

BENEFITS IN HARMONY

LIFE INSURANCE AND DISABILITY PLANS (SALARIED EMPLOYEE)

PROVIDED THROUGH





GROUP INSURANCE PLAN

Policyholder: **SAMUEL, SON & CO., Limited**

Policy No.: **28355**

Policy Effective Date: **January 1, 2011**

This booklet is provided for the purpose of explaining the benefits provided under the group policy.

Possession of this booklet does not confer or create any contractual rights. All rights and obligations with respect to the benefits provided under the group policy will be governed solely by the terms and conditions of such policy.

The Policyholder reserves the right to amend or suspend any coverages, including coverages for retirees, that are provided under the group policy as well as terminate the group policy in its entirety at any time with respect to active Participants (including those that may be absent due to a disability) as well as retired Participants after their retirement.

In addition, the Policyholder reserves the right to change the contribution requirements for the coverages, including coverages for retirees, provided under the group policy at any time with respect to active Participants (including those that may be absent due to a disability) as well as retired Employees after their retirement.

For questions regarding the information in this booklet or if additional information about the benefits is required, the Participant should contact his Employer.

This booklet can also be viewed on our secure website My Client Space accessible via ia.ca, if offered as part of your plan.

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SUMMARY OF BENEFITS

The SUMMARY OF BENEFITS briefly describes the coverage of the group insurance plan, based on the class the participant belongs to.

The following pages give a full description of the GENERAL PROVISIONS and of each BENEFIT.

SPECIAL PROVISIONS

For the purposes of this booklet, the masculine form includes the feminine unless a different meaning is required from the context. In addition, the singular shall include the plural where required.

Participants are insured under the following classes:

Class

2 – Salaried Employees

SUMMARY OF BENEFITS (cont'd)

GENERAL PROVISIONS

ELIGIBILITY DATE

Subject to all other provisions of the group policy, each employee shall become eligible on the latest of the following dates:

- a) prior to September 1, 2011, the date on which he has completed 42 days of continuous service with the employer,
- or
- b) on or after September 1, 2011, on the first day of the month following 1 month of continuous service with the employer.

NORMAL RETIREMENT AGE

For the purpose of the group policy, the normal retirement age shall be the first day of the month coincident with or next following the participant's 65th birthday.

SUMMARY OF BENEFITS (cont'd)

PARTICIPANT'S LIFE INSURANCE

Sum Insured

1.5 times the annual salary, the result being rounded to the next higher \$1,000 if not already a multiple thereof.

Maximum: \$500,000

Reduction:

This benefit is reduced by 50% on the participant's 65th birthday and further reduces by 50% on the participant's 70th birthday.

Termination:

This benefit terminates on the date of retirement.

SUMMARY OF BENEFITS (cont'd)

PARTICIPANT'S OPTIONAL LIFE INSURANCE

Sum Insured

Units of \$10,000

Maximum of \$350,000

Maximum is combined with the Participant's Life Insurance and is the lesser of:

- \$500,000; and

- 10 times the employee's annual earnings

All amounts of optional life insurance require evidence of insurability.

Termination:

This benefit terminates on the participant's 70th birthday or the date of retirement, if earlier.

SUMMARY OF BENEFITS (cont'd)

SPOUSE'S OPTIONAL LIFE INSURANCE

Sum Insured

Units of \$10,000

Maximum of \$350,000

All amounts of optional life insurance require evidence of insurability.

Termination:

This benefit terminates on the insured person's 70th birthday or the participant's date of retirement, if earlier.

SUMMARY OF BENEFITS (cont'd)

LONG-TERM DISABILITY INCOME INSURANCE

Monthly Indemnity

66.67% of the first \$2,250 of the monthly salary, plus 50% of the balance, the result being rounded to the next higher dollar, if not already a multiple thereof.

Monthly maximum: \$9,000

However, the overall maximum must not exceed 85% of the pre-disability net monthly salary.

Reductions: The amount payable will be subject to the reductions stated in the benefit.

Elimination Period: 26 weeks

Payment of benefits will begin after satisfaction of the maximum benefit period provided under the Short-Term Disability Income Insurance benefit, if such benefit is included under the group policy.

Maximum Benefit Period: To the participant's 65th birthday.

Benefits are non-taxable.

Termination:

This benefit terminates on the participant's 65th birthday or the date of retirement, if earlier.

GENERAL PROVISIONS

DEFINITIONS

Accident: A sudden, violent and unforeseeable occurrence which is external to the person.

Actively at work: If it is a scheduled work day, the participant will be considered actively at work if he reports for work at his usual place of employment or at some other location where his employer's business requires him to be and when he so reports he is able to perform all of the usual and customary duties of his occupation on a regular and full-time basis.

If the participant is not at work due to it being a non-scheduled work day, holiday or vacation day, the participant will be considered to be actively at work if on such a date he is neither (i) hospital confined nor (ii) disabled to a degree that he could not then have reported to his usual place of employment or some other location where his employer's business requires him to be and performed all of the usual and customary duties of his occupation on a regular, full-time basis.

Annual Salary: The participant's annual gross base remuneration received from the employer and which the employer or policyholder has reported to the insurer.

If the participant's income includes commissions, "annual salary" shall mean:

- a) the participant's annual gross base remuneration plus the average of the commissions received over the preceding 24 months as set forth on his T-4 Form, with respect to a participant who has been employed by his employer for at least 24 months, or
- b) the participant's gross base remuneration plus commissions received during the preceding 12 months as set forth on his T-4 Form, with respect to a participant who has been employed by his employer for at least 12 months but less than 24 months, or
- c) the amount that is estimated by the employer, with respect to a participant who has been employed by the employer for less than 12 months. The estimate must reflect a reasonable estimate of the income to be earned by the participant.

Approval of evidence of insurability: The date of approval of any evidence of insurability shall mean the date the insurer receives the last document which allows it to accept the risk on the person.

Calendar year: The period from any January 1st to the next December 31st, both inclusive.

Day: A calendar day, except if otherwise defined in the group policy.

GENERAL PROVISIONS

Dependent: The participant's spouse or a child of the participant or of the spouse. If dependents are insured under the group policy, "spouse" and "child" shall have the following meanings:

a) Spouse

The person who is married to or is in a civil union with the participant, or the person designated by the participant, whom he declares publicly to be his spouse and with whom he has been living on a permanent basis for at least one year.

A de facto separation of more than 3 months will result in the person no longer qualifying as the participant's spouse for the purposes of the group policy.

If according to this definition, the participant has had more than one spouse, spouse shall mean the person most recently qualified.

b) Child

An unmarried child of the participant or of his spouse who wholly depends on the participant for support and maintenance and who meets at least one of the following conditions:

- i) He is under 22 years of age; or
- ii) He is under 25 years of age and is attending a recognized educational institution on a full-time basis; or
- iii) He is mentally or physically handicapped and is incapable of earning his own living due to such handicap provided such handicap commenced while he was a child as defined in (i) or (ii).

Eligibility period: The period, as specified in the Summary of Benefits, during which an employee must be actively at work before being eligible for coverage under the group policy.

Employee: A person who is employed by his employer on

- a) a permanent, full-time basis and who is working a minimum of 25 hours per week for such employer, or
- b) a contract basis, provided the person has a written contract with the employer extending over a period of at least six months, he works exclusively for that employer and who is working a minimum of 25 hours per week at the employer's place of business during such period.

Full-time resident of Canada: Has a permanent residence in Canada and resides in Canada for at least 182 days a year.

Illness: Any deterioration in health requiring regular, continuous and curative care actively provided by a physician.

Insured person: A participant or a dependent of a participant who is insured under the group policy.

Monthly salary: The participant's annual salary divided by 12.

GENERAL PROVISIONS

Normal retirement age: The age indicated in the Summary of Benefits.

Participant: An employee who is insured under the group policy.

Physician: A person who is legally licensed and authorized to practice medicine and who is operating within the scope of his license.

Specialist: A physician licensed by the appropriate provincial licensing authority to practice medicine with a specialization.

Weekly salary: The participant's annual salary divided by 52.

CHANGES IN GOVERNMENT PLANS

The benefits provided under the group policy are complementary to the benefits provided by government plans. Any modifications to these plans after the effective date of the group policy will not modify the benefits provided under the group policy, unless an agreement to modify the benefits is signed by the authorized signing officers of the insurer and the policyholder.

Notwithstanding the preceding paragraph, this plan will be modified to reflect any changes to the maximum insurable earnings as determined under the Employment Insurance Act. In addition, if either federal or provincial legislation mandates that an insurer provide a certain type or level of coverage or the means of providing a certain type of coverage, the group policy will be deemed to have been amended to reflect the requirements of the legislation.

MEDICAL SERVICES AND/OR SUPPLIES COVERED BY A GOVERNMENT SPONSORED PLAN OR PROGRAM

There will be no coverage under the group policy for any expenses related, directly or indirectly, to any medical services and/or supplies which would have been covered by a government sponsored plan or program if the insured person had not elected to receive the services and/or supplies on a private basis from a medical practitioner, medical facility, clinic or hospital, whether private or public, unless the services and/or supplies are explicitly stated as being covered under the group policy.

INCONTESTABILITY

Where evidence of insurability is required by the insurer in order to approve

- a) insurance or a benefit for a participant or a dependent; or
- b) an increase, addition or change in the insurance or benefit for a participant or dependent;

the statements provided by the participant or dependent as evidence of insurability will be accepted as true and will not be contested by the insurer after the latest of the following dates, provided the participant or dependent is alive at the time:

GENERAL PROVISIONS

- a) 2 years from the effective date of the insurance or benefit for which the evidence was provided; or
- b) 2 years from the effective date of the increase, addition or change to the insurance or benefit; or
- c) 2 years from the effective date of the last reinstatement of the insurance or benefit.

However, this restriction on the insurer's right to contest the evidence of insurability will not apply in cases of fraud or misstatements of age.

Where evidence is required to approve an increase, addition or change in the insurance or benefit, the insurer's right to void the insurance or benefit will be limited to that increase, addition or change.

LAWFUL CURRENCY

All payments hereunder will be made in the lawful currency of Canada and according to the exchange rates effective at the time the event giving entitlement to a benefit took place.

GENERAL PROVISIONS

ELIGIBILITY

Employee

An employee will become eligible to be insured under the group policy as a participant on the date (his “eligibility date”) on which he satisfies the following conditions:

- a) He satisfies the definition of employee in the group policy.
- b) He is a full-time resident of Canada.
- c) He has satisfied the eligibility period specified in the Summary of Benefits.

However, an employee will not be eligible to become insured under the Long-Term Disability Income Insurance benefit if he will attain age 65 before the end of the elimination period specified for the benefit under the Summary of Benefits.

Dependents

A person will become eligible to be insured under the group policy as a dependent on the date (his “eligibility date”) on which he satisfies the following conditions:

- a) He satisfies the definition of dependent in the group policy.
- b) He is a full-time resident of Canada.
- c) The employee of whom he is a dependent has become eligible to be insured under the group policy.

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APPLICATION FOR GROUP INSURANCE

An employee who is eligible to become insured under the group policy must complete and submit an application for himself and for each of his dependents, on their respective eligibility dates, on forms supplied by, or satisfactory to, the insurer.

EFFECTIVE DATE OF INSURANCE

Whether membership under the group policy is compulsory or voluntary, the employee's insurance and dependents' insurance, if any, will take effect on the person's eligibility date, if the application for group insurance has been received by the insurer on or prior to such date, or within 31 days after such date.

If the application for group insurance is not received within 31 days of the eligibility date, the insurance will not take effect until the date on which the insurer receives and approves the person's evidence of insurability. The evidence of insurability will be provided at no expense to the insurer.

However, if

- a) the employee was not actively at work on the date his insurance would otherwise become effective, the insurance will not take effect until the earliest date thereafter on which he is again actively at work; or
- b) the dependent is hospitalized on the date his insurance would otherwise become effective, the insurance will not take effect until the earliest date thereafter on which he is no longer hospitalized. (This clause shall not apply to the Life Insurance benefit or in the case of a newborn child.)

Any amount of insurance which is in excess of the non-evidence maximum(s) specified in the Summary of Benefits will not take effect until the date the insurer receives and approves the employee's evidence of insurability. If the participant's evidence of insurability should not be approved by the insurer, any future increases in the non-evidence maximum(s) will not automatically result in an increase in the participant's insurance. The increase in the non-evidence maximum(s) will only result in an increase in the participant's insurance if he submits evidence of his insurability and it is approved by the insurer.

TERMINATION OF INSURANCE

Participant

A participant's insurance automatically terminates on the earliest of the following dates:

- a) The date the group policy is terminated;
- b) The date on which the participant retires, unless otherwise specified in the Summary of Benefits;
- c) The date the participant reaches the age limit specified in the Summary of Benefits if an age limit is indicated;
- d) The date the participant is no longer a full-time resident of Canada;

GENERAL PROVISIONS

- e) The date the participant is no longer covered by his provincial health plan;
- f) The date of the participant's death;
- g) The later of the following dates:
 - i) the date indicated on a written notice received from the policyholder;
 - ii) the date this notice was received by the insurer;
- h) The date the participant is incarcerated after committing a criminal offence for which he was found guilty;
- i) The date the participant ceases to qualify as an employee as defined in the group policy.

Insurance may be extended to a participant during periods the participant has ceased to be actively at work due to, but not limited to, illness, injury, temporary layoff or a leave of absence. The participant should contact the policyholder for further information.

Dependents

A dependent's insurance terminates on the earliest of the following dates:

- a) The date the participant of whom he is a dependent ceases to be covered under the group policy;
- b) The date the dependent ceases to be a dependent as defined in the group policy;
- c) The date the dependent reaches the age limit specified in the Summary of Benefits, if an age limit is indicated;
- d) The date the dependent is no longer a full-time resident of Canada;
- e) The date the dependent is no longer covered by the provincial health plan;
- f) The later of the following dates:
 - i) the date indicated on a written notice received from the policyholder;
 - ii) the date this notice was received by the insurer.

The above terms and conditions also apply in the case of the partial cancellation of insurance owing to the cancellation of one or more benefits.

CLAIMS

◆ **Life Insurance:**

The insurer must receive notice of any claim for a Life Insurance benefit as soon as possible after the date of the event which gives entitlement to the benefit, but in any event within one year of the event.

◆ **Long-Term Disability Income Insurance:**

The insurer must receive notice of any claim for a Long-Term Disability Income Insurance benefit within 90 days of the end of the participant's elimination period.

GENERAL PROVISIONS

If notice of a claim for a Long-Term Disability Income Insurance benefit is received more than 90 days after the end of the participant's elimination period, the insurer reserves the right to limit the participant's monthly indemnity benefit to the 90 days preceding the date the claim was received from the participant.

All notices of claims must be submitted to the insurer on the forms provided for that purpose by the insurer and must include all information that the insurer deems necessary for the assessment of the claim. If all information that is required by the insurer is not received, the insurer will have the right to deny the claim.

The insurer reserves the right to require additional proof or information regarding a claim whenever it deems necessary.

If notice of claim is not received by the insurer within the periods set out above or additional proof or information requested by the insurer is not provided, the insurer will have the right to deny the claim.

At the time of claim for a benefit which is based on the participant's salary, the amount of salary that will be used to determine the benefit will be the lesser of

- a) the salary that the policyholder had last reported to the insurer and which has been used in the calculation of the premium payable; and
- b) the participant's actual salary at the time of the event for which a claim is being made, as determined in accordance with the definition of salary included in the group policy.

The insurer will undertake all necessary actions to detect and investigate fraudulent claims under the group policy.

It is a crime if a participant should knowingly, and with the intent to defraud the insurer and the group plan, file a claim that contains any false, incomplete or misleading information.

The insurer retains the right to audit all claims at any stage, including after payment has been made, for fraud or misrepresentation. If the insurer determines that a participant has intentionally submitted a claim that contains false or misleading information, the insurer shall have the right, at its sole discretion, to notify the policyholder, decline the claim or require reimbursement if the claim has been paid. In addition, the insurer will have the right to terminate the participant's entire coverage under this policy including any coverage for the participant's dependents, and will have the right to undertake the prosecution of the participant in accordance with provincial and/or federal law.

BENEFICIARY

The participant's beneficiary shall be the person or persons designated by the participant, in writing, to receive the death benefit payable under the Participant's Life Insurance benefit, and if applicable, the Participant's Accidental Death and Dismemberment Insurance benefit, Participant's Optional Life Insurance benefit and Participant's Optional Accidental Death and Dismemberment Insurance benefit. If the participant does not designate a beneficiary, any death benefit payable under such benefits will be payable to the participant's estate.

All benefits, other than the Participant's Life Insurance benefit, Participant's Accidental Death and Dismemberment Insurance benefit, Participant's Optional Life Insurance benefit and Participant's Optional Accidental Death and Dismemberment benefit, will be payable only to the participant, or if the participant is deceased at the time of the payment of the benefit, to his estate.

GENERAL PROVISIONS

The participant will be able to designate a beneficiary or change a named beneficiary by a signed written declaration, subject to the provisions of the law.

The insurer will not be responsible for the sufficiency or validity of the beneficiary designation or change of beneficiary.

If the participant had named a beneficiary under the policyholder's prior group policy, such designation will be applicable to the insurance provided under this policy, unless the participant has changed the designation in writing with the insurer. The participant should review the beneficiary designation made under the policyholder's prior group policy to ensure that it reflects the participant's current intentions in regard to his insurance.

This policy contains a provision removing or restricting the right of the group insured to designate persons to whom or for whose benefit insurance money is to be payable.

INSURER'S RIGHT TO EXAMINATION OF A CLAIMANT

The insurer, at its own expense, shall have the right and opportunity, whenever it deems necessary, to require a medical examination, by a physician designated by it, of any person for whom a claim is submitted and to make an autopsy in case of death, where it is not forbidden by law. In addition, the insurer reserves the right to obtain the report of any medical practitioner who has examined the person for whom a claim was submitted.

The insurer, at its own expense and discretion, shall have the right and opportunity to conduct an examination under oath of any person who has submitted a claim or for whom a claim has been submitted under the group policy, whether or not a legal action has been commenced by the person under the group policy with respect to the claim.

SUBROGATION

(This provision is not applicable to the Life Insurance and Accidental Death and Dismemberment Benefits.)

Where a benefit is payable under the group policy with respect to a participant or to a dependent of a participant and if such person has a right to recover damages from an individual or organization, the insurer will be subrogated to the rights to recovery of the participant or dependent against such individual or organization to the extent of all benefits paid in the past and all benefits payable in the future.

Without limiting the generality of this provision, the term "damages" will include any lump sum or periodic payments received on account of (i) past, present or future loss of income, loss of wages, or loss of earnings, and (ii) any other benefits paid or payable under the group policy. The participant or dependent shall reimburse the insurer up to the amount of any benefits paid in the past or that are payable in the future under the group policy out of the gross damages recovered whether recovered at trial, or prior to trial by way of any form of settlement, and without regard to whether the participant or dependent has obtained full recovery of his losses.

Where the participant or dependent recovers damages in a lump sum, either by way of settlement or court order, and no allocation has been made in that settlement for the benefits paid or payable by the insurer, the insurer shall be reimbursed, out of the gross damages recovered, the full amount of benefits that have been paid to the participant or dependent. The insurer shall also be entitled to be reimbursed an amount, as determined by the insurer, which reasonably reflects the value of the future benefits payable to the participant or dependent under the

GENERAL PROVISIONS

group policy. The insurer's recovery in this regard shall not exceed the participant or dependent's gross damages or settlement recovered. These rights of reimbursement shall be without regard to the terms of settlement or allocation that may have been agreed to by the participant or dependent and the third party or otherwise allocated.

In the event that the participant or dependent fails to reimburse the insurer in accordance with the group policy, no future benefits will be paid by the insurer until such time as the insurer recovers (a) the total amount of benefits paid to the participant or dependent; and (b) an amount that reasonably reflects, as determined by the insurer, the total amount or value of any future benefits payable to the participant or the dependent. The insurer's recovery in this regard shall not exceed the participant or dependent's gross damages or settlement recovered. The insurer shall also have the right to seek recovery directly from the participant or dependent in the event that any overpayment has resulted from the lack of reimbursement.

The participant shall notify the insurer as soon as any action is commenced by him or his dependent against any third party which involves a claim for damages. The participant or dependent shall provide the insurer information, including copies of all relevant documentation, about any judgement or settlement of any claim against a third party which involves a claim for damages. The participant or the dependent will ensure that the subrogated rights of the insurer are advanced in any third party action and shall instruct his solicitor accordingly. The insurer shall not be responsible for any legal fees or expenses in regards to the advancement of its subrogated claim unless it has clearly agreed to such fees and expenses in writing in advance. The insurer reserves the right to retain its own counsel and/or pursue its subrogated rights against the third party and, in this respect, the participant/dependent and his solicitor shall fully cooperate with the insurer in the pursuit of its claim.

The insurer's subrogated claims shall not be settled or compromised in any way without its prior written consent. Unless the prior consent of the insurer has been obtained, no such settlement of any claim against the third party shall be binding on the insurer and the insurer shall have the right to seek recovery directly from the participant or dependent in accordance with its rights under the group policy.

LIMITATION ON LEGAL ACTIONS

No action or proceeding against the insurer will be commenced within the first 60 days following the date on which written proof of claim is provided to the insurer in accordance with the terms and conditions of this policy.

Every action or proceeding against an insurer for the recovery of insurance money payable under this contract is absolutely barred unless commenced within the time set out in the *Insurance Act*, or other similar applicable legislation (e.g. *Limitations Act, 2002* [Ontario]; *Civil Code* [Quebec]) in the participant's province.

PARTICIPANT'S LIFE INSURANCE

Upon the death of the participant while insured under this benefit, the insurer undertakes to pay to the beneficiary the sum insured as indicated in the Summary of Benefits, subject to the terms and conditions of this benefit and the group policy.

DEFINITION

As used in this benefit:

Disability and Disabled: A state of total and continuous incapacity, resulting from illness or injury, which prevents the participant from performing any work for which he is reasonably qualified by education, training or experience.

However, if the participant should be covered by a Long-Term Disability Income Insurance benefit under the group policy, the definitions of "disability" and "disabled" shall be as defined under such benefit.

CONVERSION PRIVILEGE

A participant whose life insurance is cancelled on or prior to his 65th birthday due to termination of

- a) his employment;
- b) his group membership; or
- c) the group policy and he has been continuously insured under a life insurance benefit provided by the policyholder for at least 5 years,

will be able to convert all or part of his life insurance to an individual life insurance policy without having to provide evidence of insurability.

The participant may choose to convert to one of the following types of insurance:

- a) permanent;
- b) term to age 65; or
- c) one year term convertible into permanent or term to age 65 at the end of one year.

The amount that can be converted to an individual policy will include all amounts of life insurance that the participant was covered for under this benefit, an Optional Life Insurance benefit and any other group insurance policy issued by the insurer, and will not exceed the lesser of:

- a) The amount selected by the participant;
- b) The amount for which the participant was insured immediately prior to the termination of his insurance;
- c) The difference between the amount for which the participant was insured immediately prior to the termination of his insurance, and the amount for which he is eligible under a new group insurance policy;
- d) \$200,000.

PARTICIPANT'S LIFE INSURANCE

The individual insurance policy shall not include a disability benefit, nor an accidental death and dismemberment benefit, and the premium shall be based on the insurer's rates in effect which apply to the type and amount of such policy, according to the participant's sex and attained age.

The individual policy will only be issued if the insurer receives a written request to that effect, together with a deposit covering the monthly premium for a one year term policy within 31 days of the date of the termination of the participant's insurance, and will take effect only at the expiration of that period.

Should the participant die during the period of 31 days following the termination of his insurance, the insurer shall pay an amount equal to that which he could have converted whether or not he made application for the individual policy.

WAIVER OF PREMIUM

- a) A participant who becomes disabled will be eligible to have his premiums waived for this benefit, if he is under age 65 and is eligible to receive a benefit under the Long-Term Disability Income Insurance benefit, if included in the group policy.

If the participant is not eligible to receive a benefit under the Long-Term Disability Income Insurance benefit or there is no Long-Term Disability Income Insurance benefit included in the group policy, he will be eligible to have his premiums waived for this benefit provided:

- i) the participant was less than 65 years of age at the onset of disability;
 - ii) the participant became disabled as defined under this benefit, while insured under this benefit and before any termination of employment;
 - iii) the participant has been disabled for at least 6 continuous months;
 - iv) proof of disability, satisfactory to the insurer, was submitted to the insurer within 12 months of the onset of the disability. The evidence will be submitted at no expense to the insurer.
- b) The amount of insurance for which the waiver of premiums applies will be that which was in force on the participant's life at the onset of the disability, and will be subject to any reductions and termination indicated in the Summary of Benefits which would have been applicable to the participant if he had been actively at work.
- c) The participant's premiums will begin to be waived on the earliest of the following dates:
- i) the day following completion of the elimination period under the Long-Term Disability Income Insurance benefit, if applicable;
 - ii) the day following a continuous period of disability of 6 months.
- d) The participant whose premiums are waived under this section must provide the insurer with proof of disability, as often as the insurer may reasonably require. Such proof will be provided at no expense to the insurer.
- e) The waiver of premiums will terminate on the earliest of the following dates:
- i) the date on which the participant ceases to be disabled;

PARTICIPANT'S LIFE INSURANCE

- ii) the date on which the participant fails to submit to an examination by the physician designated by the insurer;
 - iii) the date on which the participant retires or reaches the normal retirement age under the employer's pension plan, but never beyond the normal retirement age indicated in the Summary of Benefits of the group policy;
 - iv) the date on which the participant reaches the termination age for his life insurance benefit as indicated in the Summary of Benefits, if applicable;
 - v) the date on which the participant fails to provide any proof of disability required by the insurer;
 - vi) the date on which the participant is incarcerated after committing a criminal offence for which he was found guilty.
- f) If on the date the waiver of premiums terminates with respect to the participant, he is not eligible to be covered under the Participant's Life Insurance benefit, he will be eligible to exercise the conversion privilege as provided for under this benefit.

PARTICIPANT'S OPTIONAL LIFE INSURANCE

A participant may obtain an amount of optional life insurance if he so requests it in writing to the insurer and furnishes evidence of insurability satisfactory to the insurer.

The sum insured that will be applicable to the participant will be the amount of insurance requested as provided for in the Summary of Benefits.

Upon the death of the participant while insured under this benefit, the insurer undertakes to pay the beneficiary the sum insured at the time of the participant's death, subject to the terms and conditions of this benefit and the group policy.

NON-SMOKER STATUS

If the insurer provides reduced premium rates for non-smokers, the participant must provide a non-smoker statement on his application card to receive such rates.

Misrepresentation of Non-Smoker Status

A participant who states that he is a non-smoker on his application card or on his last evidence of insurability declaration, if it is more recent, when he is a smoker, will be considered to have made a misrepresentation.

If it is proven, after the participant's death, that he had made a misrepresentation, the optional life insurance benefit of the participant will become null and void and no optional life insurance will be payable under this benefit.

Proof of Status

The insurer reserves the right to request new proof of the participant's non-smoker status each time evidence of insurability may be required.

EXCLUSION

If a participant commits suicide, while sane or insane, less than 24 months after the date his coverage under this benefit commenced, no benefit will be payable by the insurer. The insurer will refund to the beneficiary the premiums paid in respect of the participant's optional life insurance and such refund will constitute a full discharge of the insurer's liability under this benefit.

The 24 month period starts anew on the date:

- a) the optional life insurance is reinstated; or
- b) the optional life insurance amount is increased at the participant's request, but only for the additional amount of insurance.

PARTICIPANT'S OPTIONAL LIFE INSURANCE

ADDITIONAL PROVISIONS

Any provisions of the Participant's Life Insurance benefit which are not inconsistent with the provisions of this benefit will form part of this benefit.

SPOUSE'S OPTIONAL LIFE INSURANCE

A participant may obtain an amount of optional life insurance on his spouse if he so requests it in writing to the insurer and furnishes evidence of insurability satisfactory to the insurer.

The sum insured that will be applicable to the spouse will be the amount of insurance requested as provided for in the Summary of Benefits.

Upon the death of the spouse while insured under this benefit the insurer undertakes to pay to the participant the sum insured at the time of death, subject to the terms and conditions of this benefit and the group policy.

WAIVER OF PREMIUMS

A participant whose life insurance premiums are waived in accordance with the Waiver of Premiums provision of the Participant's Life Insurance benefit will also be entitled to have the premiums for this benefit waived, under the same terms and conditions.

CONVERSION PRIVILEGE

A participant whose spouse's optional life insurance is cancelled on or prior to the earlier of (i) his 65th birthday and (ii) his spouse's 65th birthday, due to the termination of

- a) his employment;
- b) his group membership; or
- c) the group policy and his spouse had been continuously insured under a Dependents' Life Insurance benefit provided by the policyholder for at least 5 years,

will be able to convert all or part of his spouse's optional life insurance to an individual life insurance policy without having to provide evidence of insurability.

A spouse whose optional life insurance is cancelled on or prior to the earlier of (i) his 65th birthday and (ii) the 65th birthday of the participant, due to the death of the participant, will be able to convert all or part of his optional life insurance to an individual life insurance policy without having to provide evidence of insurability.

The participant or spouse, if applicable, will be able to convert the optional life insurance to one of the following types of insurance:

- a) permanent;
- b) term to age 65; or
- c) one year term convertible into permanent term or term to age 65 at the end of the one year.

The amount that can be converted to an individual policy will include all amounts of optional life insurance that the spouse is covered for under the group policy, a Life Insurance benefit and any other group insurance policy issued by the insurer and will not exceed the lesser of:

- a) the amount selected by the participant or the spouse, if applicable;

SPOUSE'S OPTIONAL LIFE INSURANCE

- b) the amount for which the spouse was insured immediately prior to the termination of his insurance; and
- c) the difference between the amount for which the spouse was insured immediately prior to the termination of his insurance and the amount for which he is eligible under a new group insurance policy; and
- d) \$200,000.

The individual policy shall not include a disability benefit nor an accidental death and dismemberment benefit and the premiums shall be based on the insurer's rates in effect which apply to the type and amount of such policy, based on the spouse's sex and attained age.

The individual policy will only be issued if the insurer receives a written request to that effect, together with a deposit covering the monthly premium for a one year term policy, within 31 days of the date of the termination of the spouse's optional insurance and will take effect only at the expiration of that period.

Should the spouse die during the period of 31 days following the termination of his insurance, the insurer shall pay an amount equal to that which could have been converted to the participant, or the participant's estate if he is no longer living, whether or not application had been made for the individual policy.

NON-SMOKER STATUS

If the insurer provides reduced premium rates for non-smokers, the spouse must provide a non-smoker statement on the application card to receive such rates.

Misrepresentation of Non-Smoker Status

A spouse who states that he is a non-smoker on the application card or on his last evidence of insurability declaration, if it is more recent, when he is a smoker, will be considered to have made a misrepresentation.

If it is proven, after the spouse's death, that he had made a misrepresentation, the optional life insurance of the spouse will become null and void and no optional life insurance will be payable under this benefit.

Proof of Status

The insurer reserves the right to request new proof of the spouse's non-smoker status each time evidence of insurability may be required.

EXCLUSION

If a person insured for optional life insurance commits suicide, while sane or insane, less than 24 months after the date his optional life insurance commenced under this benefit no benefit will be payable by the insurer. The insurer will refund to the participant the premiums paid in respect of such person and the refund will constitute a full discharge of the insurer's liability under this benefit.

The 24 month period starts anew on the date:

- a) the optional life insurance is reinstated; or

SPOUSE'S OPTIONAL LIFE INSURANCE

- b) the optional life insurance amount is increased at the participant's request, but only for the additional amount of insurance.

LONG-TERM DISABILITY INCOME INSURANCE

If a participant becomes disabled while insured under this benefit and while he is actively at work, the insurer will undertake to pay the participant the amount of the monthly indemnity benefit specified herein for each month or part of a month during which such disability lasts, subject to the terms and conditions of this benefit and the group policy.

DEFINITIONS

As used in this benefit:

Disability and Disabled: During the participant's elimination period and the first 24 months following the elimination period, the participant is not able to perform substantially all of the essential duties of his own occupation and earn at least 80% of his indexed pre-disability gross monthly salary due to an illness or injury, as determined by the insurer.

Thereafter, the participant is not able to perform substantially all of the essential duties of his own or any other occupation for which he is reasonably qualified by training, education or experience and earn at least 70% of his indexed pre-disability gross monthly salary due to the illness or injury, as determined by the insurer.

However, a participant who engages in any occupation or employment, except as specifically provided in this benefit, will be deemed to no longer be disabled.

Indexed pre-disability gross monthly salary: The monthly salary applicable to the participant immediately prior to the date his disability commenced, increased each March 1st coincident with or next following the anniversary of the date on which the participant became entitled to a monthly indemnity benefit by the Consumer Price Index (as published by the Government of Canada) during the immediately preceding calendar year.

Pre-disability gross monthly salary: The monthly salary applicable to the participant immediately prior to the date his disability commenced.

Pre-disability net monthly salary: The monthly salary applicable to the participant immediately prior to the date his disability commenced, less the deductions for Income Tax, Canada or Quebec Pension Plan, Employment Insurance and the Quebec Parental Insurance Plan.

Elimination period: The period specified in the Summary of Benefits during which the employee must be disabled before he can begin to receive monthly indemnity benefit payments.

PARTICULARS

Beginning of Benefit Payments

Payment of the monthly indemnity benefit begins following completion of the elimination period specified in the Summary of Benefits.

LONG-TERM DISABILITY INCOME INSURANCE

Amount of Benefit Payments

The amount of the monthly indemnity benefit payable is determined according to the formula set forth in the Summary of Benefits and will not exceed the monthly maximum amount specified.

Reduction of Benefit Payments

The monthly indemnity benefit will be reduced, after the application of the monthly maximum amount, by any disability benefits which are payable or which would have been payable to the participant had a satisfactory application been made under:

- a) the Quebec or Canada Pension Plan, excluding benefits payable on behalf of dependent children;
- b) a workers' compensation act;
- c) a provincial automobile insurance law;
- d) a provincial crime victims compensation act.

Moreover, the amount of the monthly indemnity income benefit payable by the insurer will be adjusted so that the sum of all income, compensation, indemnity and benefits which the participant would or could receive, due to his disability, from: (a) the policyholder, (b) his employer, (c) any government body, (d) a franchise or association insurance plan, (e) any group insurance or pension plan to which the policyholder or employer contributes, and (f) a third party in the form of damages for loss of income, will not exceed the overall maximum, as specified in the Summary of Benefits.

After the first reductions made for each of the sources listed in this provision, future cost of living adjustments made to amounts received from such sources will not bring about further reductions.

Termination of Benefit Payments

The monthly indemnity benefit payments cease on the earliest of the following dates:

- a) The date the maximum benefit period specified in the Summary of Benefits has been reached;
- b) The date on which the participant ceases to be disabled;
- c) The date on which the participant reaches the age of 65;
- d) The date on which the participant retires or reaches the normal retirement age under the employer's pension plan, but never beyond the normal retirement age indicated in the Summary of Benefits of the group policy;
- e) The date of the participant's death;
- f) The date on which the participant fails to submit to an examination by the physician designated by the insurer;
- g) The date on which the participant fails to provide any evidence of disability required by the insurer;
- h) The date on which the participant refuses to participate in good faith in a trial work, part-time work or modified work program or a rehabilitation program which the insurer has recommended;

LONG-TERM DISABILITY INCOME INSURANCE

- i) The date on which the participant is incarcerated after committing a criminal offence for which he was found guilty.

SUCCESSIVE PERIODS OF DISABILITY

If the participant who had been disabled returns to full-time active work and again becomes disabled while this benefit is in force, such disability will be considered a continuation of the previous disability, provided

- a) it is due to the same cause or causes as the previous disability;
- b) during the elimination period, he has been back at full-time active work for less than 15 consecutive days; and
- c) after the elimination period has been completed, he has been back at full-time active work for less than 6 months.

However, if the successive period of disability is due to a cause or causes unrelated to the cause or causes of the previous period of disability, it will be considered to be a new disability and a new elimination period will apply.

EXCLUSIONS AND LIMITATIONS

- a) The monthly indemnity benefit will not be payable for a disability resulting from one of the following causes:
 - i) Civil unrest, insurrection or war, whether war be declared or not, or participation in a riot;
 - ii) Attempted suicide or voluntarily self-inflicted injury, while sane or insane;
 - iii) Care which is not medically required or which is given for cosmetic purposes, unless such care is for an illness or an accidental injury;
 - iv) Committing, attempting to commit a criminal offence, or provoking an assault or criminal offence.
- b) The monthly indemnity benefit will not be payable:
 - i) During any leave taken in accordance with provincial or federal legislation or during any leave taken in agreement with the employer;
 - ii) During any extension of such a leave, if the participant was entitled to and requested such extension.

However, if the participant's benefit was kept in force during the leave, the elimination period will begin on the date the participant would have returned to work if not for his disability.
- c) The monthly indemnity benefit will not be payable for any period the participant is not under the regular care and attendance of a physician, other than himself, who is a registered specialist in the field of medicine which is applicable to his disability, or is not undergoing a course of medical treatment or participating in a program of rehabilitation which, in the opinion of the insurer, is medically required.
- d) The monthly indemnity benefit will not be payable to a participant who is out of Canada and the United States for a period of 90 consecutive days or more. The participant's entitlement to the monthly indemnity benefit

LONG-TERM DISABILITY INCOME INSURANCE

will be restored only upon the participant's return to Canada or the United States, subject to all other provisions of this benefit.

- e) The monthly indemnity benefit will not be payable for a disability which occurs during a strike, lock-out or temporary lay-off, if the participant's benefit was not kept in force during the strike, lock-out or temporary lay-off.

However, if the participant's benefit was kept in force during the strike, lock-out or temporary lay-off, the elimination period of the monthly indemnity benefit will begin on the date the participant would have returned to work if not for his disability, provided that on the date the disability occurred he would have satisfied the definition of being actively at work during a non-scheduled work day.

- f) The monthly indemnity benefit will not be payable to a participant who refuses to enter a trial work, part-time work or modified work program or a rehabilitation program which has been recommended by the insurer.

PRE-EXISTING CONDITION EXCLUSION

As used in this provision, "pre-existing condition" means an illness or injury

- a) which was sustained or contracted, or
- b) for the symptoms of which the participant was under treatment by a physician, or
- c) for the symptoms of which a physician had undertaken an investigation or review of, or
- d) for which the participant was taking medication as prescribed by a physician,

during the 3 months prior to the date on which the participant became covered under this benefit.

No monthly indemnity benefit will be payable for a disability

- a) that resulted either directly or indirectly from, or was in any manner or degree associated with or occasioned by a pre-existing condition; and
- b) which begins in the first 6 months after the participant became covered under this benefit.

However, if the group policy is a replacement policy, a monthly indemnity benefit will be payable for a disability due to a pre-existing condition, provided the participant

- a) was covered under the previous policy on the date it was terminated; and
- b) became covered under this benefit on the effective date of the group policy; and
- c) was actively at work on the effective date of the group policy; and
- d) satisfies the pre-existing condition exclusion period under the group policy, giving consideration towards continuous time covered under both policies, or the prior policy giving consideration towards continuous time covered under both policies.

LONG-TERM DISABILITY INCOME INSURANCE

The monthly indemnity benefit payable to the participant will be determined in accordance with this benefit, but in no case will it exceed the previous policy's maximum monthly indemnity benefit.

WAIVER OF PREMIUMS

A participant whose life insurance premiums are waived in accordance with the Waiver of Premiums provision of the Participant's Life Insurance benefit will also be entitled to waiver of premiums for this benefit, under the same conditions.

WORK RE-ENTRY

If a disabled participant participates in

- a) a trial work, part-time work or modified work program, which has been approved by the insurer, or
- b) a rehabilitation program, which has been approved by the insurer,

with the intent of returning to his own or any other occupation, and at such time he is incapable of earning at least 80% of his indexed pre-disability gross monthly salary due to the illness or injury which caused his disability, he will still be considered by the insurer to be disabled.

The insurer reserves the right to require that a disabled participant engage in a rehabilitation program or a trial work, part-time work or modified work program which has been recommended by the insurer to assist him in returning to gainful employment, if the insurer determines that the program is appropriate to the participant based on his disability, and his level of education, training or experience. If the participant does not co-operate or participate in the program, the participant will no longer be eligible to receive a monthly indemnity benefit.

If the disabled participant receives an income as a result of his participation in the rehabilitation program, trial work, part-time work or modified work program, the amount of the monthly indemnity benefit payable to him under the terms of this benefit will not be reduced unless the total of the monthly indemnity benefit he is receiving under this benefit, the income received from his participation in the program and the sources listed in the Reduction of Benefit Payments provision exceeds

- a) 100% of his pre-disability gross monthly salary, if the monthly indemnity benefit is taxable to him, or
- b) 100% of his pre-disability net monthly salary, if the monthly indemnity benefit is non-taxable to him. (For the purposes of this calculation, the income for the program shall be net.)

If the total of the monthly income he is receiving exceeds 100% of the salary, the amount of monthly indemnity benefit payable to him under the terms of this benefit will be reduced so that his total monthly income does not exceed 100% of such salary.

The insurer will pay the expenses incurred by the participant, other than usual employment expenses, which are associated with the approved trial work, part-time work or modified work program or rehabilitation program, provided the expenses were approved, in writing, by the insurer prior to being incurred.

LONG-TERM DISABILITY INCOME INSURANCE

SURVIVOR BENEFIT

If a participant should die while he is receiving a monthly indemnity benefit or he was entitled to receive a monthly indemnity benefit under this benefit, the insurer will pay a benefit to his eligible survivor or, if applicable, survivors. If there is no eligible survivor on the date of his death, no benefit will be payable.

The amount of the benefit to be paid to the eligible survivor or, if applicable, survivors, will be equal to 3 times the net monthly indemnity benefit payment which was made or would have been made to the participant by the insurer immediately prior to his death.

If the benefit becomes payable to the children of a participant, the insurer will make the payment to the children or to the individual legally entitled to receive payment on behalf of the children. If two or more children are entitled to a benefit, they shall share the benefit equally.

As used above:

- ◆ **Eligible survivor:** The participant's spouse or children, if the participant has no spouse at the time of death.
- ◆ **Spouse:** Will be as defined under the definition of Dependent of the Definitions provision.
- ◆ **Children:** Will be as defined under the definition of Dependent of the Definitions provision.

COPY OF CONTRACT AND ENROLLMENT MATERIAL

A participant may request from the insurer a copy of the policy, his enrollment form and any written documents (provided as evidence of insurability) that may have been provided to the insurer in relation to his insurance under the policy. The insurer will provide the first copy of the policy, enrollment form and relevant written documents without charge to the participant. Any additional copies will be subject to a charge set by the insurer.

SUBMITTING CLAIMS

Disability Claims

The participant must submit a completed claim form to the following address:

For participants residing in Quebec

Industrial Alliance Insurance and Financial Services Inc.
Group Insurance
Disability Claims Department
P.O. Box 800, Station Maison de la Poste
Montreal, Quebec, H3B 3K5

For participants residing outside Quebec

Industrial Alliance Insurance and Financial Services Inc.
Group Insurance
Disability Claims Department
522 University Avenue, Suite 400
Toronto, Ontario, M5G 1Y7

PROTECTING PERSONAL INFORMATION

Industrial Alliance Insurance and Financial Services Inc. (hereafter “the Company”) is committed to protecting the privacy of a Participant’s (including his or her Dependent’s) personal information that it collects while providing services under the Group Plan issued to the Policyholder. The Company recognizes and respects a person’s right to privacy concerning his or her personal information.

When a Participant enrolls under the Group Plan, the Company will establish a confidential file containing the personal information collected. The file will be kept at the Company’s offices.

Access to the file will be limited to the Company's employees, agents and service providers who require access in the performance of their jobs, individuals to whom the Participant has granted access, and persons authorized by law.

At the Company, the personal information that is collected is used to perform administrative services with respect to the Group Plan. Administrative services include, but are not limited to,

- Determining eligibility under the Group Plan or a particular benefit;
- Enrolling Participants under the Group Plan;
- Adjudicating claims;
- Underwriting (includes determining the rates applicable to the Group Plan).

Participant’s Right to Access His or Her Personal Information

A Participant has the right to access his or her personal information and to request, in writing, that any inaccurate information be corrected. In addition, the Participant can request that any outdated or unnecessary information be deleted.

If the Company has medical information about the Participant which was not obtained directly from the Participant, the Company will release the information to the Participant only through the Participant’s physician.

To request access to his or her personal information or to have his or her name removed from the list to be shared within the Company, the Participant must send a written request to:

Industrial Alliance Insurance and Financial Services Inc.
Access Officer
1080 Grande Allée West,
P.O. Box 1907, Station Terminus
Quebec City, Quebec G1K 7M3

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