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Definitions

Accidental injury	Injury resulting directly from an external, sudden, violent and unintentional cause independent of any illness.
Amortization period	The actual number of months it will take to repay your Scotiabank mortgage in full.
Blindness	<p>Means the permanent and uncorrectable loss of sight in each of your eyes.</p> <p>To be considered as being Blind, your:</p> <ul style="list-style-type: none">• corrected visual acuity must either be worse than 20/200 in both eyes. This means that at 20 feet, you can only clearly read a letter that was designed to be read at 200 feet; <u>or</u>• field of vision must be less than 20 degrees in both of your eyes. <p>This diagnosis must be made by a doctor who is a certified Ophthalmologist, and your condition must be considered permanent and uncorrectable.</p>
Borrower	Principal borrower, co-borrower or guarantor. A maximum of two people may apply for insurance on any one Lender mortgage. Referred to as Borrower 1 and Borrower 2 on the Mortgage Protection Application.
Branch	Means a branch of the Lender.
Cancer	<p>Means that you have a malignant neoplasm that is characterized by the uncontrolled growth and spread of malignant cells and the invasion of tissue. This diagnosis must be made by a doctor.</p> <p>The following forms of cancer or conditions are not covered:</p> <ul style="list-style-type: none">• stage A prostate cancer;• non-invasive cancer in situ (i.e. not spreading);• pre-malignant lesions, benign tumors or polyps;• any tumor in the presence of any human immunodeficiency virus (HIV);

- any skin cancer other than invasive malignant melanoma more than 1.0 mm in depth.

We will not pay a benefit for cancer if

- **the diagnosis of cancer was initiated; or**
- **any evaluation of a medical problem or of symptoms of a medical problem leading to the diagnosis of cancer was initiated; or**
- **any medical consultation or tests, leading to the diagnosis of cancer was initiated, within the 90 days following the date, we received your Mortgage Protection Application.**

Co-borrower

Person who has a Lender mortgage with a Principal borrower.

Coma

Means that you are in a state of unconsciousness from which you cannot be aroused and in which external stimulation will produce no more than primitive avoidance reflexes.

This diagnosis must be made by a doctor who is a certified Neurologist and must be supported by medical evidence that this state of unconsciousness has continued for a period of at least 96 consecutive hours.

Coronary artery bypass surgery

Means you have undergone surgery to correct the narrowing or blockage of one or more coronary arteries with bypass grafts. This surgery must have been done on the written advice of a doctor who is a certified Cardiologist.

Non-surgical techniques such as balloon angioplasty, laser relief of an obstruction, and other intra-arterial procedures are not covered.

Deafness

Means the permanent loss of hearing in both of your ears, with an auditory threshold of more than 90 decibels in each ear. This diagnosis must be made by a doctor who is a certified Otolaryngologist.

Diagnosis or diagnose	Means a written diagnosis confirmed by a doctor of your health crisis. The date of your diagnosis will be the date the diagnosis is made by your doctor, as supported by your medical records. The evaluation of a medical problem or of symptoms of a medical problem, or any medical consultation or test, leading to this diagnosis must begin after the date you complete and sign your Mortgage Protection Application for us to consider paying a benefit.
Doctor	Means a physician or surgeon legally licensed and practicing medicine in Canada or in any other country that we approve. Your doctor cannot be you, your relative, or a business associate.
Embolization	A lack of circulation of blood to the brain caused by a blood clot, air bubble or other object.
Guarantor	Person who undertakes to satisfy the obligation of the Principal borrower or Co-borrower under the mortgage.
Health crisis	For the purposes of this insurance, “health crisis” means one of the following: <ul style="list-style-type: none"> • a heart attack; • a stroke; • coronary artery bypass surgery; • cancer; • blindness; • paralysis; • deafness; • coma and which is not excluded in the section “Exclusions, restrictions or reductions in insurance” on page 20 of this Mortgage Protection Distribution Guide.
Heart attack	Means the death of a portion of the heart muscle due to an inadequate blood supply to the affected area. This diagnosis must be made by a doctor and be based on both of: <ul style="list-style-type: none"> • new electrocardiographic (ECG) changes consistent with a heart attack, • a rise in the level of cardiac biochemical markers.

Lender	The member of the Scotiabank group of Companies from which you received a mortgage, including The Bank of Nova Scotia.
Mortgage	A legal contract registered against property and any improvements, given by the Principal borrower to the Lender to secure repayment for a loan.
Mortgage year	A 12-month period that begins each year on the date funds are disbursed under your mortgage.
Motorized vehicle or watercraft	Any vehicle or watercraft that is propelled by a motor.
Original mortgage	Your mortgage before you refinance it.
Paralysis	Means you are completely and permanently unable to use two or more of your limbs, as a result of physical paralysis. This diagnosis must be made by a doctor, and must be supported by medical evidence that the paralysis has continued for at least 180 consecutive days.
Principal borrower	Person who has a Lender mortgage.
Policy	Means the group insurance policy 60166 issued by Canada Life to Scotiabank.
Relative	Means spouse, mother, father, son, daughter, brother, sister, uncle, aunt or cousin.
Refinancing or refinance	Renegotiation of the amount of your mortgage to add new funds.
Residential mortgage	A mortgage on a property suitable for living in that is either: <ul style="list-style-type: none"> • owner-occupied; or • a non-owner occupied rental property of 4 units or less.
Stroke	Means a cerebrovascular incident caused by a hemorrhage, or by infarction of your brain tissue due to intracranial thrombosis or embolization from an extracranial source. A stroke does not include a transient ischemic attack (TIA), also referred to as a mini stroke. Lacunar infarcts alone that are not

compatible with the current cerebrovascular signs and symptoms are not considered satisfactory evidence of a stroke.

This diagnosis must be made by a doctor, and supported by medical evidence of measurable, objective neurological deficit. This deficit must have continued for at least 30 consecutive days and must be considered to be permanent.

Surgery

Means you undergo surgery performed by a doctor in Canada, or in another country that we approve. The evaluation of the medical problem or symptom of the medical problem leading to the surgery must begin after the date you complete and sign your Mortgage Protection Application in order that a benefit be paid. In addition, the surgery must be performed while you are insured under this policy.

Survivors

The individual(s) responsible for administering your estate after your death.

Terminal illness

An illness diagnosed by a doctor:

- that will likely result in your death within **one year**; and
- which is not covered under your Health Crisis Protection.

Waiting period

Means the minimum number of consecutive days after the date of diagnosis or surgery. You must survive at least until the waiting period is over before we will pay a health crisis benefit.

The waiting period is **30 days**, unless a longer period is specified in the definition of the specific health crisis.

We, our and us

Means The Canada Life Assurance Company (Canada Life)

You and your

Means the Principal borrower, the Co-borrower or the Guarantor.

Introduction

What would happen if you died or suffered a health crisis before paying off your mortgage?

The Bank of Nova Scotia (“Scotiabank”) and The Canada Life Assurance Company (“Canada Life”) have developed Mortgage Protection to assist with your financial needs in this situation.

Two types of insurance are available.

- **Loss of Life Protection** covers your outstanding mortgage balance if you die before paying off your mortgage.
- **Health Crisis Protection** covers your outstanding mortgage balance if you are diagnosed with a specified health crisis before paying off your mortgage.

This Mortgage Protection Distribution Guide explains both Loss of Life Protection and Health Crisis Protection. It will help you determine if the insurance described suits your needs. Call Canada Life toll free at 1-800-387-2671 if you still have questions after reading it.

You may apply for Loss of Life Protection and/or Health Crisis Protection. The type of protection that you chose is identified on your Mortgage Protection Application.

This is an important document! Please keep all documents related to this insurance, including a copy of your Mortgage Protection Application, in the pocket of this Mortgage Protection Distribution Guide and put it in a safe place.

The Mortgage Protection insurance product is provided by The Canada Life Assurance Company under group insurance policy number 60166 issued to Scotiabank. Loss of Life Protection is administered under Division 0, Health Crisis Protection is administered under Division 5600 and the Terminal Illness Benefit is administered under Division 2000.

This Mortgage Protection Distribution Guide, the completed Mortgage Protection Application and a letter of approval from us, if review and approval of your Mortgage Protection Application was required, are part of a set of documents that form a legal description of the Loss of Life Protection and Health Crisis Protection.

Scotiabank and Canada Life can change the terms of the insurance described in this Mortgage Protection Distribution Guide, including your premium or the method used to calculate your premium. We will tell you in writing before we make any changes. You will be deemed to have received the notice on the fifth business day after we mail it to your last address in the Lender’s records.

Description of the products offered

Nature of the insurance

LOSS OF LIFE PROTECTION:

Loss of Life Protection will pay off the remaining balance on your mortgage if you die, up to the **lesser of the following**:

- your insured amount; **or**
- **\$500,000.**

We will pay the benefit on the date we approve your claim.

HEALTH CRISIS PROTECTION:

Health Crisis Protection will pay off the remaining balance on your mortgage if you are diagnosed with a specified health crisis, up to the **lesser of the following**:

- your insurance amount; **or**
- **\$500,000.**

The health crises that are insured by this insurance are:

- Heart attack;
- Stroke;
- Coronary artery bypass surgery;
- Cancer;
- Blindness;
- Paralysis;
- Deafness; and
- Coma.

We will pay the benefit on the date we approve your claim.

TERMINAL ILLNESS BENEFIT

You also receive a Terminal Illness Benefit if you have both Loss of Life Protection **and** Health Crisis Protection. There is no extra charge for the Terminal Illness Benefit.

Under the Terminal Illness Benefit, we will pay a benefit if you are diagnosed by a doctor in Canada to have a terminal illness. The benefit will equal the amount that you would have been paid under the Loss of Life Protection.

We will pay the benefit on the date we approve your claim.

Beneficiary of the Insurance

The beneficiary is the person to whom benefit payments will be paid. We will make benefit payments for all types of insurance to the Lender.

There are some exclusions and restrictions in the coverage. Please refer to the section entitled “Exclusions, Restrictions or Reductions in Insurance” on page 20 for detailed information.

Summary of specific features

Applying for insurance

You can apply if you’re borrowing with a Lender Mortgage by completing a Mortgage Protection Application indicating the type(s) of insurance you wish to apply for. You can apply at any branch or through any other method we or the Lender may offer.

You may apply for Loss of Life Protection, Health Crisis Protection or both.

You will receive the Terminal Illness Benefit automatically if you have been approved for both types of insurance.

You don’t have to buy either type of insurance to get a mortgage from the Lender or to refinance your mortgage.

Please review your Mortgage Protection Application carefully to make sure you’re applying for the type of insurance (Loss of Life Protection, Health Crisis Protection or both) that best suits your needs.

Simply contact your branch to apply if you decide to get insurance after you’ve already obtained a mortgage.

Persons who may apply for insurance

Up to two people in total can apply for any combination of insurance on a residential mortgage. Each person must either be:

- a borrower;
- a co-borrower or
- a guarantor.

LOSS OF LIFE PROTECTION:

In order to be eligible to apply for the Loss of Life Protection, you must be, on the date you apply for insurance:

- **less than 65 years old;** **and**
- living in Canada.

You may still apply for Loss of Life Protection insurance if you're **65 through 69 years old** if:

- you're refinancing an existing insured mortgage with the Lender; **or**
- you are obtaining a new mortgage within **90 days** of paying off your existing insured mortgage; **and**
- the original mortgage already carried Loss of Life Protection.

Special rules apply in this case. You will only be eligible for Prior Coverage Recognition. For more details about this feature, please read the section "Prior Coverage Recognition" on page 18 of this Mortgage Protection Distribution Guide.

HEALTH CRISIS PROTECTION:

In order to be eligible to apply for the Health Crisis Protection, you must be, on the date you apply for insurance:

- **less than 55 years old;** **and**
- living in Canada.

You may still apply for Health Crisis Protection insurance if you're **55 through 64 years old** if:

- you're refinancing an existing insured mortgage with the Lender; **or**
- you are obtaining a new mortgage within **90 days** of paying off your existing insured mortgage; **and**
- the original mortgage already carried Health Crisis Protection.

Special rules apply in this case. You will only be eligible for Prior Coverage Recognition. For more details about this feature, please read the section "Prior Coverage Recognition" on page 18 of this Mortgage Protection Distribution Guide.

Health questions

Everyone applying for Loss of Life Protection or Health Crisis Protection must answer health questions on the Mortgage Protection Application.

If:

- you answer **no** to all of the health questions; **and**
- the total of all your insured mortgages with the Lender is **\$300,000 or less,**

your insurance is automatically approved and we don't need any more health information.

If:

- you answer **yes** to any of the health questions; **or**
- the total of your insured mortgages with the Lender is **more than \$300,000,**

we will review your Mortgage Protection Application. We will contact you if we need more information.

In addition, if the total of all your insured mortgages is more than \$300,000, you must give us blood and urine samples for testing. We will contact you to arrange this testing, which will be done free of charge. **Your medical information will be kept confidential, and will not be shared with the Lender.**

While we are reviewing your Mortgage Protection Application you will be protected under the conditions of the temporary insurance described in the next section, "Insurance during the review of your Mortgage Protection Application".

Insurance during the review of your Mortgage Protection Application

LOSS OF LIFE PROTECTION:

If we need to review your Mortgage Protection Application for Loss of Life Protection and you have already signed your loan agreement, we will temporarily insure you until we finish the review, as per the following conditions:

- we will pay a loss of life benefit only if you die as a result of an accidental injury;
- we will not pay a benefit if your death was caused directly or indirectly by suicide or self-inflicted injury;
- the benefit is limited to the amount we would have paid had your Mortgage Protection Application been accepted.

Your temporary insurance will end on the **earliest of the following dates:**

- the 45th day after the Lender receives your Mortgage Protection Application;
- the date we make a final decision on your Mortgage Protection Application.

HEALTH CRISIS PROTECTION:

If we need to review your Mortgage Protection Application for Health Crisis Protection, you will not be insured until the date we specify in our written approval.

TERMINAL ILLNESS BENEFIT:

There is no terminal illness benefit while your Mortgage Protection Application is being processed.

Maximum amount of insurance you can buy

The most insurance you can buy for each of Loss of Life Protection and Health Crisis Protection is a total of **\$500,000** for all of your mortgages with the Lender.

Example:

You already have **Loss of Life Protection** on mortgages for a total of \$300,000, and you apply for Loss of Life Protection for an additional mortgage. In this case, the most **Loss of Life Protection** that can be approved is \$200,000, even if the amount of the new mortgage is higher.

If you do not have Health Crisis Protection for any other mortgages, you could still apply for up to \$500,000 of Health Crisis Protection on your new mortgage.

If your insurance is for less than the full amount of your mortgage or mortgages when you die or are diagnosed with a specified health crisis, we will pay off a portion of your mortgage. This portion is equal to the percentage of your mortgage that was insured on the date you applied.

Example:

Suppose we cover \$500,000 of your \$625,000 mortgage, or 80%. At the time of your death, you have \$50,000 remaining on your mortgage. We will pay 80% of that \$50,000, or \$40,000, to the Lender.

Any remaining balance on your mortgage will be due and payable to the Lender.

Cost of insurance

Your premiums are based on:

- your age; **and**
- the balance of your mortgage on the date you apply.

You will pay the premium at the same frequency as your mortgage payments, or at any other standard frequency offered by the Lender that you choose.

Examples:

A weekly premium equals the monthly premium multiplied by 12 and then divided by 52.

A bi-weekly premium equals the monthly premium multiplied by 12 and then divided by 26.

The Lender will inform you of your premium when you apply. We add any applicable provincial sales tax to your insurance premiums.

When two borrowers are insured for the same mortgage, the premium is calculated for each borrower based on their age on the date they apply for insurance. The premium and applicable sales tax for each borrower is added together and the total amount will automatically be taken from the account that you specify and at the frequency you chose.

Your premiums are based on your outstanding mortgage balance when you apply and do not decrease as your outstanding mortgage balance decreases. However, **if you prepay 10% or more of the original amount of your mortgage during a mortgage year**, you can ask us to reduce your premiums accordingly. Otherwise your premium amount will automatically be reduced for you on your mortgage anniversary date if you have prepaid your mortgage principal by 10% or more during the year prior to your anniversary date.

You will receive a letter detailing your new premium amount once it has been reduced due to a principal prepayment.

After processing your request, your premium will be reduced by the same percentage that your original insured mortgage amount has been reduced by the prepayments described in this paragraph.

Example:

Your original insured mortgage amount was \$100,000 and you make a prepayment of \$10,000 during a mortgage year. The prepayment is 10% of your original mortgage amount so your premium will be reduced by 10%.

LOSS OF LIFE PROTECTION:

We will use the table below to calculate the Loss of Life Protection premium. We will tell you in writing in advance if we change your premium or the method used to calculate your premium, and we will provide you with the new table of premiums, if applicable.

TABLE OF MONTHLY PREMIUMS FOR LOSS OF LIFE PROTECTION

The table below sets out the monthly premium for every \$1,000 of mortgage balance on the date of your Mortgage Protection Application.

Your age on date of Mortgage Protection Application	Premium for each borrower, per \$1,000
Under 31 years old	\$0.09
31-35 years old	\$0.13
36-40 years old	\$0.20
41-45 years old	\$0.29
46-50 years old	\$0.40
51-55 years old	\$0.50
56-60 years old	\$0.60
61-69 years old	\$0.97

Premium Calculation Example:

Suppose you're 25 years old when you apply for the Loss of Life Protection. You have a mortgage of \$100,000. Your premium for the Loss of Life Protection would be \$9 a month ($\$0.09 \times \$100,000 \div \$1,000$). We add any applicable provincial sales tax to this amount.

We also have a feature called Original Age Advantage that applies only to Loss of Life Protection. You will qualify for Original Age Advantage, if you:

- refinance an existing mortgage that has Loss of Life Protection to borrow more money or move to a new home, provided that you apply for Loss of Life Protection on the new mortgage(s) within 90 days of paying out the existing mortgage,

- obtain a new mortgage and apply for Loss of Life Protection on that new mortgage within 90 days of paying out a mortgage that had Loss of Life Protection,
- obtain any additional mortgage(s) while you have an existing mortgage that has Loss of Life Protection.

If you qualify for Original Age Advantage, we calculate your Loss of Life Protection premium using the rate for the earliest age at which you first became **continuously insured** for Loss of Life Protection under the policy.

You are **considered continuously** insured for Loss of Life Protection under the policy, if at the application date for Loss of Life Protection, you:

- have existing Loss of Life Protection that has been in force continuously from the date it first started under a group creditor life insurance policy issued by us to Scotiabank,
- had Loss of Life Protection that had been in force continuously from the date it first started under a group creditor life insurance policy issued by us to Scotiabank at any time during the 90-day period immediately preceding the application date.

Example:

Suppose you first obtained Loss of Life Protection under the policy at age 25 for “mortgage 1”. If at age 40, you still have “mortgage 1” and the Loss of Life Protection for that mortgage has not at any time ended since you first obtained it, you will be considered to have first become continuously insured under the policy at age 25. Therefore, if you wish to refinance or obtain any additional mortgage(s), your Loss of Life Protection premiums for such mortgage(s) will be based on age 25.

On the other hand, if you had allowed the Loss of Life Protection under “mortgage 1” to lapse at age 30, and then reapplied for and were issued such coverage at age 35. Then, if at age 40 you wish to refinance or obtain any additional mortgage(s), assuming that your re-issued coverage has remained continuously in force, you will be considered to have first become continuously insured under the policy at age 35, and your Loss of Life Protection premiums for the refinanced or additional mortgage(s) will be based on age 35.

HEALTH CRISIS PROTECTION:

We will use the following table to calculate the Health Crisis Protection premium. We will tell you in writing in advance if we change your premium or the method used to calculate your premium, and we will provide you with the new table of premiums, if applicable.

TABLE OF MONTHLY PREMIUMS FOR HEALTH CRISIS PROTECTION

The table below sets out the monthly premium for every \$1,000 of mortgage balance on the date of your Mortgage Protection Application.

Your age on date of Mortgage Protection Application	Premium for each borrower, per \$1,000
Under 31 years old	\$0.12
31-35 years old	\$0.17
36-40 years old	\$0.27
41-45 years old	\$0.45
46-50 years old	\$0.68
51-64 years old	\$1.02

Premium Calculation Example:

Suppose you're 25 years old when you apply for the Health Crisis Protection. You have a mortgage of \$100,000. Your premium for the Health Crisis Protection would be \$12 a month ($\$0.12 \times \$100,000 \div \$1,000$). We add any applicable provincial sales tax to this amount.

Cost of Insurance Reduction

We will reduce the cost of your insurance if:

- you have both Loss of Life Protection **and** Health Crisis Protection; **or**
- if two borrowers have insurance on the same mortgage.

The amount of the reduction that applies to each combination of insurance is shown in the following table. An “x” indicates the insurance that is in effect for each possible combination of insurance.

Loss of Life Protection		Health Crisis Protection		Cost of Insurance Reduction
Borrower 1	Borrower 2	Borrower 1	Borrower 2	
x				0%
	x			0%
		x		0%
			x	0%
x			x	5%
	x	x		5%
x		x		5%
	x		x	5%
		x	x	5%
x	x			20%
x	x	x		20%
x	x		x	20%
x		x	x	20%
	x	x	x	20%
x	x	x	x	20%

Example:

If two borrowers have the Loss of Life Protection and one borrower also has the Health Crisis Protection on the same mortgage the total cost of the insurance for both borrowers will be reduced by 20%.

Missing a premium payment

You have a grace period of **60 days** in which to pay your premiums. We will terminate your insurance if you do not make the required payment within **60 days** of your premium due date. We will also terminate your insurance if your mortgage payment (principal, interest and any property taxes regularly included) is **60 days** in arrears.

Start of insurance

Insurance starts on the **latest of the following dates**:

- the date the Lender receives your signed and dated Mortgage Protection Application;
- the date we specify in our approval letter, if review of your Mortgage Protection Application is needed; **or**
- the date you sign your loan agreement.

If a claim is approved prior to the date the Lender advances the mortgage funds, the benefit payment will only be paid after the mortgage has been fully funded by the Lender.

Confirmation from the insurer

If you are applying for one or both types of insurance, you're **automatically approved** if:

- you answered **no** to all applicable health questions on the Mortgage Protection Application;
- the total of all your insured mortgages with the Lender will be **\$300,000 or less**; **and**
- you are younger than the maximum application for insurance ages specified for each type of insurance in the section "Persons who may apply for insurance", on page 8 of this Mortgage Protection Distribution Guide.

In the event that you are automatically approved, your completed Mortgage Protection Application is proof that you're insured.

In all other cases, we must approve your Mortgage Protection Application. We will send you our decision in writing no later than **30 days** after we receive all the documents required to make our decision, if approval is required. This letter will constitute proof that you're insured if you are approved.

You can be automatically approved for Loss of Life Protection while we review your application for Health Crisis Protection. This will happen when:

- you are applying for both types of insurance;
- you answer **no** to health question **one** on the Mortgage Protection Application;
- you answer **yes** to question **two** on the Mortgage Protection Application; **and**
- the total of your insured mortgages with the Lender is **\$300,000 or less**.

Replacing a mortgage, refinancing a mortgage or obtaining a new mortgage (Transferring Mortgage Protection)

If you replace an existing insured Lender mortgage with one or more new Lender mortgages, your existing mortgage protection coverage will be transferred without interruption to the new mortgage(s), provided that all of the following conditions are satisfied:

- the total amount approved for the new mortgage(s) is equal to or less than the current outstanding balance of the existing insured mortgage,
- your coverage has not been cancelled or terminated,
- no request is made to revise the existing mortgage protection coverage in any way whatsoever, including without limitation, a request to obtain a different type of coverage or a request to insure an additional or a different person, and
- you properly complete and sign a Transfer Mortgage Protection Form.

If you renegotiate to increase your existing insured mortgage, or pay off your existing insured mortgage and you do not qualify for the transfer of mortgage protection coverage described above, your coverage ends. If you want your refinanced or new mortgage covered, you must apply for new coverage.

However, if you are declined for insurance on the new mortgage due to health or age reasons, you can still receive partial insurance under a feature called “Prior Coverage Recognition”. For more details about this feature, please refer to the following section entitled “Prior Coverage Recognition”.

Prior Coverage Recognition

You may be eligible for Prior Coverage Recognition if:

- you are declined for insurance on a new or refinanced mortgage due to health or age reasons; or
- you are refinancing an existing Loss of Life Protection insured mortgage and you are 65 through 69 years old; or
- you are refinancing an existing Health Crisis Protection insured mortgage and you are 55 through 64 years old.

In this case, you can get partial insurance coverage if:

- you apply for new insurance within **90 days** of the end of the previous insurance on your mortgage; and
- you get your new mortgage from the Lender.

Your new insurance premium will be calculated based on:

- the reduced amount of insurance described below; and

- for Loss of Life Protection, your age used to calculate the insurance premium on the date of your previous Mortgage Protection Application; **and**
- for Health Crisis Protection, your age used to calculate the insurance premium on the date of your previous Mortgage Protection Application. Using this age to calculate Health Crisis Protection premium only applies to Transferring Mortgage Protection, as discussed above in the section entitled “Replacing a mortgage, refinancing a mortgage or obtaining a new mortgage (Transferring Mortgage Protection)”.

If you are insured under Prior Coverage Recognition, your benefit is limited. The amount of your insurance depends on what percentage of your refinanced mortgage is original mortgage money as opposed to what percentage is newly borrowed funds.

Example:

Suppose you have an outstanding balance of \$80,000 on your mortgage. If you refinance and borrow an additional \$20,000, the original mortgage is therefore 80% of the new mortgage amount ($\$80,000 \div \$100,000$). We will pay off 80% of your unpaid mortgage if you die or are diagnosed with a health crisis or a terminal illness. For example, if you still owe \$50,000 at the time of your claim, we would pay 80% of that amount, or \$40,000.

If two borrowers are insured, it is possible for each borrower to be insured for a different amount.

Example:

Suppose two borrowers both have insurance for the full amount of their mortgage but when they refinance their mortgage the health status of one borrower has changed, then that borrower would no longer qualify for the insurance. In this case the borrower whose health status hasn't changed will continue to be insured for the full amount of the new mortgage. The amount of insurance for the borrower whose health status has changed will be calculated as described in the example above.

We will also limit the amount of your benefit payment if you increase the amount of your insurance and you then commit suicide in the **24 months** following the date of such increase. We will pay an amount equal to the percentage of your mortgage on refinancing that was original mortgage money as opposed to what percentage is newly borrowed funds.

Prior Coverage Recognition does not apply if you're transferring your mortgage from another financial institution or from another of the Lender's credit products.

Exclusions, Restrictions or Reductions in Insurance

Exclusions

CAUTION

LOSS OF LIFE PROTECTION:

1. We will not pay a claim if you commit suicide within 24 months of the date your insurance begins.
2. We will not pay a claim if you conceal information or give false information on the Mortgage Protection Application.
3. Under no circumstances will we pay a benefit of more than \$500,000 for each type of insurance for all of your mortgages.

HEALTH CRISIS PROTECTION:

1. We will not pay a claim if your health crisis is caused, directly or indirectly, by:
 - you attempting to commit suicide or harm your health;
 - your use of any drug, poisonous substance, intoxicant or narcotic not taken according to the instructions of a doctor;
 - you committing or attempting to commit a criminal offence or provoke an assault;
 - your operation of any motorized vehicle or water craft, while your blood alcohol concentration is higher than 80 milligrams per 100 millilitres;
 - a war, insurrection, or hostilities of any kind, whether you take part or not.
2. We will not pay a claim if you die within 30 days of the date you are diagnosed with a health crisis or have surgery.
3. We will not pay a claim if you conceal information or give false information on the Mortgage Protection Application.
4. There are also several illness-specific exclusions. They are:
 - a. Stroke: we will not cover a transient ischemic attack (TIA), also referred to as a mini stroke.
 - b. Coronary artery bypass surgery: non-surgical techniques such as balloon angioplasty, laser relief of an obstruction and other procedures of this type are not covered.
 - c. Cancer: We will not cover the following forms of cancer:
 - stage A prostate cancer;

- non-invasive cancer in situ; (i.e. not spreading)
- pre-malignant lesion, benign tumours or polyps;
- any tumour in the presence of any human immunodeficiency virus (HIV); and
- any skin cancer other than invasive malignant melanoma more than 1.0 mm in depth.

d. We will not pay a benefit for cancer if:

- the diagnosis of cancer was made; or
- any evaluation of a medical problem or of symptoms of a medical problem leading to the diagnosis was initiated; or
- any medical consultation or tests, leading to the diagnosis of cancer was initiated,

within the 90 days following the date you completed and signed your Mortgage Protection Application.

5. We will not pay a benefit if the evaluation of the medical problem or of symptoms of a medical problem, or any medical consultation or tests, leading to the diagnosis of a health crisis was initiated prior to the date you completed and signed your Mortgage Protection Application.

TERMINAL ILLNESS BENEFIT:

1. We will not pay a claim if your terminal illness is caused, directly or indirectly, by:

- you attempting to commit suicide or harm your health;
- your use of any drug, poisonous substance, intoxicant or narcotic not taken according to the instructions of a doctor;
- you committing or attempting to commit a criminal offence or provoke an assault;
- your operation of any motorized vehicle or water craft, while your blood alcohol concentration is higher than 80 milligrams per 100 millilitres;
- a war, insurrection, or hostilities of any kind, whether you take part or not.

2. We will not pay a claim if you conceal information or give false information on the Mortgage Protection Application.

3. We will not pay a benefit if the evaluation of the medical problem or of symptoms of a medical problem, or any medical consultation or tests, leading to the diagnosis of a terminal illness was initiated prior to the date you completed and signed your Mortgage Protection Application.

Restrictions and Reductions

CAUTION

LOSS OF LIFE PROTECTION AND HEALTH CRISIS PROTECTION AND TERMINAL ILLNESS BENEFIT:

- 1. The most insurance you can buy for each of Loss of Life Protection and Health Crisis Protection is a total of \$500,000 for all Lender mortgages.**
- 2. We pay off a percentage of your mortgage at your death or diagnosis of a health crisis or terminal illness if your insurance is for less than the full amount of your mortgage. This percentage will be equal to the percentage of your mortgage that was insured on the date your insurance became effective.**
- 3. We limit your benefit if you are declined for insurance on a new mortgage due to health or age reasons, but were approved for Prior Coverage Recognition. We pay an amount equal to the percentage of your mortgage on refinancing that was original mortgage money as opposed to what percentage is newly borrowed funds.**

LOSS OF LIFE PROTECTION:

- 1. We limit the amount of benefit if you increase the amount of your insurance and commit suicide in the 24 months following the date of the increase. We pay an amount equal to the percentage of your mortgage on refinancing that was original mortgage money as opposed to what percentage is newly borrowed funds.**

Cancellation and End of Insurance

How to cancel this insurance

You may cancel your insurance coverage **within 10 days** of signing your Mortgage Protection Application or the date we approve it, whichever is later. To do so, you must send a signed and dated letter to your branch. We will give you a full refund for any premiums you have paid.

You may also cancel your insurance coverage at any time **after 10 days**. In this event, you will not receive a premium refund. All you have to do is send a signed and dated cancellation request to your branch. You may cancel one or both types of insurance if you have both Loss of Life Protection and Health Crisis Protection. However, you will no longer qualify for the terminal illness benefit if you do this.

Your insurance coverage will be cancelled on the **later of the following**:

- the date stated in your cancellation request; or
- the date the Lender receives your written cancellation request.

In the case of Lender mortgages with two insured borrowers, both borrowers must sign the request to cancel even if the request is to cancel insurance for only one of the borrowers.

End of the insurance coverage

LOSS OF LIFE PROTECTION:

Your Loss of Life Protection insurance will end on the earliest of the following dates:

- your 70th birthday;
- the date we pay a loss of life or terminal illness benefit, except as described in “Claims when two borrowers are covered” on page 26 of this Mortgage Protection Distribution Guide;
- the date your mortgage is refinanced for additional funds or paid off in full;
- the date you cancel the insurance coverage;
- the date the **payment of your premiums** is 60 days late;
- the date the **payment of your mortgage** is 60 days late;
- the date someone other than you becomes responsible for repaying the mortgage;
- the date the Lender receives written notice of a change in the person or persons who are to be insured for an existing mortgage. If this happens, a new Mortgage Protection Application must be completed, by the new borrower, co-borrower or guarantor;
- the date we or Scotiabank terminate this group policy.

If two borrowers are insured and the older borrower reaches **age 70**, the insurance will automatically change to individual Loss of Life Protection for the younger borrower.

HEALTH CRISIS PROTECTION:

Your Health Crisis Protection insurance will end on the earliest of the following dates:

- your 65th birthday;
- the date we pay a health crisis, loss of life or terminal illness benefit, except as described in “Claims when two borrowers are covered” on page 26 of this Mortgage Protection Distribution Guide;
- the date your mortgage is refinanced for additional funds or paid off in full;
- the date you cancel the insurance coverage;
- the date the **payment of your premiums** is 60 days late;
- the date the **payment of your mortgage** is 60 days late;
- the date someone other than you becomes responsible for repaying the mortgage;
- the date the Lender receives written notice of a change in the person or persons who are to be insured for an existing mortgage. If this happens, a new Mortgage Protection Application must be completed, by the new borrower, co-borrower or guarantor;
- the date we or Scotiabank terminate this group policy.

If two borrowers are insured and the older borrower reaches **age 65**, the insurance will automatically change to individual Health Crisis Protection for the younger borrower.

TERMINAL ILLNESS BENEFIT:

In addition to the conditions for Loss of Life Protection outlined above, your terminal illness benefit will end if you cancel either your Loss of Life Protection or Health Crisis Protection.

You will still be insured under the terminal illness benefit until your Loss of Life Protection ends even if you reach the age limit for Health Crisis Protection, which is age 65.

Proof of loss or claim

Submission of a claim

LOSS OF LIFE PROTECTION:

Your survivors can contact us at 1-800-387-2671. We will send your survivors the claim forms and an Attending Physician Statement to be completed.

The Attending Physician Statement is required for proof of death. Your survivors must have the form fully completed and sent to us. Your survivors are responsible for any costs of having the form completed.

A completed claim form and Attending Physician Statement must be sent to us within the **year following your death**. After this one year period, we will consider a claim only if your survivors can show that there was a reasonable cause for delay.

HEALTH CRISIS PROTECTION AND TERMINAL ILLNESS BENEFIT:

You or your representative can contact us at 1 800 387-2671 to notify us of a claim and we will send you a claim form to be completed.

You must notify us of a claim within **90 days** of the date you are diagnosed with a specified health crisis or terminal illness. If we are not notified within that time, we will only consider a claim if you can show that there was a reasonable cause for delay.

Once we receive your notice of claim, we will send you a detailed claim form related specifically to the health crisis or terminal illness for which you are making a claim. The doctor who made the diagnosis or performed the surgery must complete this claim form.

You will be responsible to pay for any cost due for having the claim form completed.

We may ask you to have a medical examination by a doctor of our choice. We will pay for this examination, but will not pay any benefits if you refuse to have the examination.

Insurer's reply

We will notify you or your survivors in writing of our decision to approve or deny your claim. The letter will be sent within **30 days** after we receive all of the information we need to make a decision.

We can deny the claim or reduce the benefit for Loss of Life Protection, Health Crisis Protection or Terminal Illness benefit because of an exclusion, restriction or reduction described in this Mortgage Protection Distribution Guide. We will explain why we denied the claim or reduced the benefit in our letter addressed to you or to your survivors.

Claims when two borrowers are covered

We pay a claim when the first person dies or is diagnosed with a health crisis or terminal illness if two borrowers are both insured for the same mortgage. **Insurance automatically ends for the other borrower if the mortgage is fully paid off and we have paid the maximum claim amount as described in “Maximum amount of insurance you can buy” on page 11 of this Mortgage Protection Distribution Guide.**

The insurance continues for the other borrower after the first borrower's claim is paid if the mortgage is not fully paid off as described in “Prior coverage recognition” on page 18 of this Mortgage Protection Distribution Guide. The premium will be calculated based on that person's age at the time of the original Mortgage Protection Application. The amount of insurance will be the amount of the mortgage remaining after the first borrower's claim is paid unless the surviving borrower's insurance was also limited to “Prior Coverage Recognition”.

Example:

You were covered for an existing mortgage under the Prior Coverage Recognition feature for 80% of your mortgage balance and the second borrower was covered for 50%. If you died or were diagnosed with a health crisis or terminal illness, we would pay a benefit of 80% of your mortgage balance. If your mortgage balance at the time of your claim is \$100,000, we will pay \$80,000. The second borrower will then continue to be covered for 50% (\$10,000) of the total mortgage balance remaining (\$20,000) on this mortgage based on their age at the time of the original Mortgage Protection Application.

Appeal of an insurer's decision and recourses

You or your survivors may appeal our decision if we deny your initial claim. The appeal must be in writing and sent to us at the address on the back cover of this Mortgage Protection Distribution Guide within **six months** of the date of our decision letter. It must include:

- the reason or reasons why the decision is being appealed; **and**
- any additional information or documentation that was not submitted with the first claim.

No one may take legal action against us less than **60 days** after we receive initial proof of the claim. The maximum period to take legal action is **3 years** after the deadline for providing the initial proof of claim or such longer period as may be allowed by applicable law.

Confidentiality

To ensure the confidentiality of your personal information, we will establish a file for you in each of these situations:

- an underwriting file, if we have to review medical information to determine your eligibility for the insurance, **or**
- a life, health crisis or terminal illness claim file when we are notified of such a claim.

We will keep your file at our offices and only the following persons will have access to your file:

- our employees;
- representatives who are responsible for underwriting, administration, investigation and claims; as well as
- any other person or body **you authorize**.

If you wish to have access to your file and, if applicable, have it corrected, send a written request to the following address:

Group Insurance Ombudsman
Canada Life
P.O. Box 6000
Winnipeg, MB R3C 3A5

If we receive a request for access or correction, we will reply to you within 30 days. We may require a reasonable charge, in advance, for reproduction and transmission of any information we provide.

We will immediately stop collecting information about you when an underwriting or claim decision has been made or you tell us in writing that you don't want to proceed with your Mortgage Protection Application.