

PROTECTING

Distribution Guide

Consumer Loan Insurance

Demand notes

Distribution Guide – Consumer Loan Insurance

Demand notes

Name of product: Consumer Loan Insurance

Type of product: Credit Group Insurance

Insurer: National Bank Life Insurance Company,
licensed since July 12, 1995

Insurer	National Bank Life Insurance Company 1100 Robert-Bourassa Blvd., 5th Floor Montreal, Quebec H3B 2G7 Montreal: 514-871-7500 Toll-free: 1-877-871-7500 Fax: 514-394-6992 www.nbc-insurance.ca insurance@nbc.ca
Distributor	National Bank of Canada Montreal: 514-394-5555 Toll-free: 1-888-835-6281

Copy of insurance contract

Customer Service at National Bank Life Insurance Company can provide copies of insurance contracts on request.

You can contact our Customer Service during normal business hours at the following numbers:

Montreal: 514-871-7500

Toll-free: 1-877-871-7500

The group insurance policy described in this Guide is the following:

- › **Policy number 70008-06:** Life insurance for demand notes.

Liability of the *Autorité des marchés financiers*

The *Autorité des marchés financiers* does not express an opinion on the quality of the products offered in this Guide.

The Insurer alone is responsible for any discrepancies between the wording of the Guide and the Policy.

Words defined in the Guide are written with a capital letter in the text. You will find the definitions on page 07.

“You”, “your” and “yours” designate the insured person for whom this Guide is intended.

“We”, “our” and “ours” designate the Insurer (National Bank Life Insurance Company).

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Introduction

The purpose of the Distribution Guide is to describe the insurance coverage provided and help you understand it. It is designed to help you decide if this insurance product meets your needs without consulting a personal insurance advisor.

Please take the time to familiarize yourself with the Guide and keep it in a safe place, along with your certificate and your Insurance Application; you may need to refer to these documents later.

And don't forget: Our Customer Service representatives are there to answer all your questions!

Main definitions

The Distribution Guide defines only the most significant words and concepts for you to properly understand the insurance product. These definitions do not in any way replace the definitions included in the certificate and the various clauses giving rise to its application.

Accident: Bodily injury, certified by a physician, resulting solely and directly from sudden, external, violent and involuntary causes.

Bank: National Bank of Canada.

Hospitalization: Any period of confinement of at least 48 consecutive hours, following admission to an institution legally recognized as a hospital in Canada or the United States.

Insurance Application: The Insurance Application form of the Insurer duly completed and signed by the applicant.

Insured: Anyone who has signed an Insurance Application, has applied for insurance, is eligible and has received an insurance certificate.

Insured Amount: The amount chosen by the Insured on applying for coverage as indicated in the Insurance Application, or the Loan balance at the time of the Insured Event if it is lesser while still not exceeding the maximum insurable amount based on the insurance coverage requested in the Insurance Application.

Insured Event: Death, in accordance with the group insurance Policy.

Insurer: National Bank Life Insurance Company, whose business location is at 1100 Robert-Bourassa Blvd., 5th Floor, Montreal, Quebec H3B 2G7.

Loan: Demand note.

Policy: The group insurance Policy No. 70008-06. The Insured can obtain a copy of the Policy from the Insurer by sending a written request.

Refinancing: Any change made to the Loan that results in a higher Loan balance.

Resident: Anyone who resides and is domiciled in Canada or the United States, and who has lived there for 183 consecutive days during the 12 months prior to signing the Insurance Application.

Sickness: A deterioration in health requiring regular, continuing and curative medical care effectively provided by a physician or other professional belonging to a professional health care corporation. Such care must be considered satisfactory by the Insurer.

Spouse: The person to whom the Insured is joined by marriage or civil union or the person publicly recognized as the Insured's Spouse and with whom he cohabitates permanently at the time the Application was signed.

1. Description of our product

a) Features of the coverage

Life Insurance

Upon the death of an Insured, this coverage provides for repayment of the Insured Amount of the Loan to the Bank.

See the *What is the amount of my life insurance coverage?* section (p. 10).

b) Summary of specific provisions

Am I eligible for consumer loan insurance?

You can take out loan insurance if you have a Loan from the National Bank.

Two Insureds or more can have insurance coverage for the same Loan. Each of you must fill out a separate Insurance Application.

You can ask for Loan insurance at any time during the life of your Loan.

You are eligible for life insurance if, when you fill out the Insurance Application, you are:

- › between the ages of 18 and 64,
- › a resident of Canada or the United States,
- › borrower, co-borrower, guarantor, endorser, or the Spouse of one of these persons.

What is the amount of my life insurance coverage?

In case of death, the Bank will receive the death benefit corresponding to the unpaid balance calculated at the date of death, plus any accrued interests since the date of death.

The death benefit cannot exceed the amount indicated in the *What is the maximum amount payable?* section of this Guide (p. 11).

The death benefit under no circumstances includes principal, interest or premiums past due on the date of death.

Any insurance premium due on the date of death will be deducted from the death benefit.

If premiums are received by the insurer after the date of death, they will be reimbursed, without interest.

What is the maximum amount payable?

Coverage	Maximum benefit
Life	\$500,000

Who is the beneficiary of the insurance?

We pay all insurance benefits directly to the Bank.

Do I have to answer questions about my health status?

When you apply for insurance, you must answer the questions in the *Health Declaration* that apply to your situation.

If your Application does not require further proof that you are insurable, you are insured once you have signed your Insurance Application, subject to the accuracy of the information provided.

If your Application requires further proof of your insurability, such as a detailed telephone questionnaire or a paramedical examination, we or one of our partners will contact you. In the 30 days following receipt of all the information required to study your file, we will send you a letter to confirm our decision. This letter is your proof of coverage and it is important that you keep it.

If we determine that you are not insurable according to our criteria, we will notify you in writing.

Please contact us if we have not contacted you or if you have not received a letter from us within 30 days following the sending of all the documents required to analyze your file.

Am I covered if an event occurs while my Application is being studied?

If you have to submit further proof of insurability, such as answering a detailed insurance questionnaire, you will be covered by temporary insurance while we study your file.

This temporary insurance policy covers you in the event of death, **only as the result of an Accident.**

The temporary policy covers you while your file is being studied up to a maximum of **120 days**. However, if you do not submit the necessary proof we requested to study your file, the temporary insurance expires after **90 days**.

In the case of a non-accidental event, we will complete the assessment of your file. If your request is accepted, we will pay the benefits provided for in the certificate.

What happens if an Insured commits suicide?

In the event of suicide of the Insured within the first two years following the effective date of the insurance, regardless of the Insured's mental health, our obligation is limited to refunding, without interest, any premiums paid by the Insured, if applicable, and the insurance will be automatically cancelled retroactive to its effective date.

In what situations am I entitled to a refund of premiums?

In addition to the specific situations mentioned in the certificate and in this Guide, we will refund to you any overpayment of premiums, without interest.

When the Application is cancelled retroactive to the date it took effect, all premiums paid are also refunded.

Any application for a refund of premiums must be made to us by telephone or in writing. We will analyze the application, and if it is for premiums that should not have been collected, these premiums will be refunded, without interest.

How is the insurance premium calculated?

The amount of your premium is calculated:

- › For all Insureds and each protection
- › According to the age of the older insured
- › With the effective premium rates when you signed the Application
- › Based on the number of Insureds (increase factor corresponding to the number of additional Insureds).

The premium pricing schedule can be found in section 4 of your insurance certificate.

The Insurer reserves the right to amend the premium pricing schedule at any time. If applicable, the new schedule will apply to all Insureds under the Policy.

How do I pay my premium?

The amount of the premium is debited monthly or on the loan payment date and at the same payment frequency, from any bank account of your choice.

What happens if I can't pay my insurance premium?

We allow you a 30-day grace period to pay the unpaid premium.

Your insurance coverage will automatically end as soon as a premium payment is three months overdue.

When does my insurance start?

If you meet the eligibility and insurability criteria, the insurance will take effect on the later of the following two dates:

- › the date on which the Insurance Application is signed; or
- › the date on which the Loan is approved.

Premium collection begins when we receive your completed and signed Insurance Application.

Can more than one person be insured for the same Loan?

- › Two or more Insured persons can be insured for the same Loan.
- › For life insurance, the benefit is payable for the first Event only.

What are the Policy exclusions?

CAUTION

Coverage exclusions, limitations or reductions

FOR LIFE INSURANCE:

NO BENEFITS ARE PAYABLE FOR A DEATH CAUSED DIRECTLY OR INDIRECTLY BY:

- › **PRE-EXISTING CONDITIONS:** the effect of a Sickness, symptoms or Accident when death occurs during the 12 months following the effective date of the insurance and for which Sickness, symptoms, injury or any related cause, resulting directly or indirectly from the Accident or Sickness you have:
 - consulted; or
 - received treatment from a physician or other health care professional; or
 - underwent tests; or
 - took medication; or
 - were hospitalized,during the 12 months that preceded the effective date of the insurance.
- › An act of **SUICIDE** that occurs within the two years after the start of your insurance coverage, regardless of your mental health;
- › Use of **NARCOTICS** not prescribed by a physician;
- › Any direct activity as an **AIRCRAFT** pilot, crew member, instructor or student;

(continued on next page)

- › **Military acts or manoeuvres carried out by the Insured in defending or protecting any country while a full-time or part-time employee of the ARMED FORCES;**
- › **WAR or act of war, whether or not you took part in it, unless you were acting as a member of the Canadian Forces or Canadian Forces Reserves;**
- › **Active participation in a RIOT, uprising or insurrection.**

Can I cancel my insurance?

You can cancel your insurance at any time, by telephone or in writing.

If you do cancel your insurance within 30 days following the signing of the Insurance Application, we will refund the premiums paid, if any, and the insurance will be deemed to have never been in effect.

To cancel your insurance, you can:

- › Use the “Notice of rescission of an insurance contract” found on page 23 of this Guide.
- › Write a request to cancel the insurance, making sure to enter the characteristics of the Policy (Loan number, bank transit, coverage(s) to cancel, signature, date, etc.).
- › Contact our Customer Service during normal business hours at **514-871-7500** or toll-free at **1-877-871-7500**.

The insurance will be cancelled on the later of the following dates:

- › The date on which we receive your notice or your request, in writing or by telephone.
- › The cancellation date you have requested.

c) When your insurance ends

For all insurance policies, your insurance coverage will end when one of the following occurs:

Non-payment of premiums: The date the payment becomes three months overdue.

Cancellation: The date you voluntarily cancel your insurance, provided the Insurer is advised of the cancellation in writing or by calling **1-877-871-7500** before that date, or the date the Insurer receives such written notice or the date the group insurance Policy is cancelled.

End of the Loan: The date that the Loan is fully repaid, regardless of the reason, the end of the repayment period, the expiry date of the Loan or the date the Loan is closed.

Assumption: The date the Loan is taken over by another creditor or the date the Loan or a portion of the Loan is assumed by another debtor who is not insured under a certificate of insurance in connection with the said Loan.

Maximum age: The last day of the month in which you reach the age of 70.

Death: The date of death of an Insured if a life insurance benefit becomes payable.

d) Other information

Misrepresentation of age or gender

Your age at enrolment is determined based on the age reached at your last birthday.

If you misrepresented your age or gender when you completed the Insurance Application, and you file a claim application, the benefit payable will be the amount that would have been paid based on your actual age or gender, without exceeding the Insured Amount.

If we note that your age does not correspond to the eligibility criteria when the Insurance Application is signed, the coverages will be cancelled and we will refund you the premiums paid.

Refinancing your Loan

If you refinance your Loan with the Bank to increase the amount and you wish to insure it, you must complete a new Insurance Application and submit it to us for study. The conditions of the new Insurance Application apply, including the restrictions and exclusions.

Prior coverage recognition

If your Application is refused, we may, on receipt of a written request from you within 90 days following the notice of refusal, maintain the insurance under the terms and conditions of the new application (further to an analysis of the file and subject to the veracity of the information provided). The maintained insurance amount will be equivalent to the insured balance of the former Loan.

2. Claims

Here is the procedure for you, or the representative of your estate/succession, as applicable, to file a claim for insurance.

Life insurance claims

In the event of your death, the person in charge of your estate/succession must contact our Customer Service to obtain the forms to be completed to initiate the claim application:

- › Declaration of estate/succession
- › Declaration of attending physician
- › Authorization to obtain medical information on the deceased.

These forms must be returned to us with the following documents:

- › Death certificate or attestation
- › Coroner's report (if accidental death)
- › Copy of will
- › Copy of will searches from the Chambre des notaires AND the Barreau du Québec

For all life insurance claim applications, the application must be submitted to us as soon as reasonably possible.

Insurer's deadline for replying after receiving a claim

In general, we will contact you with our decision whether or not to pay you benefits within 60 days following receipt of your claim at our offices. When we decide to grant the benefit, we pay for it within the same 60 days.

Certain factors beyond our control may prolong this period:

- › Possible delay by doctors or hospitals in providing the information/documents requested
- › Incomplete or unsigned forms
- › Other factors

For any question about your claim application, feel free to contact our Customer Service at **1-877-871-7500**. We're there to help you!

Appealing a decision of the Insurer

If you are not satisfied with our decision, you can, at your choice:

- › request a review of your file; or
- › consult your legal advisor; or
- › contact the *Autorité des marchés financiers* (the contact details can be found on page 21 of this Guide).

3. Similar products

Similar insurance products exist on the market that have similar guarantees to those detailed in this Guide. Check whether or not you already have such an insurance coverage.

4. Referral to the *Autorité des marchés financiers*

If you have any questions concerning insurance products, first contact National Bank Insurance by using the contact information provided at the beginning of this Guide.

For any additional information about the duties and responsibilities of insurers and distributors with regard to clients, please contact:

Autorité des marchés financiers

2640 Laurier Boulevard, Suite 400
Quebec City, Quebec G1V 5C1

Telephone

Quebec City: 418-525-0337

Montreal: 514-395-0337

Toll-free in Quebec: 1-877-525-0337

Fax: 418-525-9512

Website: www.lautorite.qc.ca

Your personal notes:

Amount of coverage:

Premium:

Other:

5. Notice of cancellation of an insurance contract

Notice given by the distributor

Section 440 of the Act respecting the distribution of financial products and services.

The Act respecting the distribution of financial products and services gives you valuable rights.

The Act allows you to rescind an insurance contract you have just signed when signing another contract, without penalty within 10 days of its signature. The Insurer grants you 30 days to do this. To do so, you must give the Insurer notice by registered mail within that period. You can use the attached model for this purpose.

Despite the rescission of the insurance contract, the first contract entered into (the Loan) will remain in force. Caution: it is possible that you may lose advantages as a result of this insurance contract; contact your distributor or consult your contract.

After expiry of the 30-day period, you may rescind the insurance at any time; however, penalties may apply.

For further information, contact the *Autorité des marchés financiers* at **418-525-0337** or toll-free at **1-877-525-0337**.

Notice of rescission of an insurance contract

Section 440 of the Act respecting the distribution of financial products and services.

Send by registered mail to:

National Bank Life Insurance Company

1100 Robert-Bourassa Blvd., 5th Floor

Montreal, Quebec H3B 2G7

Date of notice:

Pursuant to section 441 of the Act respecting the distribution of financial products and services, I hereby rescind the insurance contract on my loan.

Contract number:

Signed on:

Loan No.:

Place of signature:

Client name:

Client signature:

An Act respecting the distribution of financial products and services

439. A distributor may not subordinate the making of a contract to the making of an insurance contract with the insurer specified by the distributor. The distributor may not exercise undue pressure on the client or use fraudulent tactics to induce the client to purchase a financial product or service.

440. A distributor that, at the time a contract is made, causes the client to make an insurance contract must give the client a notice, drafted in the manner prescribed by regulation of the Authority, stating that the client may rescind the insurance contract within 10 days of signing it.

441. A client may rescind an insurance contract made at the same time as another contract, within 10 days of signing it, by sending notice by registered mail.

Where such an insurance contract is rescinded, the first contract retains all its effects.

442. No contract may contain provisions allowing its amendment in the event of rescission or cancellation by the client of an insurance contract made at the same time.

However, a contract may provide that the rescission or cancellation of the insurance contract will entail, for the remainder of the term, the loss of the favourable conditions extended because more than one contract was made at the same time.

443. A distributor that offers financing for the purchase of goods or services and that requires the debtor to subscribe for insurance to guarantee the reimbursement of the loan must give the debtor a notice, drawn up in the manner prescribed by regulation of the Authority, stating that the debtor may subscribe for insurance with the insurer and representative of the debtor's choice provided that the insurance is considered satisfactory by the creditor, who may not refuse it without reasonable grounds. The distributor may not subordinate the making of the contract of credit to the making of an insurance contract with the insurer specified by the distributor.

No contract of credit may stipulate that it is made subject to the condition that the insurance contract subscribed with such an insurer remain in force until the expiry of the term, or subject to the condition that the expiry of such an insurance contract will entail forfeiture of term or the reduction of the debtor's rights.

The rights of the debtor under the contract of credit shall not be forfeited when the debtor rescinds, cancels, or withdraws from the insurance contract, provided that the debtor has subscribed for insurance with another insurer that is considered satisfactory by the creditor, who may not refuse it without reasonable grounds.

6. Accessing your personal information

The Insurer has implemented a series of measures to preserve the confidentiality of personal information.

The Insurer will establish an insurance file in which all personal information obtained in connection with the subscription to the insurance Policy will be placed, as well as information concerning any insurance claim under the Policy. Only employees or agents responsible for underwriting, administration, investigations and claims or the reinsurer, where applicable, will have access to this file.

All files will be kept at the offices of the Insurer or one of its agents. All entitled persons, such as yourself or any person you authorize, may consult the personal information contained in the file and, if need be, request corrections by writing to:

National Bank Life Insurance Company
Personal Information Access Officer
1100 Robert-Bourassa Blvd., 5th Floor
Montreal, Quebec H3B 2G7



BANKING

Simplifying your day-to-day banking transactions.



FINANCING

Helping you carry out the projects that are important to you.



INVESTING

Customizing solutions and advice for your short-term projects and retirement plans.



PROTECTING

Insuring you and your assets for your peace of mind.



TRANSFERRING

Making sure your estate is transferred to your loved ones.



DOING BUSINESS

Helping decision-makers grow their business.

❖ Should you have any questions, do not hesitate to contact us.

514-871-7500 (Montreal)
1-877-871-7500 (elsewhere in Canada)

insurance@nbc.ca



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Insurer: National Bank Life Insurance Company.
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