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Definitions

Accidental injury	Injury resulting directly from an external, sudden, violent and unintentional cause independent of any illness.
Branch	Means a Scotiabank branch.
Commercial loan	All commercial, small business or farm loans or lines of credit, personal demand loans for business or investment purposes, mortgage loans, lease agreements or other related credit agreements taken with Scotiabank.
Company	Any commercial, small business or farming business.
Survivors	The individuals responsible for administering your estate after your death.
You and your	Any of the following individuals covered by this insurance or applying for insurance: <ul style="list-style-type: none">• Owners of the company;• Partners in the company,• An individual who has guaranteed the repayment of a business loan to Scotiabank;• Key employees of the company• Shareholders owning at least 10% of the voting shares of a company.

Introduction

What would happen if a key member of your company died and your company had difficulty paying off your Scotiabank commercial loan?

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

It protects your company if any insured person dies. In addition to key members of the company, it can cover individuals who guarantee company loans and your major investors. It also provides coverage for accidental dismemberment.

This Commercial Creditor Life Insurance Distribution Guide explains Loss of Life Protection. It will help you determine, if the insurance described suits your needs. Contact Canada Life toll free at 1 800 387-2671 if you still have questions after reading it.

This is an important document. Please keep all related documents, including a copy of your Commercial Creditor Life Insurance Application, in the pocket of this booklet and put it in a safe place.

The Scotiabank Commercial Creditor Life Insurance product is provided by The Canada Life Assurance Company under a group insurance policy issued to Scotiabank. Loss of Life Protection is administered under the number G.10632.

This Commercial Creditor Life Insurance Distribution Guide, the completed Commercial Creditor Life Insurance Application and a letter of approval from the Insurer if review and approval of your application was required, are part of a set of documents that together form a legal description of this insurance.

Scotiabank and Canada Life can change the terms of the insurance described in this Commercial Creditor Life Insurance Distribution Guide. The Insurer may also change the Premium Table or the method used to calculate insurance premiums at any time, but such changes will only apply to insurance that starts or renews on or after the date of the change. You will be told in writing before any changes are made. You will be deemed to have received the notice on the fifth business day after it is mailed to your last address in Scotiabank’s records.

Description of the products offered

Nature of the coverage

Commercial Creditor Life Insurance pays off your company's outstanding insured debt if you die, up to a maximum of the **smallest of the following**:

- Your insured amount shown on your Commercial Creditor Life Insurance Application, or in the letter from the Insurer if your coverage is limited to Prior Coverage Recognition, **or**
- \$2,000,000.

You are also covered for up to \$100,000 for the accidental loss of limbs, fingers or sight. Please refer to the "Payments for Accidental Losses" on page 6 of this Commercial Creditor Life Insurance Distribution Guide.

Beneficiary of the insurance

The beneficiary is the person to whom benefit payments are made. The Insurer will make benefit payments for all types of insurance to Scotiabank first. After the amount of outstanding insured debt is paid to Scotiabank, any remaining amount of insurance will be paid to your estate.

There are some exclusions and restrictions in this plan. Please refer to the section entitled « Exclusions, Restrictions or Reduction in Coverage » on page 10 of this Commercial Creditor Life Insurance Distribution Guide for detailed information.

Summary of specific features

Applying for insurance

You can apply for Commercial Creditor Life Insurance if you obtain a commercial loan from Scotiabank. Just complete a Commercial Creditor Life Insurance Application at your branch or by any other method Scotiabank may offer.

If your company has more than one commercial loan*, all insured loans or to be insured loans are combined to determine the maximum amount of eligible coverage.

If you are associated with more than one company that has a commercial loan with Scotiabank, all the companies can be listed on one application form.

You do not have to buy Scotiabank Commercial Creditor Life Insurance to obtain a commercial loan or to change your commercial loan.

Simply contact your branch to apply if you decide to get insurance after you have already taken out a commercial loan.

Persons who may apply for insurance

You must be at least 18 years old and no older than 68 when you apply. You may apply if you are:

- a sole proprietor or partner of a partnership who has obtained a commercial loan from Scotiabank, **or**
- an individual who has guaranteed the repayment of a commercial loan to Scotiabank, **or**
- a shareholder who owns at least 10% of the voting shares of a corporation that has obtained a commercial loan from Scotiabank, **or**
- a key employee whose contributions are essential to the company and without whom the company would have difficulty operating. Up to 10 key employees may be insured with respect to any one company, if their contributions are integral to the ongoing operation of the company.

Each person can apply for insurance independently of the others. Each applicant must complete a separate Commercial Creditor Life Insurance Application.

Health question

Everyone applying for Loss of Life Protection must answer the health question on the Commercial Creditor Life Insurance Application.

If:

- you answer **no** to the health question; **and**
- the total of all your insured commercial loans with Scotiabank will be **\$300,000 or less,**

your insurance is automatically approved and the Insurer does not need any more health information.

If:

- you answer **yes** to the health question; **or**
- the total of your insured commercial loans with Scotiabank will be **more than \$300,000,**

the Insurer will review your Commercial Creditor Life Insurance Application. The Insurer will also contact your doctor for your medical information if it is needed. In this case, insurance will take effect only upon approval of your application by the Insurer.

In addition, if the total amount of your commercial loans to be insured is more than \$300,000, you must give blood and urine samples for testing. The Insurer will contact you to arrange this testing, which will be done free of charge. The Insurer may also have to contact your doctor for more health information. **Your medical information will be kept confidential and will not be shared with Scotiabank.**

While the Insurer is reviewing your Commercial Creditor Life Insurance Application you will be protected under the conditions of the temporary insurance described in the next section, “Insurance during the review of your Commercial Creditor Life Insurance Application”.

Insurance during the review of your Commercial Creditor Life Insurance Application

If the Insurer needs to review your Commercial Creditor Life Insurance Application, you will be temporarily insured from the date Scotiabank receives the Commercial Creditor Life Insurance Application until the Insurer finishes the review, with the following conditions:

- a life insurance benefit will be paid only if you die as a result of an accidental injury;
- a dismemberment benefit will be paid only if you are dismembered as a result of an accidental injury;
- a benefit will not be paid if your death was caused directly or indirectly by suicide or self-inflicted injury, whether you were sane or not at the time of death;
- a benefit will not be paid if your death or dismemberment is the result of;
 - war;
 - insurrection;
 - hostilities;
 - riot of civil commotion; **or**
 - committing or attempting to commit a criminal offence.

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

- The 45th day after Scotiabank receives your Commercial Creditor Life Insurance Application, **or**
- The date the Insurer makes a final decision on your Commercial Creditor Life Insurance Application.

Maximum amount of insurance

DEATH

The maximum life insurance payment for all your insured commercial loans covered under this insurance corresponds to the smallest of the following amounts:

- your insured amount shown on your Commercial Creditor Life Insurance Application, or in the letter from the Insurer if your coverage is limited to Prior Coverage Recognition;
- the amount of the guarantee, in the case of someone whose only role with the Company is guaranteeing a commercial loan; **or**
- \$2,000,000.

Applicants can obtain partial coverage for any amount less than the maximum available. Each applicant can select their own amount of insurance subject to the above maximums.

ACCIDENTAL DISMEMBERMENT

If you suffer any of the losses shown in the table below while you are insured and the loss is caused solely by an accident, the Insurer will pay Scotiabank the amount indicated below. If the amount payable under this benefit is more than the outstanding amount of insured debt owing to Scotiabank, the balance will be paid to you.

To qualify, the loss must occur within 90 days after the date of the accident.

PAYMENTS FOR ACCIDENTAL LOSSES

Type of loss	Percentage of life insurance benefit paid	Maximum payment
The sight of both eyes	100 %	100 000 \$
Either both hands or both feet	100 %	100 000 \$
One hand and one foot	100 %	100 000 \$
The sight of one eye and either one hand or one foot	100 %	100 000 \$
One hand or one foot or the sight of one eye	50 %	50 000 \$
Both the thumb and index finger of one hand	25 %	25 000 \$

Loss of a hand or foot means severance at or above the wrist joint or ankle joint. **Loss of a thumb or index finger** means severance at or above the metacarpophalangeal joints. **Loss of sight** means total and irrecoverable loss of sight.

Example:

If you have \$75,000 of insured commercial loans, and you lose a hand, 50% of the amount of your insurance, or \$37,500, will be paid to Scotiabank.

Cost of insurance

Your premiums are based on:

- your age on the date of application and, each year thereafter, your age at time of renewal;
- the amount of coverage;
- the type of credit product; **and**
- whether or not you are a smoker. A non-smoker is defined as someone who has not used tobacco products in the past 12 months.

The annual insurance premium and any applicable sales tax will be debited from the account you have indicated on your Commercial Creditor Life Insurance Application.

To calculate premiums, the insured amount of your commercial loan is divided by \$1,000. This result is then multiplied by the appropriate premium from the Premium Table.

PREMIUM TABLE

Annual premiums per \$1,000 of insurance per insured person

Age of insured person	Smoker	Non-smoker
18 – 34 years old	\$1.00	\$0.60
35 – 39 years old	1.25	0.75
40 – 44 years old	2.20	1.30
45 – 49 years old	4.00	2.40
50 – 54 years old	6.50	3.90
55 – 59 years old	11.40	6.80
60 – 64 years old	17.00	10.20
65 – 68 years old	26.25	15.75

Example:

You are a 25-year-old non smoker when the insurance begins and you want \$10,000 of coverage for a term business loan. Your premium for a one-year term would be \$6. The insurer will add any applicable provincial sales tax to this amount.

Premium: $\$10,000 \div \$1,000 \times \$0.60 = \6.00

The total cost of your **loss of life protection** is \$6.00 for one year plus any applicable provincial sales tax.

Your initial annual premium is due on the date your application for insurance is approved. The annual premium for a renewal is due on each anniversary of the date your insurance takes effect.

The Insurer may change the Premium Table or the method used to calculate insurance premiums at any time, but such changes will only apply to insurance that starts or renews on or after the date of the change.

Start of coverage

Coverage begins on one of the following dates, whichever is latest:

- the date Scotiabank receives your signed and dated application;
- **or**
- the date the Insurer specifies in their approval letter, if written approval is needed.

Confirmation from the Insurer

You are automatically approved and your completed Commercial Creditor Life Insurance Application is the proof that you are insured if:

- you are less than age 69;
- you answered **no** to the health question; **and**
- the amount of coverage you apply for is **\$300,000 or less**.

In all other cases, the Insurer must approve your insurance. The Insurer will send you their decision in writing no later than **30 days** after they received all the documents required to make their decision. This letter will constitute the proof that you are insured if you are approved. If the Insurer is unable to make a decision within 30 days, you will be told the reasons why.

Renewal of the insurance

The insurance is renewed automatically on each anniversary of the effective date unless you decide to change the amount of insurance or coverage terminates. Coverage cannot be renewed on or after your 69th birthday.

Prior coverage recognition

Existing insured customers who apply for an increase in coverage and are declined insurance coverage based on a change in their health status will automatically be approved for the amount of coverage they had at the time they applied for the increase.

Missing a loan payment

Your insurance is not affected if you do not make your loan payments or are late with a loan payment provided that Scotiabank has not written off your outstanding insured debt or liability as uncollectable and your annual insurance premium has been paid.

Change in coverage

Existing insured customers who apply for a change in coverage or whose total authorized limits and indebtedness with Scotiabank at the renewal date is less than 90% of the amount of insurance shown on their most recent insurance application must complete a new Commercial Creditor Life Insurance Application.

The Health Question has to be answered by Change in coverage applicants who request an increase in coverage.

Exclusions, Restrictions or Reductions in Coverage

CAUTION

Exclusions

1. The Insurer will not pay a life insurance claim if you commit suicide or die from self inflicted injury within 2 years of the date your insurance coverage begins.
2. The Insurer will not pay an accidental dismemberment claim if your claim is the direct or indirect result of any of the following:
 - self-inflicted injury;
 - war, insurrection or hostilities of any kind, whether you are a participant or not;
 - taking part in any riot or civil commotion; or
 - bodily injury related to committing or attempting to commit a criminal offence.

Restrictions

1. If you increase the amount of your coverage, then commit suicide within 2 years of the date of the increase, the Insurer will limit the amount they pay to Scotiabank. In this case, the Insurer will pay the life insurance benefit that would have been paid before the increase.
2. The total accidental dismemberment payment the Insurer will make for all losses resulting from any one accident will not exceed \$100,000.

Cancellation and End of Insurance

How to cancel this insurance

You may cancel your insurance coverage within 10 days of signing your Commercial Creditor Life Insurance Application or of the date the Insurer approves it, whichever is later. To do so, you must send a signed and dated letter to your branch. Scotiabank will credit to your account all premiums you have paid.

You may also cancel your insurance coverage at any time thereafter. The unused portion of your annual premium will be credited to your account. All you have to do is send a signed and dated cancellation request to your branch. Your insurance coverage will be cancelled on the **later of the following**:

- the date stated in your signed and dated cancellation request; **or**
- the date Scotiabank receives your signed and dated cancellation request.

End of the insurance coverage

Your life insurance coverage ends on the earliest of the following dates:

- the anniversary of the start of coverage that falls after your 69th birthday;
- the date you apply for a change in the amount of insurance coverage;
- the date you no longer have a commercial loan with Scotiabank that is eligible for Commercial Creditor Life Insurance;
- the date Scotiabank writes off your outstanding debt or liability as uncollectable;
- any anniversary of the start of coverage on which a premium that is due is unpaid;
- the date you cancel the insurance.

If you are insured on the date the group life insurance policy ends, your coverage will continue until your current one year term ends.

Premium refunds

If the insurance ends at any time other than an anniversary of the start of your coverage, Scotiabank will refund a portion of the premium you have paid. $1/12^{\text{th}}$ of the amount of your total premium will be refunded for each full month remaining in your current term after the date the insurance ends. In the case of a partial month, any period of 16 days or more will be counted as a whole month.

Example:

If you renewed your coverage on June 1, then cancelled it on April 7 of the following year, you will be refunded the portion of your premium for April and May. If your premium was \$600, the refund will be $2/12^{\text{ths}}$ of this amount, or \$100.

Proof of Loss or Claim

Submission of a claim

DEATH:

Your survivors can contact the Insurer at 1 800 387-2671. The Insurer will send them a claim form and an attending physician statement to be completed.

The attending physician statement is required for proof of death. Your survivors must arrange to have the form fully completed and sent to the Insurer. Your survivors are responsible for any fee that has to be paid to have the form completed.

A completed claim form and attending physician statement must be sent to the Insurer during the **year following your death**. After this one year period, the Insurer will consider a claim only if your survivors can show that there was a reasonable cause for delay.

ACCIDENTAL DISMEMBERMENT:

You or your branch simply asks the Insurer for a claim form. You must have the form fully completed and sent to the Insurer within **180 days** of the date of the loss. However, if the group life insurance policy ends, the Insurer must receive proof of the loss within **90 days** of the date the policy ends.

You will be responsible for any cost of having the claim form completed.

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

Insurer's reply

The Insurer will notify you or your survivors in writing of their decision to approve or deny your claim. The letter will be sent within **30 days** after the Insurer receives all of the information they need to make a decision.

The Insurer can deny the claim or reduce the benefit for Loss of Life Protection or Accidental Dismemberment Protection because of an exclusion, restriction or reduction described in this Commercial Creditor Life Insurance Distribution Guide. The Insurer will explain why they have denied the claim or reduced the benefit in their letter addressed to you or to your survivors.

The Insurer will be completely discharged by payment in accordance with an accounting provided by Scotiabank when a claim is approved.

Appeal of the Insurer's decision and recourses

You or your survivors may appeal the Insurer's decision if they deny your initial claim. The appeal must be in writing and sent to the Insurer at the address on the back cover of this Commercial Creditor Life Insurance Distribution Guide within **six months** of the date of their 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 the Insurer less than 60 days after the Insurer receives 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.

Protecting your personal information

The Canada Life Assurance Company (the Insurer) recognizes and respects the importance of privacy. When you apply for coverage, a confidential file is established that contains your personal information. This file is kept at the offices of the Insurer or the offices of an organization authorized by the Insurer. The Insurer may use service providers located within or outside Canada.

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

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

The Insurer will reply to you within 30 days if they receive a request for access or correction.

The Insurer limits access to personal information in your file to:

- their employees or persons authorized by them who require it to perform their duties;
- to persons to whom you have granted access, **and**
- any person authorized by law.

Your personal information may be subject to disclosure to those authorized under applicable law within or outside Canada.

The Insurer collects, uses and discloses the personal information to process your Commercial Creditor Life Insurance Application and, if the application is approved, provide and administer the financial product(s) applied for, investigate and process claims, and create and maintain records concerning your relationship with the Insurer.

Notes