

Name and Address of Distributor: Bank of Montreal ("the Bank")

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Introduction

This Distribution Guide is an easy to understand explanation of the insurance issued by Sun Life Assurance Company of Canada and made available to you only through BMO Bank of Montreal. Insurance is designed to protect you should the unexpected occur.

This Distribution Guide can help you decide, without the services of an insurance advisor, if you need Life, Disability or Disability Plus Job Loss Insurance on your BMO Bank of Montreal Semi-Revolving Instalment Line of Credit (SRIL) or Small Business Loans/Lines of Credit.

Job Loss insurance is not available separately. It is only available on Semi-Revolving Instalment Loans in combination with Disability Insurance, under the product name Disability Plus Job Loss Insurance.

Disability Plus Job Loss Insurance is not available on Small Business Loans/Lines of credit.

NOTE: The Bank and Sun Life together reserve the right to change the terms of insurance at any time with 60 days advance written notice to insureds.

Definitions

Accident means a bodily injury that occurs solely as a direct result of a violent, sudden and unexpected action from an outside source.

Bank means BMO Bank of Montreal.

Disability means you are prevented by bodily injury, disease, mental infirmity, sickness or complications due to pregnancy and any related medical conditions, from performing all or substantially all of the essential duties of your own job, and you do not engage in any occupation or employment for wage or profit.

Disability Plus Job Loss Insurance is the combination of Disability insurance and Job Loss insurance.

Job Loss means a complete involuntary separation from your employment; this includes a lay off, dismissal without cause, a unionized labour dispute, a legal strike or a lockout.

Loan means either a revolving or Instalment lending agreement which exists between you and the Bank. This includes a BMO Bank of Montreal Semi-revolving Instalment Line of Credit or Small Business Loans/Lines of Credit.

Loan Payment refers to the payment due under the Loan agreement and may be weekly, bi-weekly, semi-monthly or monthly in frequency, comprising principal, interest and, where applicable, life insurance premiums.

Maximum insurable limit means the maximum benefit for which you may be insured.

Pre-existing condition means a condition or health problem for which, in the 12 months before your insurance coverage began, you consulted with or received advice, treatment, care and/or service by or from a licensed physician or health care practitioner, or you took medications or injections.

Qualifying period means an uninterrupted period of 60 days during which you are Disabled or have a Job Loss, beginning with the first day of Disability or Job Loss.

Sun Life means Sun Life Assurance Company of Canada.

You, your means each applicant who has been approved for insurance under Policy 21559.

A. Description of your insurance

Life Insurance benefit

If you die, Sun Life will pay the Bank the applicable death benefit as follows, regardless of the number of persons insured and based on the Maximum Insurable Limit:

- For an **Instalment** Loan:
 - the total unpaid balance of your insured Instalment arrangement on the date of your death,
 - all unpaid interest that has accrued to the date of benefit payment, and
 - any fees, penalties or interest rate charges required to discharge your Instalment arrangement.
- For a **revolving** Loan:
 - **If your death is due to an Accident**, the outstanding Loan balance at the date of death.
 - **If your death is due to any other cause**, the lesser of:
 - the outstanding Loan balance at the date of your death, or
 - 110% of your average balance for the 12 months immediately preceding the date of death.

The Maximum Insurable Limits for Life Insurance claims are:

- for a SRIL, \$150,000,
- for a Small Business Loan or Line of Credit, \$250,000.

How insurance premiums are calculated

Premiums are calculated daily, in arrears, for each month during which insurance is effective on your Loan. Premium rates are based on your attained age plus any applicable provincial tax. Premiums are calculated per person, except for joint insurance which is based on the age of the older applicant. All premium calculations are subject to the respective Maximum Insurable Limit.

Cost of Life Insurance

For a **revolving** Loan, your rate changes as you get older and your **attained age** is determined each January 1st. The monthly cost of insurance is determined by applying your premium rate to your average monthly Loan balance.

For an **Instalment** Loan your **attained age** is determined based on your age at the start of your Loan and will not change. The premium quoted under your Loan Payment represents the average cost of insurance, per payment, over the remaining life of your Loan, and is automatically adjusted at each maturity date. The monthly cost of insurance is determined by applying your premium rate to your average monthly Loan balance. Your actual premium will automatically decline, unless premium rates change, as your outstanding balance reduces.

All premium calculations are subject to the applicable Maximum Insurable Limit.

Life Insurance Premium Rate Table		
Monthly rates are per \$1,000 of average Loan balance		
Your age*	Single	Joint
under 40 yrs	\$0.27	\$0.41
40-44 yrs	0.40	0.60
45-49 yrs	0.48	0.72
50-54 yrs	0.65	0.98
55-59 yrs	0.95	1.43
60-64 yrs	1.35	2.03
65-69 yrs	2.35	3.53
70-74 yrs	4.25	6.38
75 yrs or over	6.25	9.38

Any provincial sales tax on insurance coverage premiums will be added. The provincial sales tax rate in Quebec at the time of publication was 9%. This rate is subject to change.

The age of the older insured borrower will be used to calculate the premium for joint insurance.

* For a **revolving** Loan, your rate changes as you get older and your **attained age** is determined each January 1st. For an **Instalment** Loan, your **attained age** is determined based on your age at the start of your Loan and will not change.

Eligibility for Life Insurance

You are eligible to apply for this coverage if:

- you are at least **18 years of age** and you are a borrower on a Loan (includes co-borrower) provided by the Bank;
- you are a Canadian resident; and
- you are not yet **65 years of age** on the date of the Application.

A maximum of two persons can be insured on the same Loan.

Disability or Disability Plus Job Loss Insurance benefit

If you become Disabled or experience a Job Loss, Sun Life will pay the Bank the benefit as follows regardless of the number of persons insured and based on the Maximum Insurable Limit:

- For an **Instalment** Loan, the Loan Payment as at the date of Disability or Job Loss plus the applicable Disability Insurance or Disability Plus Job Loss Insurance premium as applicable.
- For a **revolving** loan:
 - **If your Disability is due to an Accident**, 2% of the outstanding Loan balance at the date of your Disability will be paid.
 - **If your Disability is due to any other cause**, or for a Job Loss, 2% of the lesser of:
 - the outstanding Loan balance at the date of Disability or Job Loss; or
 - 110% of your average Loan balance for the 12 months immediately preceding the date of Disability or Job Loss.

The Maximum Insurable Limits for Disability or Job Loss insurance claims are:

- for a SRIL, \$1,500 per month;
- for a Small Business Loan or Line of Credit, \$1,500 per month for Disability insurance, (Job Loss insurance not available).

There is a maximum of 24 months of benefits per Disability, either paid in aggregate or consecutively.

There is a maximum of 6 months of benefits per Job Loss, corresponding with your approved Employment Insurance benefits.

When Sun Life starts paying Disability or Job Loss benefits

In all cases, Sun Life pays approved claims for Disability or Job Loss benefits on the date a Loan Payment is due. The monthly benefit amount will be pro-rated for any partial month in which a benefit payment is due. Benefit payments will begin, following approval of your claim on the first scheduled payment due date after:

For Disability benefits claims:

- the Qualifying period following the date of your Disability, or
- the date of your Disability if the claim is a **continuation** of a previous Disability. Your claim is a **continuation** if the Disability is from the same or a related cause within 6 consecutive months of the end of your previous claim; **if it is not a continuation**, it will be treated as a new Disability claim and a new 60-day Qualifying period will apply.

For Job Loss benefits:

- the Qualifying period following the date of your Job Loss, provided you are receiving Employment Insurance benefits.

When Sun Life stops paying Disability or Job Loss benefits

For Disability claims:

- you have received 24 months of benefits per Disability;
- you no longer meet the definition of Disability;
- you reach age 70;
- you refuse to submit to a medical examination by an appointed physician or other health care practitioner at Sun Life's request;
- you fail to provide proof of continuing Disability satisfactory to Sun Life;
- you die.

For Job Loss claims:

- you have received 6 months of benefits per Job Loss;
- you do not provide proof of continuing Employment Insurance benefits to Sun Life;• you no longer qualify for Employment Insurance benefits;
- you reach age 55;
- you die.

Cost of Disability or Disability Plus Job Loss Insurance

Premiums are calculated for each month during which the insurance is effective on your Loan. Premium rates are based on your attained age, plus any applicable provincial tax. Premiums are calculated per person.

For a **revolving** Loan, your rate changes as you get older and your **attained age** is determined each month. The monthly cost of insurance is determined by applying your premium rate to your average monthly Loan balance.

For an **Instalment** Loan, your **attained age** is determined based on your age at the start of your Loan and will not change. The cost of insurance is determined by applying your premium rate to your Loan Payment.

All premium calculations are subject to the Maximum Insurable Limit.

Disability Insurance Premium Rate Table				
	Revolving Monthly rates are per \$1,000 of average Loan balance		Instalment Rates are per \$100 of Loan Payment	
Your age*	Single	Joint	Single	Joint
under 40 yrs	\$0.50	\$0.90	\$2.50	\$4.50
40-44 yrs	0.50	0.90	2.50	4.50
45-49 yrs	0.50	0.90	2.50	4.50
50-54 yrs	0.50	0.90	2.50	4.50
55-59 yrs	0.50	0.90	2.50	4.50
60-64 yrs	0.50	0.90	2.50	4.50
65-69 yrs	0.50	0.90	2.50	4.50

Disability Plus Job Loss Insurance Premium Rate Table				
	Revolving Monthly rates are per \$1,000 of average Loan balance		Instalment Rates are per \$100 of Loan Payment	
Your age*	Single	Joint	Single	Joint
under 40 yrs	\$0.80	\$1.40	\$4.00	\$7.00
40-44 yrs	0.80	1.40	4.00	7.00
45-49 yrs	0.80	1.40	4.00	7.00
50-54 yrs	0.80	1.40	4.00	7.00
55-59 yrs	0.50**	0.90**	2.50**	4.50**
60-64 yrs	0.50**	0.90**	2.50**	4.50**
65-69 yrs	0.50**	0.90**	2.50**	4.50**

Any provincial sales tax on insurance coverage premiums will be added. This rate is subject to change.

The age of the older insured borrower will be used to calculate the premium for joint insurance.

*For a **Revolving** Loan, your current age at time of billing. For an **Instalment** Loan, your attained age is determined based on your age at the start of your loan and will not change.

** Disability Plus Job Loss Insurance reverts to Disability Insurance at age 55.

Eligibility for Disability and Disability Plus Job Loss Insurance

- you are at least **18 years of age** and you are a borrower on a Loan (includes co-borrower) provided by the Bank;
- you are a Canadian resident;
- you are actively at work, which means you are regularly working a minimum of **30 hours per week** at the time of application and able to perform the normal tasks of your job. For seasonal workers, you must be capable of performing your regular duties;
- for Disability Insurance, you are **not yet 65** years of age;
- for Job Loss insurance, you are **not yet 55** years of age and you:
 - are otherwise eligible to apply for Disability Insurance;
 - have been continuously employed for 6 months with the same employer and are eligible to receive Employment Insurance benefits;
 - are not self-employed, an independent contractor or working for a family business or a business in which you have a controlling interest;
 - have not been advised of your pending unemployment.

A maximum of two people can be insured on the same Loan.

How to apply

To apply for this insurance, complete the Application for Optional Creditor Insurance. You can apply for creditor insurance coverage from Sun Life at the time you are first approved for your Loan or any time after.

When your coverage begins

If you meet the eligibility requirements, your insurance begins as follows:

- **if your Loan is \$50,000 or less**, your insurance is approved automatically and effective the date you apply for insurance;
- **if your Loan is more than \$50,000 and you answered “NO”** to the applicable health question(s), your insurance is approved automatically and effective the date you apply for insurance;
- **if your Loan is over \$50,000 and you answered “YES”** to the applicable health question(s), your insurance is effective the date shown on Sun Life’s written confirmation of coverage.

When your coverage ends

- Your coverage ends on the earliest of:
 - the date the Bank receives your written request to cancel the insurance;
 - the date you are no longer a borrower on the Loan;
 - the date of your death, or when more than one person is insured, the date one of the insured persons dies;
 - the date the Policy is terminated;
 - the date the Loan is closed, or the Bank notifies you that the Loan is cancelled, written off or transferred to another financial institution;
 - the date you refinance or renegotiate the Loan, including your request for an increase in credit limit;
 - in respect of Disability Insurance, the date you reach age **70**;
 - in respect of Disability Plus Job Loss Insurance, your Job Loss insurance ends on the date you reach age **55**, but your Disability Insurance continues to the date you reach age **70**.

CAUTION

B. Exclusions, limitations or reductions in coverage

Any concealment, misrepresentation or false declaration concerning your Application for Optional Creditor Insurance or your claim(s) may result in your insurance coverage being void. No insurance benefit will be paid if you were not eligible for insurance when you applied.

No Life Insurance benefit will be paid if your death results from:

- events directly or indirectly relating to, arising from or following your participation or attempted participation in a criminal offence;
- civil disorder or war, whether or not war was declared, unless you are on active military duty as a member of the Canadian Armed Forces or Canadian Forces Reserve;
- events directly or indirectly relating to, arising from, or following your impairment by alcohol while your blood alcohol concentration is higher than the legal limit or by illegal or illicit drugs, regardless of whether your death arises or results from your impairment.

Where coverage has been in force for less than 24 months, no benefit will be payable for a Loan if your death results directly or indirectly from suicide, whether you are aware or not aware of the results of your action, regardless of your state of mind.

No Disability benefit will be paid if:

- you are not under the active and continuous care of a licensed physician or health care practitioner approved by Sun Life;
- you refuse to submit to a medical exam by a licensed physician selected by Sun Life;
- you fail to provide proof of continuing Disability satisfactory to Sun Life;
- you are receiving Job Loss benefits at the time of your Disability;
- your Disability results from:
 - intentional self-inflicted injuries, unless you have a mental illness;
 - events directly or indirectly relating to, arising from or following your participation or attempted participation in a criminal offence;
 - civil disorder or war, whether or not war was declared, unless you are on active military duty as a member of the Canadian Armed Forces or Canadian Forces Reserve;
 - events directly or indirectly relating to, arising from, or following your impairment by alcohol while your blood alcohol concentration is higher than the legal limit or by illegal or illicit drugs, regardless of whether your Disability arises or results from your impairment;

- elective cosmetic or experimental surgery or treatment;
- normal pregnancy;
- drug or alcohol abuse, unless you are:
 - enrolled in a rehabilitation program, or
 - hospitalized and receiving continuous treatment, or
 - suffering from an organic disease that, if the use of the drug or alcohol stopped, would cause Disability.

No Job Loss benefit will be paid if:

- your Employment Insurance claim is not paid for any reason;
- you fail to provide proof of Employment Insurance benefits to Sun Life;
- your Job Loss is the result of a maternity or parental leave allowed by law or agreed to with the employer;
- your Job Loss results from an illegal strike, dismissal with cause, end or legal termination of a fixed contract, end of a work season if seasonally employed, resignation;
- you are receiving Disability benefits at the time of your Job Loss.

For Life and Disability claims:

If your application for optional creditor insurance did not require you to answer a Health Question and you die or become Disabled within 12 months of the date your insurance began, then no benefit will be paid if your claim is due to a Pre-existing condition.

The Maximum Insurable Limits for Life Insurance claims are:

- for a SRIL, \$150,000,
- for a Small Business Loan or Line of Credit, \$250,000.

The Maximum Insurable Limits for Disability or Job Loss insurance claims are:

- for a SRIL, \$1,500 per month,
- for a Small Business Loan or Line of Credit, \$1,500 per month for Disability insurance, (Job Loss insurance not available).

There is a maximum of 24 months of benefits per Disability, either paid in aggregate or consecutively.

There is a maximum of 6 months of benefits per Job Loss, corresponding with your approved Employment Insurance benefits.

Joint coverage

Where two persons are covered by joint life insurance, coverage ends as soon as one dies. If both insureds die at the same time, a single benefit will be paid.

C. Cancellation of your insurance

Sun Life allows you to cancel your insurance within **30 days** of the date you signed your application. Any premium already paid will be refunded to you in this case. Following this 30-day period, you can cancel your insurance at any time. In that event, you will not receive a premium refund except where premiums may have been debited in error.

To cancel your insurance, please contact the Bank, who will assist by completing the cancellation form with your signature and sending it to Sun Life on your behalf.

Note: Cancellation through the Bank will be effective on the day you sign the notice form. Cancellations sent by you directly to Sun Life will be effective when received by Sun Life.

D. Other information

For more information about this insurance plan, or to obtain a copy of the insurance policy, send your written request to the following address:

Sun Life Assurance Company of Canada Creditor Insurance

227 King Street South
P.O. Box 638, Station Waterloo
Waterloo, Ontario
Canada N2J 4B8

Telephone: 1-877-271-8713

Fax: 1-866-923-8353

Email: creditorteam@sunlife.com

Please indicate your group policy number **21559** and indicate it is regarding the Semi-Revolving Instalment Lines of Credit and Small Business Loans insurance.

E. Making a claim

Sun Life will make every effort to process your claim quickly and efficiently. Claims must be submitted in writing using the forms approved by Sun Life.

Where to get a claim form

You or your representative (the person who will be handling your affairs) may obtain a claim form from any BMO Bank of Montreal branch.

When to make a claim

A claim should be made as soon as possible. Claims must be submitted within **1 year** of the date of death or within **120 days** following the date of Disability or Job Loss.

How to make a life claim

Your representative must notify the Bank branch responsible for administering your Loan of your death and provide the branch with an original funeral director's certificate or a certified copy of the original death certificate.

Your representative must give Sun Life a signed authorization to disclose information and obtain reports from your family doctor or your attending physician, if death occurred within two years of the effective date of coverage.

How to make a Disability or Job Loss claim

To make a claim, you must fill out the applicable claim form which is available from any branch of the Bank. You, your attending physician and your employer will all have to complete the relevant portions of the claim form. Send the completed claim form directly to Sun Life to the address provided on the claim form.

Sun Life may ask for additional information before approving your claim, such as:

- Proof of continuing total Disability or Job Loss;
- Proof of receipt of Employment Insurance benefits;
- Proof of age;
- Results of any medical examination by a physician appointed by Sun Life; and
- Any other information that Sun Life deems necessary for the assessment of your claim.

You are responsible for the costs of any medical information that Sun Life needs to assess your claim. Sun Life is responsible only for the cost of a physician's exam arranged for you by Sun Life.

Insurer's response

Sun Life generally acknowledges receipt of a claim within **three weeks** of receiving and verifying the claim form, the original funeral director's certificate or a certified copy of the original death certificate, or the Disability or Job Loss claim form. Sun Life will then send the following to you or your BMO Bank of Montreal branch:

- a letter requesting additional information; or
- if the claim is approved, the Disability or Job Loss benefit to be applied against your Loan Payment, or the death benefit to be applied to the outstanding balance on the Loan.

Sun Life will inform you or your BMO Bank of Montreal branch of its decision in writing within **30 working days** of receiving the additional information requested.

If the claim is declined, Sun Life will explain the reasons why in writing.

How to appeal the insurer's decision

If Sun Life declines the claim, you or your representative may appeal the decision within **90 days** of the date of the decline letter from Sun Life. You or your representative must explain in writing the reasons for the appeal and provide any additional information not previously submitted to Sun Life. You or your representative may consult the Autorité des marchés financiers or an independent legal advisor about the appeal.

F. Similar products

This optional Creditor insurance policy is offered exclusively to BMO Bank of Montreal by Sun Life. There are other insurance products on the market that can be used to cover your Loan Payments.

G. Referral to the Autorité des marchés financiers

For more information about the obligations of the insurer and distributor to you, you can contact the Autorité des marchés financiers at the following address and telephone number:

Place de la Cité, Tour Cominar
2640, boul. Laurier, 4^e étage
Québec (QC) G1V 5C1

Toll-free: 1-877-525-0337 **Quebec City region:** 418-525-0337 **Montreal region:** 514-395-0337

Website: www.lautorite.qc.ca

H. Miscellaneous items

This insurance is optional.

How to make a complaint

For complaints regarding underwriting decisions or insurance claims under your insured Semi-Revolving Instalment Line of Credit or Small Business Loan please call the Sun Life Creditor Team at 1-877-271-8713. Please reference Group Policy 21559

Message from your insurer — Respecting your privacy

Respecting your privacy is a priority for the Sun Life Financial group of companies. We keep in confidence personal information about you and the products and services you have with us to provide you with investment, retirement and insurance products and services to help you meet your lifetime financial objectives. To meet these objectives, we collect, use and disclose your personal information for purposes that include: underwriting; administration; claims adjudication; protecting against fraud, errors or misrepresentations; meeting legal, regulatory or contractual requirements; and we may tell you about other related products and services that we believe meet your changing needs. The only people who have access to your personal information are our employees, distribution partners such as advisors, and third-party service providers, along with our reinsurers. We will also provide access to anyone else you authorize. Sometimes, unless we are otherwise prohibited, these people may be in countries outside Canada, so your personal information may be subject to the laws of those countries. You can ask for the information in our files about you and, if necessary, ask us in writing to correct it. To find out more about our privacy practices, visit www.sunlife.ca/privacy.

