

Disability Insurance Debt

(10 or 20 year as per Owner's application) Renewable Term to Age 65

(Gold, Silver or Bronze) Protection

POLICY N° :
EFFECTIVE DATE :
OWNER :

SPECIMEN

Part A – Definitions

The terms identified in *italic* in the text are defined below:

Accident (or Accidental): an event that occurs while the *policy* is in force, the cause of which is external, violent, sudden, fortuitous and beyond the *person insured's* control; however, if such an event results in a loss (*disability*) that appears over ninety (90) days after the *accident*, that *disability* is considered to be the result of sickness and is not considered an *accident* for the purposes of this policy.

Activities of Daily Living: the series of actions that a person performs daily for the purpose of eating, dressing, transferring, bathing, toileting and continence, where such terms mean the following:

- **eating:** the ability to consume food that has been prepared and served, with or without the use of adaptive utensils;
- **dressing:** the ability to put on or remove necessary clothing, including orthotics, artificial limbs or other surgical prostheses;
- **transferring:** the ability to transfer oneself in some manner from a bed, a chair or a wheelchair, with or without the use of ancillary equipment;
- **bathing:** the ability to wash oneself in a bathtub, shower or by sponge bath, with or without the use of equipment;
- **toileting:** the ability to get to and from the toilet and maintain personal hygiene; and
- **continence:** the ability to manage bowel and bladder function with or without protective undergarments so that a reasonable level of hygiene is maintained.

Beneficiary: unless otherwise indicated, the default *beneficiary* is the *person insured*. The Owner can change the *beneficiary* by notifying the Insurer of the new designation in writing.

Canadian Resident: a person who is legally authorized to live in Canada, who lives in Canada at least six (6) months per calendar year and who is eligible for health and hospital insurance under the *government plan* applicable in his or her province or territory of residence. This policy is only available to Canadian residents at the effective date of the policy.

Care of a Physician: regular and personal care that is provided by a *physician* and that, based on current medical standards, is appropriate for the condition underlying the *person insured's disability*.

Disability (or Disabled): the *person insured's* state of *total disability*, due to a condition resulting from, depending on the coverage selected, an *accident* or a sickness.

Eligible Benefit: the maximum benefit amount payable as indicated in the Schedule of Benefits. The maximum benefit amount may be reduced under the provisions, limitations and exclusions of the *policy* and its coverages.

Eligible Debt: any fixed-term *loan* for which the Person insured is personally and legally responsible as a borrower or co-borrower with a recognized *Financial Institution* including, but not limited to: any personal *loan* (e.g., leverage *loan*, car *loan*, boat *loan*, motorcycle *loan*, recreational vehicle (RV) *loan*, student *loan*, renovation *loan*), credit card, line of credit, lease, mortgage *loan* and home equity line of credit.

When the *Person Insured* has neither a mortgage loan nor a home equity line of credit, his/her monthly residential lease will be considered an *Eligible Debt*, provided it is supported by at a minimum a one-year term agreement, payable to a landlord with no family or business ties or relationship with the *Person Insured* or the *Owner*.

Loans between individuals are not considered *Eligible Debt*.

Debt (or any increase in debt) contracted during a period of *Disability* will not be considered *Eligible Debt*.

Debt (or any increase in debt) contracted by the person insured in the ninety (90) days prior to total *Disability* will not be considered *Eligible Debt* unless the debt (or any increase in debt) has been contracted within ninety (90) days following the effective date of the disability coverage.

Any debt covered by other *Disability* insurance is not eligible.

The benefits to which the Person insured may be entitled hereunder are established based on this definition of *Eligible Debt*.

Eligible Monthly Amount: a monthly amount equivalent to the periodic payment the Person insured must make to reimburse *Eligible Debt*.

The *Eligible Monthly Amount* is based on the periodic payment payable converted to a monthly basis by multiplying the periodic payment by the following factor: for a weekly payment, a factor of 52/12; for a bi-weekly payment, a factor of 26/12.

Specifically, the *Eligible Monthly Amount* for:

- a line of credit or a credit card corresponds to the lesser of three percent (3%) of the balance owing at the onset of *Disability* and the minimum amount payable to the *Financial Institution* on the balance owing at the onset of *Disability*. This amount is eligible for ten (10) years and is nil thereafter;
- a home equity line of credit corresponds to the regular periodic amount debited by the *Financial Institution* in the six (6) months prior to the onset of *Disability*. If there is no regular periodic payment, the *Eligible Monthly Amount* corresponds to the lesser of three percent (3%) of the balance owing at the onset of *Disability*, and the monthly interest charged by the *Financial Institution* on the balance owing at the onset of *Disability*;
- a mortgage *loan* corresponds to the higher of the amount established in the amortization schedule or the regular periodic amount debited by the *Financial Institution* in the six (6) months prior to the onset of *Disability*.

The *Eligible Monthly Amount* can be increased at the renewal of a fixed-rate mortgage. If, the mortgage *loan* is renewed under the same conditions (same outstanding balance, payment frequency, term and amortization schedule) and the revised periodic amount is higher than the current *Eligible Monthly Amount*, the *Eligible Monthly Amount* is revised upward to the revised periodic amount. In any other case, the *Eligible Monthly Amount* remains the same;

When a mortgage loan or home equity line of credit are considered *Eligible Debt*, Property and School taxes on the collateralized property become eligible amounts. The *Eligible Monthly Amount* will equal 1/12 of the annual assessments.

- an residential lease is eligible for two (2) years and is nil thereafter;
- a leverage *loan* to finance an investment corresponds to the higher of three percent (3%) of the balance owing at the onset of *Disability* and the minimum amount payable to the *Financial Institution*. This amount is eligible for ten (10) years and is nil thereafter;
- a personal *loan* corresponds to the periodic to payment established in the contract to repay the debt. This amount is eligible for the remaining term of the *loan* and is nil thereafter.

A *loan* contracted at the end of a personal loan or lease of a moving vehicle (car, boat, motorcycle, recreational vehicle (RV)), for that same vehicle, to finance the residual value established in the original contract will be considered an *Eligible Debt*. The new *Eligible Monthly Amount* would then be the lesser of the revised periodic payment established in the contract to repay the residual value and the previous *Eligible Monthly Amount* of that moving vehicle's *loan* or lease;

- any other type of *Eligible Debt* corresponds to the periodic payment established in the contract to repay the debt.

Except for the *Eligible Monthly Amount* of a mortgage *loan*, the *Eligible Monthly Amount* or the *Eligible Monthly Amount* calculation is determined when the *Disability* begins and remains the same throughout the loan's original amortization period.

For any personal *Eligible Debt* contracted by several parties on a joint basis, the *Eligible Monthly Amount* corresponds to 100% of the eligible payment.

When the *Eligible Debt* has been repaid in full, the *Eligible Monthly Amount* is nil (\$0).

If the Person insured declares bankruptcy while *Disabled*, the *Eligible Monthly Amount* becomes nil (\$0) and no other benefit is payable.

The *Eligible Monthly Amount* does not take into account any form of early or lump-sum payment.

The *Insurer* bears no liability with respect to late payments, late interest or fees charged by a *Financial Institution*.

Financial Institution: a Canadian or foreign bank, trust company, *loan* company, insurance company, cooperative credit society or any corporation governed by the *Trust and Loan Companies Act* that is legally authorized to operate in Canada or in the Person insured's province of residence.

Government Plan: any provincial, territorial or federal *government plan* or any other plan or legislation entitling the *person insured* to *disability* benefits, under which the *person insured* is entitled to draw benefits.

Hospital: an institution recognized as an acute care hospital centre under legislation in the *person insured's* province or territory of residence, excluding a long-term care unit (beds at that institution used for convalescents or chronically sick patients).

Hospital does not mean: a clinic, a health care centre, or a facility that provides mainly rehabilitative or nursing care, notwithstanding that such a facility is part of an institution recognized as an acute care hospital centre or is associated with such an institution.

Injury: bodily lesion resulting directly or indirectly from an *accident* sustained by the *person insured* and independent of any sickness or other cause while this *policy* is in force.

Insurance age: the person insured's age at the last policy anniversary.

Owner: the owner of this *policy*.

Insurer: Humania Assurance Inc., whose head office is located at 1555 Girouard Street West, Saint-Hyacinthe, Quebec, J2S 2Z6.

Loan: debt governed by and set out in a contract that clearly stipulates the date and initial amount of the granted *loan*, the due date and the periodic payment to be made until extinguishment of the debt or until the *loan's* due date.

Maximum Benefit Period: the maximum period of time, as indicated in the Schedule of Benefits, during which benefits are payable following a covered event.

Occupation: that to which the *person insured* devotes his or her activities and time other than leisure.

Person Insured: a person designated as such in the application for insurance.

Physician: any person legally authorized to practice medicine in Canada within the scope of his or her medical degree (M.D.), and who does not have a family or business relationship with the *person insured* or the *owner*.

Policy: the present contract, the application for this *policy*, and any rider or change notice attached hereto.

Pre-existing condition: an *injury, sickness* or condition that appeared during the (12 or 24 months, as per Person Insured's rating) prior to the effective date of this *policy* and for which:

- the *person insured* was diagnosed, treated, hospitalized or attended to by a *physician* or any other health professional; or
- the *person insured* was advised to seek treatment or consult a *physician* or any other health professional; or
- the *person insured* was prescribed or took medication, showed signs or symptoms or underwent tests or investigations.

Risk class: the characteristics of the *person insured* that determine the premium rate for coverage. *Risk classes* are based on gender, age, smoking status and health condition.

Sickness: a deterioration of health or a disorder of the body confirmed by a *physician*, that is not caused by an *injury* and whose first symptoms appear while this *policy* is in force.

Total Disability (or Totally Disabled):

For a person insured who holds remunerative work when the disability begins: the inability to perform each and every duty of his or her *occupation* when the *disability* begins and who, since the *disability* began, does not hold other *employment*, and is under the continuous and appropriate treatment and *care of a physician*.

For a *person insured* who is without work when the *disability* begins: it is the state of an *person insured* who is unable to perform at least one of the *activities of daily living* and who remains under the continuous and appropriate treatment and *care of a physician*.

Waiting Period: a period, expressed in a number of days, during which no benefit is payable and which begins on the date of the first medical consultation related to the *disability* after the onset of that *disability*.

Work, Employment: these terms mean, indiscriminately, the gainful or remunerative occupation(s), employment or work performed by the *person insured* when the *disability* begins.

Part B – Total Disability Income Coverage Debt (10 or 20 year as per Owner's application) Renewable Term to Age 65

Benefits

If the *person insured* is *totally disabled* and the *total disability* does not result from a *pre-existing condition*, the *Insurer* will pay, while the *person insured* is *totally disabled* the eligible monthly benefit shown in the Schedule of Benefits, subject to the *waiting period*, the *maximum benefit period*, and the limitations and exclusions of this *policy*.

Benefits are payable for the sole purpose of reimbursing *eligible debts*. The *Insurer* reserves the right to take necessary actions to insure that benefits are used to reimburse *eligible debts*.

If the *total disability* results from a *pre-existing condition* and the *person insured* becomes totally disabled after the (12 or 24 months, as per Person Insured's rating) period following the effective date of this coverage, the *Insurer* will pay, while the *person insured* is *totally disabled* the eligible monthly benefit shown in the Schedule of Benefits subject to the *waiting period*, the *maximum benefit period* and the limitations and exclusions of this *policy*.

No benefit for *total disability* will be payable if the *total disability* results from a *pre-existing condition* and the *person insured* becomes totally disabled during the (12 or 24 months, as per Person Insured's rating) period following the effective date of this coverage. In such instance, the *Insurer's* liability will be limited to a refund of the premiums paid and this *policy* will terminate with no further value.

Any Disability benefit payable under a *government plan* does not affect the amount payable under this rider.

Restrictions

Person insured without work for over one hundred and twenty (120) days

If the *person insured* has been without *work* for over one hundred and twenty (120) days when the *total disability* begins, the *Insurer* will pay the monthly Eligible Benefit amounts up to the lesser of fifty percent (50%) of the *disability* benefit amount shown in the Schedule of Benefits and one thousand two hundred dollars (\$1,200) for all the *disability* coverages the *person insured* holds with the *Insurer*.

Maximum payable monthly

The total amount of monthly benefits payable by the *Insurer* for all HUMANIA ASSURANCE – INSURANCE WITHOUT MEDICAL EXAM Disability Income policies issued in respect of a single *person insured* may not exceed two thousand five hundred dollars (\$2,500). In the event that the amount of coverage held in respect of a single *person insured* is greater than two thousand five hundred dollars (\$2,500), the *Insurer* will pay a total monthly benefit of two thousand five hundred dollars (\$2,500) and will refund any premiums paid in respect of any benefits in excess of that amount.

Maximum payable benefits

The total amount of disability income benefits payable by the *Insurer* under this policy cannot be greater than twenty-four (24) times the benefit amount shown in the Schedule of Benefits. This *policy* terminates when this maximum is reached.

Exclusions

No benefit for *total disability* will be payable if the *total disability* results from a *pre-existing condition* and the *person insured* becomes totally disabled during the (12 or 24 months, as per Person Insured's rating) period following the effective date of this coverage.

No benefit will be payable for *disability* that results from:

- attempted suicide or intentionally self-inflicted *injury* or dismemberment, whether the *person insured* is sane or insane;
- the *person insured's* participation in the commission or attempted commission of an unlawful act or crime, driving a motor vehicle or piloting a boat while under the influence of narcotics or while his or her blood alcohol concentration exceeded the legal limit;
- drug addiction, alcoholism, alcohol abuse or the use of hallucinogens, drugs or narcotics;
- service, whether or not as a combatant, with armed forces engaged in surveillance, training, peacekeeping, insurrection, war (whether or not declared) or any related act, or the *person insured's* participation in a popular uprising;
- *injury* sustained during a flight other than as a fare paying passenger on a common carrier's aircraft;
- practicing for or participating in sports as a professional or any contest of motorized speed;
- *injury* while participating in any high risk activity including, but not limited to, bungee jumping, freestyle skiing/snowboarding, heli-skiing/snowboarding, ski jumping, parachuting, skydiving, sky-surfing, street luge, skeleton activity, mountain or rock climbing with or without ropes, participation in any rodeo or ultimate fighting activity;
- cosmetic surgery or elective surgery, and any resulting complication;
- experimental treatments and treatments involving the application of new procedures or new treatments that are not yet standard practice.

No *disability* benefit will be payable for:

- pregnancy, childbirth, miscarriage or any resulting condition, except in the case of a pathologic complication;
- any period the *person insured* is incarcerated in a penitentiary or a government detention facility.

Retroactive Benefit

If the *person insured* receives *disability* benefits for six (6) consecutive months, the *Insurer* will pay a lump sum equal to the *total disability* benefits that would have been paid during the *waiting period* as though the *waiting period* did not apply.

Assumed Total and Permanent Disability

If, as a result of an *accident* or a *sickness*, the *person insured* sustains the total and permanent loss of use of two limbs or one sense as listed below, the *person insured* is considered to be *totally disabled*, whether or not he or she holds other *employment* and whether or not he or she is under the regular *care of a physician*.

The total and permanent loss of use means:

- for loss of a hand or a foot: complete severance at or above the wrist or ankle joint; where there is no severance, total and permanent loss of use of the hand or foot;
- for loss of hearing: total and irrecoverable loss of hearing in both ears, with a hearing threshold of ninety (90) decibels or over within a speech threshold of five hundred (500) to three thousand (3,000) cycles per second, confirmed by an otolaryngologist registered and licensed to practice in Canada;
- for loss of sight: total and irrecoverable loss of sight in both eyes with a visual acuity of twenty over two hundred (20/200) or less, or a field of vision of less than twenty (20) degrees, confirmed by an ophthalmologist registered and licensed to practice in Canada.

General Provisions

The definitions, limitations and exclusions of this coverage apply in addition to those indicated in the General Provisions of this *policy*.

Part C – General Provisions

Effective Date

This *policy* takes effect on the date the *Insurer* approves the application, provided the application is approved without change, the first premium has been paid, and no change has occurred in the *person insured's* insurability since signing the application.

Disability Benefits

When the *person insured* suffers a *disability* covered under this *policy*, the *Insurer* will pay the monthly *eligible benefit*. Payments begin when the *waiting period* has elapsed, subject to the limitations, exclusions and General Provisions of this *policy* and its coverages.

Onset of Disability: For the purposes of this *policy*, a *disability* begins on the date of the first medical consultation with a *physician* related to the *disability* and following the onset of that *disability*.

Disability Adjustment: Where necessary, the monthly benefit payable will be adjusted to a daily rate based on one-thirtieth (1/30) of the monthly benefit for each day of *disability*.

Recurrent Disability: All recurrent *disabilities* attributable to a same or related cause are considered to be the continuation of a single and same *disability*, accordingly, the *waiting period* does not begin to elapse anew.

If a *person insured* was *disabled* and then was subsequently able to perform full-time *employment*, or was able to perform his or her main *occupational* duties for a period of at least six (6) consecutive months, and then becomes *disabled* again, this most recent *disability* will be considered a new *disability*, notwithstanding that it may be attributable to a same or related cause as the *disability* that preceded the new *disability*. In the case of a new *disability*, the *waiting period* indicated in the Schedule of Benefits will apply again.

Rehabilitation: When the *person insured* receives a *disability* benefit under this *policy*, the *Insurer* will pay the cost of services related to a rehabilitation program, provided such services are not already covered by another program or service and that the *Insurer* approves the program in writing prior to the *person insured's* participation therein.

Multiple Causes of Disability: If another *accident* or *sickness* or both occurs during the benefit period, no benefit will be payable under this *policy* for such other *accident* or *sickness* or both.

If, at the end of the *maximum benefit period*, the *total disability* continues and the *person insured* has not recovered from his or her first *disability* and another *accident* or *sickness* or both occurs, no benefit will be payable under this *policy* for that other *accident* or *sickness* or both.

Organ Donation: No benefit is payable for *disability* resulting from organ donation, except when the donation is made after the coverage giving rise to a benefit has been in force for at least six (6) months.

Restrictions

If the *person insured* refuses any treatment or medication deemed necessary for his or her health, the *Insurer* may interrupt the payment of monthly benefit.

Disability benefits are determined based on the *person insured's* eligible monthly benefit amount at the onset of the *disability*, up to the maximum sum insured indicated in the Schedule of Benefits. The *owner* should regularly check to ensure that the amount of coverage continues to meet his or her needs.

If the benefit amount paid by the *Insurer* is less than the *person insured* benefit, the *Insurer* will not reimburse the excess premium.

No interest is paid for any *disability* benefit payable under this *policy*, except where required by law.

In the event of a retroactive payment or a lump-sum payment to the *person insured* under a *government plan*, the *person insured* must reimburse the *Insurer* any amounts that would not have been payable by the *Insurer* on account of the *integration* of benefit.

If the *person insured* fails or refuses to exercise it or her rights under *government plans*, the *Insurer* will assesses the amount of benefits to which the *person insured* would have been entitled and reserves the right to reduce the monthly benefit payable to the *person insured*.

Waiver of Premium

After three (3) months of continuous *disability*, the *Insurer* will waive the subsequent premiums for as long as the *person insured* is eligible to receive *total disability* benefits.

Premiums

At the beginning of every new (10 or 20 year as per Owner's application) period that follows the effective date stipulated in the Schedule of Benefits, the premium will be increased and based on the person insured's initial risk class, his or her attained age, and the rates in use at that date.

Adjustments to Reflect Experience

Unless specifically stated otherwise in the coverage, the *Insurer* may adjust the premium's coverage based on experience if not as expected.

Method of Payment

The premium is payable monthly by pre-authorized debit or yearly, at the choice of the *owner*. Where a cheque or other bill of exchange or a promissory note or other written promise to pay is given for the whole or part of a premium and payment is not made according to its tenor, the premium or part thereof shall be deemed never to have been paid.

Provided the *person insured* is not *disabled*, the *owner* may change the method of payment by giving the *Insurer* an advance written notice.

Age

For the purposes of this *policy*, the *person insured's* age is his or her attained age at the birthday preceding or coincident with the issuance of coverage. If, mistakenly or otherwise, the age used to calculate the premium is incorrect, any amount payable by the *Insurer* at the time of a claim will be adjusted to reflect the correct age at the date on which the *person insured* became insured.

Non-Participating Policy

This *policy* is non-participating and does not confer any right to participate in the profits of the *Insurer*.

Disclosure

The *person insured*, the *owner* and the *beneficiary* are required to cooperate fully with the *Insurer* and shall disclose to the *Insurer* in the application, during a medical examination, if any, and in any written statements or answers furnished as evidence of insurability, every fact within the person's knowledge that is material to the insurance and is not so disclosed by the other. The *person insured*, the *owner* and the *beneficiary* shall also sign any form or other document allowing the *Insurer* to obtain any information it deems relevant.

Subject to the provisions of this *policy* dealing with incontestability and age, where one or more of the *person insured*, the *owner*, and the *beneficiary* fails to disclose such a material fact or misrepresents such a material fact, the contract is voidable by the *Insurer*.

Incontestability

Where coverage has been in effect continuously for two (2) years with respect to a *person insured*, failure to disclose or misrepresentation of a fact with respect to that person does not, except in case of fraud, render the coverage voidable.

However, this rule does not apply if the *disability* began before the coverage has been in effect for two (2) years with respect to the person for whom the claim is made.

Termination of Policy and Coverages

Unless stipulated otherwise in a given coverage, this *policy* and its coverages terminate at the earliest of the following dates:

- the date on which the *Insurer* receives a written request from the *owner* to cancel this *policy*;
- the date on which the grace period for any premium payment expires;
- the date on which the *person insured* becomes, within (12 or 24 months, as per Person Insured's rating) after the effective date, totally disabled resulting from a *pre-existing condition*;
- the date on which the maximum payable benefits amount shown in the Schedule of Benefits is paid;
- the *policy* anniversary date on which the *person insured* has reached the *insurance age* of sixty-five (65);
- the date the *person insured* ceases to be a *Canadian resident*; and
- the date on which the *person insured* dies.

Change of Beneficiary

Subject to legislation governing this *policy*, the *owner* may at any time designate, change or revoke a *beneficiary*. For a change of *beneficiary* to be recognised, the *Insurer* must receive written notice of that change by registered mail. The *Insurer* bears no responsibility with respect to the validity of a *beneficiary* designation or any change of beneficiary.

Payment under this Policy

Benefits are payable to the *person insured* unless notification to the contrary is submitted in writing to the *Insurer*.

Reimbursement

No cheque in reimbursement of premiums will be issued for amounts of less than twenty dollars (\$20).

Legal currency

Any payment under the provisions of this *policy* will be made in the lawful currency of Canada.

Right to Cancel

The *owner* may have this *policy* cancelled within fifteen (15) days of the date of its receipt or within sixty (60) days after the date on which the *policy* is issued. A written cancellation request must be received by the *insurer* within this time period. Any premiums paid for the *policy* will then be refunded.

Compliance with the Law

Any provision of this *policy*, on the effective date, that does not comply with applicable legislation in the province or territory in which this *policy* is issued is amended so as to meet the minimum requirements of that legislation.

General Provisions

The exclusions, limitations and General Provisions apply to this *policy* as well as to all coverages when they are relevant.

Certain coverages contain exclusions and limitations specific to those coverages. The exclusions and limitations apply in addition to the exclusions and limitations of the General Provisions.