Summary

NATIONAL BANK INSURANCE

Consumer loan insurance – Personal Line of Credit

10 important facts you should know about loan insurance

Do you have a Personal Line of Credit with National Bank of Canada? Have you considered what you would do if you were unable to make payments due to an unfortunate event?

Read this summary!

It presents key points about loan insurance.

Understanding these points will help you determine if this insurance product meets your needs so you can make an informed decision about your application.

This summary is an explanatory document: It is not part of the insurance contract. Only the completed application and the insurance certificate attached thereto will constitute the insurance contract.

For more details of the coverage, consult the insurance certificate, which is also available at nbc-insurance.ca → documentation.

Once you sign up, you are entitled to a 30-day review period. If you cancel your insurance before the end of that period, we will reimburse any premiums paid.

Product information
Consumer loan insurance – Personal line of credit
Group insurance policy No. 70008C20

Information about the insurer

→ National Bank Life Insurance Company
800 Saint-Jacques Street, Suite 16701
Montréal, Quebec H3C 1A3

Telephone Montréal area: 514-871-7500
Toll-free: 1-877-871-7500
insurance@nbc.ca
nbc-insurance.ca

Client number delivered by the Autorité des marchés financiers: 2000891377
To check the status of the insurer in the AMF registry: lautorite.qc.ca

Distributor information

→ National Bank of Canada
800 Saint-Jacques Street
Montréal, Quebec H3C 1A3

Telephone Montréal area: 514-394-5555
Toll-free: 1-888-483-5628

nbc.ca

Here are the 10 important facts you need to know about loan insurance

1. There are 3 types of loan insurance coverage

1 In the event of death, **life insurance** will help repay all or part of the balance of your Personal Line of Credit, thereby freeing your family from one of the many obligations that come with the passing of a loved one.

2 **Critical illness insurance** also helps repay all or part of your loan if you are diagnosed with one of the following critical illnesses:

— Cancer
— Heart attack
— Stroke

Moreover, **accidental dismemberment insurance** sees to the repayment of all or part of your loan if you lose a limb or permanently and irreversibly lose the use of a limb following an accident.

3 If you become unable to work or complete typical tasks for someone of your age due to an injury or illness, **disability insurance** can soften the blow of lost income by helping you make all or part of your monthly payments. The disability must last at least 60 days before benefits can be paid out.

You can sign up for all three types of coverage or choose one or two. It's up to you!

However, you must sign up for life insurance to be eligible for critical illness or disability insurance.



You will find specific information for each protection in sections 4, 5, 6 and 7 of the insurance certificate.

2. Loan insurance covers the insured balance or insured payment of your loan, in whole or in part

For life insurance or critical illness and accidental dismemberment insurance, the insured balance is the balance of your line of credit as at the date of death or diagnosis of critical illness or accidental dismemberment, up to the insured maximum selected at enrolment, which must not exceed the maximum amount for that type of coverage (life: $500,000; critical illness and accidental dismemberment: $150,000).

For disability insurance, the insured payment is the payment amount indicated on your insurance application. This is the amount you choose to protect in the event of a disability. It can be:

— An amount of your choice, in multiples of $250; or
— 2% of the insured balance for life insurance at the start of the disability.

The insured payment may not be higher than $2,000 per month.

Coverage	Amount paid
Life insurance (non-accidental death) Critical illness insurance	The lower of: — The insured balance of the loan as at the date of the event; or — The average daily balance of the loan over the past 12 months (or since the insurance start date if it has been less than 12 months) multiplied by 110%.
Life insurance (accidental death)	An amount equivalent to the insured balance of the loan as at the date of the event.
Accidental dismemberment insurance	An amount equivalent to a percentage of the insured balance of the loan as at the date of the insured event. The percentage is determined by the loss.
Disability insurance (non-accidental disability)	The lower of: — The insured payment as at the start date of the disability; or — 2% of the average daily balance of the loan over the past 12 months (or since the insurance start date if it has been less than 12 months) multiplied by 110%.
Disability insurance (accidental disability)	An amount equivalent to the insured payment as at the start date of the disability.

Maximum amount payable for each type of coverage

The amount payable for a claim cannot exceed the maximum for each type of coverage.

Life insurance	Critical illness and accidental dismemberment insurance	Disability insurance
$500,000	$150,000	$2,000/month

In the case of a refinancing where previous insurance coverage is being recognized, the insurance amount recognized will be the insured amount of the previous loan before the refinancing.

For example:

	Insured amount/payment at refinancing	After refinancing
Line of credit amount	$20,000	$35,000
Recognized life insurance amount	n.a.	$20,000
Recognized critical illness insurance amount	n.a.	$20,000
Loan payment	$250	$1,250
Recognized disability insurance amount	n.a.	$250

See sections 3, 4.1, 5.4, 6.2, 7.3 and 11 of the insurance certificate for more details on the amount we pay for each protection.

3. Loan insurance involves exclusions

We may refuse to pay a claim because of the exclusions set out in the insurance certificate.

Please review them immediately. We've summed them up here for you:

WARNING – Exclusions

We will not pay any benefits in the following situations:

→ Life insurance

— Suicide within 2 years of the insurance start date.

→ Critical illness insurance

Cancer

— Some types of non-life-threatening cancer;

— Signs, symptoms or examinations that led to diagnosis (regardless of the diagnosis date) or a cancer diagnosis received within 90 days of the insurance start date, whether the cancer is covered or excluded.

Heart attack

— An increase in cardiac biochemical markers following a heart procedure;

— The discovery of a past heart attack.

Stroke

— Short-term altered brain function with no after-effects;

— A stroke caused by trauma;

— A lacunar infarct that doesn't meet the definition indicated in the insurance certificate.

→ Disability insurance

— Alcoholism or addiction;

— Pregnancy;

— Back pain (if its existence is determined solely on pain you feel without an established cause);

— Cosmetic care.

→ Concerning all protections

— Pre-existing conditions: Have you consulted a physician, or been treated or hospitalized for a medical condition within the 12 months preceding the start date of your insurance? Note that the exclusion for a pre-existing condition will apply if death, a disability or a critical illness diagnosis in relation to the condition occurs within the 12 months following the start date of your insurance;

— Exclusion specific to the insured: Further to an analysis of your insurance application and the answers you have provided, we may offer to insure you while excluding:
  – Certain medical conditions,
  – Events that could arise during travel abroad,
  – Any other condition deemed too high-risk;

— Participation in a criminal act or an attempt to commit one;

— Active participation in the flight of any device capable of lifting off and travelling in the air—including but not limited to airplanes, helicopters, hang gliders and hot-air balloons—be it as a pilot, crew member, instructor or student;

— Active participation in a riot;

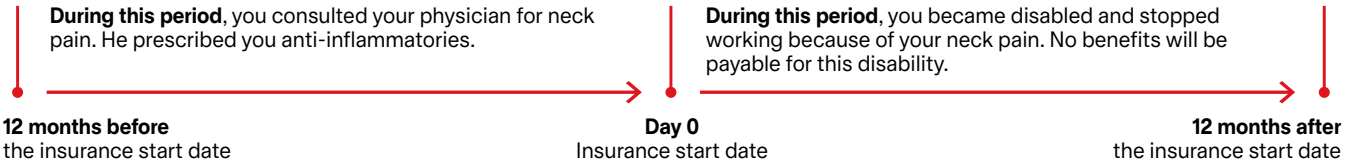
— War;

— Use of narcotics without a prescription or of medication beyond the prescribed dosage;

— Attempted suicide or voluntary self-harm;

— An act of terrorism you commit or attempt to commit.

Graphic example of a pre-existing condition clause



The specific and more detailed exclusions concerning each protection as well as the general exclusions are described in sections 4.2, 5.1.1, 5.2.1, 5.3.1, 7.2 and 8 of the insurance certificate.

4. You must meet certain criteria to be insured

To be eligible, you must, at the time of enrolment:

For life insurance:

— Be 18 to 64 years old, inclusively;

— Be living in Canada or the United States;

— Be a borrower, co-borrower, guarantor or endorser of the insured loan.

For critical illness and accidental dismemberment insurance:

— Have signed up for life insurance.

For disability insurance:

— Have signed up for life insurance; and

— Be employed and have worked 60 hours or more within the last 4 weeks for compensation; or

— If you are self-employed, you must have generated a gross income of at least $10,000 during the past fiscal year.

You may NOT apply for disability insurance on your loan if you:

— **Are on unemployment;**

— **Are on a work stoppage;**

— **Are jobless;**

— **Receive income replacement payments (due to a disability, parental leave, work-related accident, etc.).**

However, you can apply to add this type of coverage when you meet the eligibility criteria indicated above.

Depending on your age and the amount of coverage requested, we will ask you some questions about your state of health and lifestyle.

See section 2 of the insurance certificate for more information.

5. The insurance premium will be calculated each month based on the amount of the Personal Line of Credit used

The premium is the amount you pay in order to be insured. The Personal Line of Credit is based on the "user pays" principle, as are the loan insurance premiums.

That means the higher the balance used, the higher the premium. Conversely, a lower balance means a lower premium.

We reserve the right to amend our premium rate scales at any time. If we do so, the premiums charged to all our insureds will change.

Your premium rate is based on a number of factors, including:

— The balance used;

— Your age when you sign the insurance application and your age each year on the anniversary date of the insurance;

— Your sex;

— Your use of tobacco products.

For life insurance and critical illness and accidental dismemberment insurance, you are entitled to a 10% discount on your insurance premiums if there is more than one insured.

The insurance taxes of your Canadian province of residence will also apply.

Sample premium calculation

N.B.: The insurance premium for the line of credit is calculated every day based on the insured balance used.

At the end of the billing period, the monthly premium we charge will be the average of these daily amounts.

Monthly premiums may vary based on the number of days in the billing period, the balance used and the applicable premium rate.

The sample calculation that follows is provided for information purposes only.

Jeff, 29-year-old man, non-smoker
Insured balance used of the Personal Line of Credit of **$35,000**
Insured monthly payments of **$250**
Life and disability insurance

	Life (Rate per $ 1,000 of insured balance)								Disability
	A - $0 to $50,000				B - $50,001 to $500,000				Monthly rate per $10 in payments
Age	Men		Woman		Men		Woman		
	Non-smoker	smoker	Non-smoker	smoker	Non-smoker	smoker	Non-smoker	smoker	
18	0.24	0.34	0.20	0.29	0.12	0.19	0.09	0.14	0.17
19	0.24	0.34	0.20	0.29	0.12	0.19	0.09	0.14	0.17
20	0.24	0.34	0.20	0.29	0.12	0.19	0.09	0.14	0.17
21	0.24	0.34	0.20	0.29	0.12	0.19	0.09	0.14	0.17
22	0.24	0.34	0.20	0.29	0.12	0.19	0.09	0.14	0.17
23	0.24	0.34	0.20	0.29	0.12	0.19	0.09	0.14	0.17
24	0.24	0.34	0.20	0.29	0.12	0.19	0.09	0.14	0.17
25	0.24	0.34	0.20	0.29	0.12	0.19	0.09	0.15	0.17
26	0.24	0.34	0.20	0.29	0.12	0.20	0.09	0.15	0.17
27	0.24	0.34	0.20	0.29	0.12	0.20	0.09	0.16	0.17
28	0.24	0.34	0.20	0.29	0.12	0.20	0.09	0.16	0.18
29	0.24	0.34	0.20	0.29	0.12	0.20	0.09	0.16	0.19
30	0.15	0.23	0.12	0.20	0.12	0.19	0.09	0.16	0.20

Life insurance premium calculation

(Insured amount ÷ $1,000) × premium rate × taxes on insurance by province (Example: 9%)

($35,000 ÷ $1,000) × $0.24 × 1.09 = $9.16

Calculating the premium – Disability insurance

(Insured amount ÷ $10) × premium rate × taxes on insurance by province (Example: 9%)

($250 ÷ $10) × $0.19 × 1.09 = $5.18

Approximate total monthly premium:

$9.16 + $5.18 = $14.34

Consult the insurance certificate for premium rates and nbc.ca/insurance for the tax rates on insurance premiums.

6. Duration of insurance

Start

The insurance starts on the later of the following dates:

a. The date the insurance application is signed; or

b. The date the loan was opened.

If you are required to provide proof of insurability, we will notify you in writing of our decision within 30 days of receiving the documents needed to analyze your insurance application.

End

Insurance generally remains in effect for the entire loan duration, unless you decide to terminate your coverage.

Other circumstances also lead to termination of the insurance, like refinancing, non-payment of premiums or when you reach the age of 70.



See section 9 of the insurance certificate for more information.

7. You'll have access to temporary accident coverage while we are studying your application

While we are analyzing your insurance application, you'll be covered in the event of accidental death, dismemberment or disability (depending on the coverage selected).



See section 2.2.3 of the certificate for the definition of an accident and details of temporary coverage in the event of an accident.

8. We can refuse a claim and cancel your insurance if you make a false declaration

You must always provide accurate information on your health status, lifestyle and tobacco use, and any other information we deem necessary.

If, during a claim or at any other time during the insurance period, we receive information that differs from the information you initially provided, **we could refuse your claim and retroactively cancel your insurance** from its start date.



See sections 2.2, 2.2.1 and 2.2.2 of the insurance certificate for more information.

9. How to file a claim and applicable timeframes

Insurance can give you peace of mind should the unexpected occur. Here's how to file an insurance claim.

1 **Contact a member of our claims team:**
Montréal: 514-394-9904
Toll-free: 1-866-817-4844

We'll open a file for you and send you the forms to be completed; or

Print the forms you need from the National Bank website at nbc.ca/insurance-claim.

2 **Complete and sign the forms**, and send them, along with any documents needed to review your claim if applicable, to our offices at:

National Bank Life Insurance
800 Saint-Jacques Street, Suite 16701
Montréal, Quebec H3C 1A3
Email: insurance@nbc.ca

Timeframes for submitting claim forms and supporting documents

— **Life insurance:** As soon as reasonably possible.

— **Critical illness, accidental dismemberment or disability insurance:** Within one year following the critical illness or accidental dismemberment diagnosis or the beginning of the disability.

3 **We will inform you of our decision after assessing your request** and, if applicable, proceed with payment.

The typical waiting period to process a claim is approximately 30 days after all documents required for assessing the request have been received.

Do you disagree with a decision made regarding your claim?

Contact us:

By phone
Montréal: 514-394-9904
Toll-free: 1-866-817-4844
By email: insurance@nbc.ca

You can also forward us any document that could justify a revision of our decision. If we haven't addressed your complaint or if you're still dissatisfied and wish to pursue the matter further, you can take any of the following actions:

— Request a revision of your file; or
— Consult your legal advisor; or
— Contact one of the following organizations:

Autorité des marchés financiers (AMF)

Place de la Cité, Cominar Tower
2640 Laurier Blvd., 4th Floor
Québec City, Quebec G1V 5C1

By phone
Québec City: 418-525-0337
Montréal: 514-395-0337
Elsewhere in Quebec: 1-877-525-0337

Fax: 1-877-285-4378

Online: lautorite.qc.ca

OmbudService for Life and Health Insurance (OLHI)

Phone, toll-free
Canada: 1-888-295-8112
Toronto: 416-777-9002

Online: olhi.ca

The latest you can submit a legal application against an insurance provider is 3 years following the date the claim was refused.

10. Loan insurance is optional and you are entitled to terminate it at any time

You can terminate your insurance at any time at no cost by calling us at 1-877-871-7500.

You can also send a written request to:

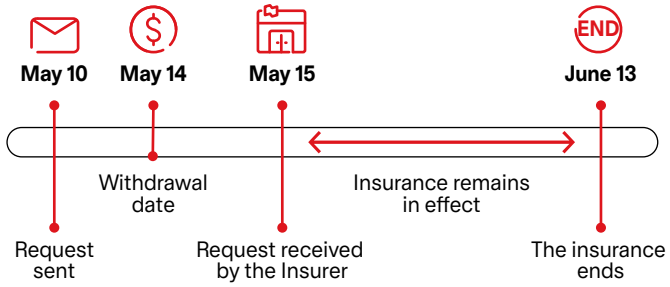
National Bank Life Insurance Company

800 Saint-Jacques Street, Suite 16701
Montréal, Quebec H3C 1A3
By email: insurance@nbc.ca

The insurance will end on the next premium payment date after the later of the following dates:

— The date on which you choose to terminate your insurance coverage; or
— The date on which we receive your termination request.

For example, in the image below, the insurance would remain in effect until June 13, since the insurer received the request to terminate the insurance after the current month's premium payment date.



If you terminate your insurance contract after the first 30 days, no premiums will be reimbursed and no grace period is granted.

NATIONAL BANK
INSURANCE

The client experience is our top priority

We're here to listen and help, no matter what you have to say.

You can contact our Customer Service department at 1-877-871-7500 or visit nbc-insurance.ca/your-opinion to learn about our complaint management process, make a complaint and consult our policy on processing complaints.

Notice given by a distributor

Section 440 of the *Act respecting the distribution of financial products and services* (chapter D-9.2)

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

The Act allows you to rescind an insurance contract, **without penalty**, within 10 days of the date on which it is signed. However, the insurer may grant you a longer period.

To rescind the contract, you must give the insurer notice, within that time, by registered mail or any other means that allows you to obtain an acknowledgment of receipt.

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

After the expiry of the applicable time, you may rescind the insurance contract at any time; however, penalties may apply.

For further information, contact the Autorité des marchés financiers at 1-877-525-0337 or visit **lautorite.qc.ca**.

Notice of rescission of an insurance contract

Send to:
800 Saint-Jacques Street, Suite 16701
Montréal, Quebec H3C 1A3

Date: _____ (date of sending notice)

Pursuant to section 441 of the *Act respecting the distribution of financial products and services*,

I hereby rescind insurance contract No.: _____ (number of contract, if indicated)

Entered into on: _____ (date of signature of contract)

In: _____ (place of signature of contract)

_____ (name of client)

_____ (signature of client)

Insurer: National Bank Life Insurance Company.
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