

Creditor's Group Disability Insurance for BMO® Personal Loans and RRSP Readiline Accounts

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

Telephone: 1-877-CALL BMO

Fax: 1-877-266-2269

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 Personal Loans
and RRSP ReadiLine accounts

Type of Insurance Product: Disability

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 ON N2J 4B8

Telephone: 1-877-271-8713

Fax: 1-866-923-8353

Email: credorteam@sunlife.com

**Distributor’s address and
telephone number:**

Bank of Montreal (“the Bank”)

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Introduction

This Distribution Guide is an easy-to-understand explanation of the disability insurance issued by Sun Life and made available to you only through BMO Bank of Montreal.

This insurance is designed to protect you against the unexpected.

This Distribution Guide can help you decide, without the services of an insurance advisor, if you should purchase disability insurance for your BMO Bank of Montreal Personal Loan or RRSP ReadilLine account.

Definitions

Actively at work means that at the time of application for insurance, you are:

- regularly working at least **30 hours** per week; and
- performing all of the regular duties of your principal occupation.

Balance means the amount of your Personal Loan or RRSP ReadiLine account that remains to be repaid on the date your monthly premium payment is calculated.

Joint coverage means insurance that covers two borrowers.

Pre-existing condition means a condition or health problem for which, in the 12 months before your disability 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 that to begin receipt of benefits, you must be *Totally disabled* for a certain period. This period is called the *Qualifying period*. (See Explanation of Qualifying period.)

Refinancing is an increase in the amount of the loan or a change in the amortization period. The amortization period is the period over which you pay back your loan.

Totally disabled means that during the *Qualifying Period* and for the entire period of disability (to a maximum of 24 months per disability) 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

A. Description of the disability insurance plan

Benefit

You can apply for disability insurance from Sun Life when you apply to open a BMO Bank of Montreal Personal Loan or an RRSP ReadilLine account or if you already have one.

If you become *Totally disabled*, Sun Life will pay the Bank the equivalent amount of your regular monthly Personal Loan repayment or your minimum RRSP ReadilLine account payment as applicable. The maximum amount is \$1,500 per month. Disability benefits are payable for a maximum of 24 months per disability.

Eligibility

To be eligible for insurance all of the following conditions must be met at the time of application:

- You must be *Actively at work*; **and**
- You are a Canadian resident and under the age of 65 years; **and**
 - The total amount of your Personal Loan does not exceed \$150,000 at the time of application for insurance; **or**
 - The outstanding balance on your RRSP ReadilLine account does not exceed \$20,000; **and**
- The equivalent of your regular monthly Personal Loan repayment or minimum RRSP ReadilLine account payment does not exceed \$1,500.

Joint Coverage

The maximum number of borrowers for Personal Loans is 2. There is no *Joint coverage* on RRSP ReadilLine accounts.

Pre-existing condition

Sun Life does not pay disability benefits if you are *Totally disabled* due to a *Pre-existing condition* from which you became Totally Disabled in the 12 months following the date your coverage begins.

How to apply

To apply for this disability insurance coverage, you must complete the **Optional Creditor Insurance Application** in addition to your BMO Bank of Montreal loan application.

Cost

For Personal Loans, the cost of your insurance (your premium) is based on the following:

- your monthly premium rate of \$1.25 for single coverage or \$2.00 for Joint coverage per \$1,000 of your loan *Balance*;
- the *Balance* of your loan at time of payment;
- the number of days since your last payment.

For RRSP ReadilLine accounts, the cost of your disability insurance is based on the following:

- your monthly premium rate of \$1.25 for single coverage* per \$1,000 of your loan *Balance*;
- the *Balance* of your loan at time your account statement is produced;
- the number of days in the statement period.

* There is no *Joint coverage* on RRSP ReadilLine accounts.

Disability Insurance Premium Rate Table	
Monthly rates are per \$1,000 of outstanding Personal Loan <i>Balance</i> or average RRSP ReadilLine account <i>Balance</i>	
Personal Loans: Your age at the time insurance is applied for RRSP ReadilLine accounts: Your attained age in years as at January 1	18-64
Single coverage	\$1.25
<i>Joint coverage</i> (applies to Personal Loan Plan only)	\$2.00

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

For Personal Loans, the premium is added to your loan payments. For RRSP ReadilLine accounts, the premium is charged to that account. In other words, when you make your loan repayments or pay down your account balance, you are also paying your insurance premium.

For example, if the *Balance* of your loan is \$5,000, your premiums will be calculated as follows:

Single coverage: $\$5,000 \times \$1.25/\$1,000 \times 109\% = \6.81

Joint coverage: $\$5,000 \times \$2.00/\$1,000 \times 109\% = \10.90

Effective date

If you meet the eligibility criteria, coverage begins on the **later** of:

- the date you apply for this insurance;
- the date your Personal Loan is advanced to you or your RRSP ReadilLine account is opened.

Insurer's confirmation

Enrolment in the disability insurance plan is automatic if you are eligible when you apply. Your **Optional Creditor Insurance Application** and **Certificate of Insurance** are your confirmation of insurance. No other confirmation will be sent to you.

End of coverage

Your coverage ends on the **first** of the following events:

- your loan is discharged by full repayment of your loan, *Refinancing*, termination or maturity of your Personal Loan or RRSP ReadILine account or its transfer to another person;
- your premium remains unpaid 90 days after the due date (deferred loan payments authorized by the Bank are excepted);
- the insurance policy ceases to be in effect;
- your 70th birthday;
- the Bank or Sun Life receives your written request for cancellation; **or**
- your death.

Eligibility for disability benefits

Sun Life will pay you a disability benefit upon receiving proof of claim that:

- you became *Totally disabled* while insured; **and**
- you have been *Totally disabled* beyond the *Qualifying period*.

When benefit ceases

Your benefits end on the **first** of the following events:

- you have received the maximum number of disability payments, (24 months per disability);
- your insurance terminates;
- you no longer meet the definition of *Totally disabled*;
- you participate in occupation for remuneration or profit or any educational program other than a rehabilitation program which is approved by your physician and Sun Life;
- you refuse to participate in a rehabilitation program recommended and approved by your physician and Sun Life;
- you fail to submit to Sun Life proof that you continue to be *Totally disabled*;
- you refuse to submit to a medical examination by a physician appointed by Sun Life; **or**
- your death.

Explanation of Qualifying period

Benefits do not commence until after the *Qualifying period*. If you are working on the date you become *Totally disabled*, the *Qualifying period* is thirty (30) days from that date. If you are not working on the date you become disabled, the *Qualifying period* is ninety (90) days from that date. No benefits are paid during the *Qualifying period*.

Amount of benefit paid

If you become *Totally disabled*, on approval of your claim Sun Life will pay to the Bank an amount equivalent to your insured regular monthly Personal Loan or RRSP ReadilLine account payment as at the date you became *Totally disabled*, up to a maximum monthly benefit equivalent to \$1,500. Your benefit is paid for up to the maximum benefit period while you continue to be *Totally disabled*.

The maximum benefit period is 24 months per approved disability claim.

Benefits are payable after the end of the *Qualifying period*. The payment frequency for benefits will be the same as that of the Personal Loan or RRSP ReadilLine account payment.

If your disability payments are less than one month or your claim terminates between monthly payments, the amount payable on your claim, for each day that you are *Totally disabled*, is 1/30 of the normal monthly payment.

CAUTION

B. Exclusions, limitations or reductions in coverage

Any concealment, misrepresentation or false declaration concerning this application may result in your coverage becoming void.

Exclusions: What Sun Life does not pay:

Sun Life does not pay disability benefits if you are *Totally disabled* due to:

- (a) not being eligible for insurance when you applied,
- (b) a *Pre-existing condition* and you became *Totally disabled* in the 12 months following the date your coverage begins,
- (c) not being under the active and continuous care of a licensed physician or health care practitioner approved by Sun Life,
- (d) your refusal to submit to a medical exam by a licensed physician selected by the Insurer,
- (e) your failure to provide proof to the Insurer that you continue to be *Totally disabled*,
- (f) intentional self inflicted injuries unless you have a mental illness;
- (g) events directly or indirectly relating to, arising from or following your participation or attempted participation in a criminal offence,
- (h) 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,
- (i) 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 being *Totally disabled* arises or results from your impairment,
- (j) elective cosmetic or experimental surgery or treatment,
- (k) normal pregnancy,
- (l) 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 you to be *Totally disabled*

Limitations/Reductions

Loan or account balance payments of up to \$1,500 per month (or equivalent) can be insured. Your Personal Loan must not exceed \$150,000; your RRSP Readiline accounts must not exceed \$20,000.

When you provide satisfactory proof that you are *Totally disabled*, Sun Life will pay, to the Bank, the equivalent of your monthly loan payment or minimum account balance payment for a maximum of 24 months per approved disability claim.

If you are working on the date you become *Totally disabled*, the Qualifying period is thirty (30) days from that date. If you are not working on the date you become disabled, the Qualifying period is ninety (90) days from that date. Benefits do not commence until after the *Qualifying period*. No benefits are payable for the *Qualifying period*.

If your disability is due to the use of drugs or alcohol, you are not considered to be *Totally disabled* unless you are either (a) receiving continuous treatment for that disability in a rehabilitation program approved by Sun Life, (b) hospitalized and receiving continuous treatment for that disability, or (c) suffering from organic disease that would cause you to be *Totally disabled* if the use of the drug or alcohol was stopped.

Joint Coverage

If there is joint disability coverage on your Personal Loan, in no case will Sun Life pay more than one disability claim on an insured loan at a time.

There is no *Joint coverage* on RRSP Readiline accounts.

C. Cancellation of insurance

Sun Life allows you to cancel your disability 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 disability 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, ON N2J 4B8

Telephone: 1-877-271-8713

Fax: 1-866-923-8353

Email: creditorteam@sunlife.com

Please indicate that you are writing about group policy number **21559** in regards to your Personal Loan or RRSP ReadilLine account disability insurance as applicable.

E. Claims

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.

Obtaining a claim form

You may obtain a disability claim form from any BMO Bank of Montreal branch.

Deadline for submitting a claim

Claims for disability insurance benefits must be submitted within **4 months** from the date your disability begins.

Submitting a claim

To make a claim, you must fill out the disability claim form. You, your attending physician and your employer will all have to complete relevant portions of the claim form. Send the completed claim form directly to Sun Life to the address at the front of this guide.

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

- proof of continuing *Total disability*;
- proof of age;
- results of any medical examination by a physician appointed by Sun Life;
- 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 will reply to you within **30 days** after receiving your claim for disability benefits or any additional information requested by Sun Life.

Appealing the Insurer's decision

If Sun Life declines the claim, you may appeal the decision within **3 months** of the date of the decline letter from Sun Life. You will need to provide in writing the reason(s) for the appeal and send a revised claim form with new objective medical information not previously submitted to Sun Life. You may consult the Autorité des marchés financiers or an independent legal advisor about the appeal.

F. Similar products

Sun Life provides these Group Creditor disability insurance policies exclusively to BMO Bank of Montreal. Other types of insurance to cover your outstanding Personal Loan or RRSP ReadiLine account payments may be available on the market.

G. Referral to the Autorité des marchés financiers

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

Autorité des marchés financiers

Place de la Cité, Tour Cominar
2640, Laurier Blvd, 4th floor
Quebec (QC) G1V 5C1

Toll free line: 1-877-525-0337 **Quebec:** (418) 525-0337 **Montreal:** (514) 395-0337

Website: www.lautorite.qc.ca

H. Miscellaneous items

This insurance is optional.

How to make a complaint

For complaints regarding insurance claims under your insured personal loan or RRSP ReadiLine, please call the Sun Life Creditor Team at 1-877-271-8713. Please reference 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.