



Equimax Participating Whole Life
Admin Rules and Guidelines Document
(November 29, 2010)

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Individual Life Product Development

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Equimax is a participating permanent life insurance product that provides coverage for the lifetime of the insured. The premiums, death benefit and cash values are guaranteed for the life of the policy.

Equimax policies may be credited with policyholder dividends annually; however dividends are not guaranteed and depend on market factors and dividend scale increases/decreases.

Base Plans

Plan Options

- Equimax Life Pay: Provides guaranteed level premiums for the life of the policy or to age 100 of the insured (or joint age 100)
- Equimax 20 Pay: Provides guaranteed level premiums payable for 20 years.
- **Note:** Any premiums for additional riders and benefits that extend beyond 20 years will continue to be payable.

Issue Ages

Single Life

- Juvenile: 0 – 15
- Adult: 16 – 75 (Life Pay)
- Adult: 16 – 70 (20 Pay)

Joint

- Joint plans are not available to juveniles
- Adult: 16 – 75 (Life Pay)
- Adult: 16 – 70 (20 Pay)

Equivalent Single Age (ESA)

- Applies to Joint First-to-Die and Joint Last-to-Die plans. The Equivalent Single Age is a blended age determined by taking the individual lives of the 2 insured persons and calculating a single age used for premiums rates and policy values.

Coverage Types

- Single Life (Juvenile and Adult)
- Joint First-to-Die (Adult only)
- Joint Last-to-Die, premiums payable to last death (Adult only)

Minimum and Maximum Face Amounts

- Basic Equimax: \$10,000 - \$10,000,000
- Equimax with Enhancement: \$11,000 - \$10,000,000
- Joint First-to-Die: \$50,000 - \$10,000,000
- Joint Last-to-Die: \$50,000 - \$10,000,000

Policy Fees

- \$50.00 annually or
- \$5.00 monthly

Premium Banding

- Band 1: \$10,000-\$24,999
- Band 2: \$25,000-\$49,999
- Band 3: \$50,000-\$99,999
- Band 4: \$100,000+

Risk Class

- Smoker
- Non-Smoker
- **Note:** To be considered a Non-Smoker, the insured person must not have used any cigarettes, pipe or chewing tobacco, smoking cessation products, tobacco surrogates, or marijuana within the prior 12 months. Up to one cigar/cigarillo is permitted per month, subject to a negative cotinine test level.

Age Nearest

- Equimax plans use an age nearest pricing approach.
- Age nearest refers to issue age of the client and is determined by the date of birth of the client and the issue date of the policy
 - If the issue date of the policy is closest to the clients last birthday, the age of the client will be recorded as the age at their last birthday
 - If the issue date of the policy is closest to the clients next birthday, the age of the client will be recorded as the age at their next birthday.

Dividends

- Equimax Life Pay and Equimax 20 Pay plans are participating policies and are eligible to receive dividends, payable on the policy anniversary date, based on company performance across all lines of business. While the dividend component of the policy is not guaranteed, it may provide additional death benefit and cash value amounts depending on the dividend option selected.

How Dividends are calculated

- When the Company performance exceeds the estimates used to calculate Equimax plan premiums and guaranteed cash values, a surplus results. Each year, the Board of Directors determines the amount of distributable earnings

to be paid to participating policyholders in the form of dividends, while ensuring that the remaining surplus is adequate to maintain the strength and viability of the company. Factors that determine how much is paid out to the participating policyholders include investment experience, mortality and claims experience, taxes and expenses.

Dividend Options:

Paid In Cash: Allows the client to receive dividends in cash annually. The income may be subject to taxation.

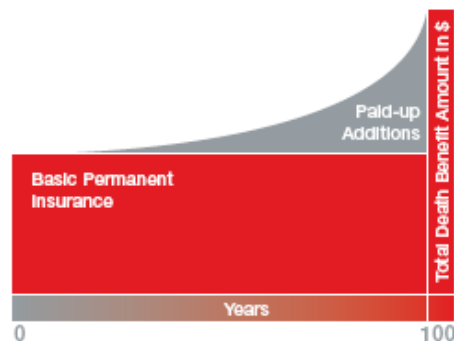
Premium Reduction: Allows dividends earned to be used to reduce policy premiums. Any excess over the amount of premium is paid in cash and may be subject to taxation.

On Deposit:

- Operates similar to a savings account.
- Dividends payable are automatically deposited with Equitable Life and earn a competitive interest rate, which is set at least annually with the dividend scale.
- Policyholders can make withdrawals anytime
- Interest earned may be subject to taxation
- On death, the accumulated dividends are paid, tax-free to the named beneficiary(ies), minus any unreported earnings between the policyholders's last tax filing and the date of death.

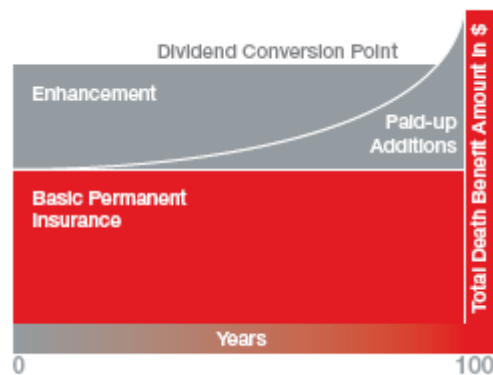
Paid Up Additions (PUAs):

- Dividends earned are used to purchase Paid-up Additions , which are added to the basic policy to create another "layer" of permanent participating whole life insurance, which is also eligible to earn dividends
- Dividends earned on PUAs combined with dividends earned on basic permanent coverage can result in substantial increases in both the death benefit and cash value over the life of the policy. Cash value of PUAs grows on a tax-deferred basis



Enhanced Protection:

- Equimax plans are offered as Enhanced plans at issue only. A change from a non-enhanced plan to an enhanced plan cannot be made once the policy is in force
- At the time of issue, the client can select a base insurance amount, which will have a premium associated with it. They will also be able to select an additional Enhanced amount of insurance that is less than the calculated maximum for that client. See maximum section below for more details on the calculation.
- The additional insurance is made up of One Year Term (OYT) insurance and Paid up Additional (PUA) insurance. At the time of issue, the full additional amount will be made up of OYT insurance. The OYT insurance cost is a yearly renewable term and is based on the issue age, gender, risk class, guarantee period selected and the amount of basic permanent insurance protection in the policy, and the duration of the base plan. OYT costs are adjusted annually as part of the dividend process.
- At each anniversary when dividends are allocated, a portion of the dividend pays for the OYT, and the remainder purchases PUA's. If dividends remain the same or increase, over time the OYT will gradually be replaced by the accumulating PUA's. If dividend experience is negative, the dividend may not be sufficient to cover the cost of the OYT, and existing Paid-up additional insurance may have to be surrendered to pay for the outstanding costs. Alternatively, the client may contribute extra premiums to pay for the OYT costs not covered by the dividends and keep the original insurance amount.
- Once all of the original OYT insurance has been replaced by PUAs, the Dividend Conversion Point is reached. Future dividends earned are used solely to purchase additional PUAs, which increase the amount of the death benefit.



Conversion

- The OYT portion of the Enhanced amount can be converted to any eligible permanent plan on an attained age basis, without evidence of insurability, up to and including age 65 of the insured.
- The OYT portion of the Enhancement is stored in Ingenium in order for the available conversion amount to be determined.
- There is no impact to the conversion eligibility if the Enhanced amount is guaranteed for life or for 10 years.
- If the full OYT portion of the Enhanced Protection is converted, the dividend option will be changed to Paid-up Additions on the original Equimax policy.
- If the client is on disability at the final conversion date, the OYT is not available for conversion.
- The new permanent policy will be set at attained age and current rates.
- The election of a death benefit amount on the new policy must not increase the insurance coverage amount. If a request for a death benefit amount exceeds the original coverage, the request will be subject to the consent of the Company and evidence may be required.
- The OYT insurance can be converted to a separate Equimax policy with no restrictions on the dividend option allowed, providing the benefit amount does not exceed the original death benefit amount.
- **Note:** For an Equimax policy with Enhanced Protection dividend option, the total of base coverage and the enhancement amount cannot exceed the original death benefit amount.

Enhanced Guarantee Periods

The client's selection of Enhanced Guarantee period determines the minimum Basic permanent insurance portion of the policy. Equitable Life will pay the original guaranteed amount on death, regardless of dividend experience, providing the policy is within the guaranteed period.

Guarantees remain in effect provided there are no withdrawals during the guarantee period and all required premiums are paid.

10 Year Guarantee

- Guarantees the enhanced insurance coverage for 10 years, even if dividends earned on the policy are not enough to cover the cost of the OYT insurance.
- This option has a smaller basic permanent insurance requirement, resulting in a lower premium.
- After the first 10 years, if dividends are not sufficient to purchase the required amount of OYT insurance, the policyholder may:
 - Make additional premium payments to maintain the same level of OYT insurance
 - Reduce the OYT insurance coverage to an amount that the current dividend will purchase

Lifetime Guarantee

- Guarantees the enhanced insurance coverage for life even if dividends earned on the policy are not enough to cover the cost of the OYT insurance.

Maximum Enhanced amount

The Enhanced insurance amount can vary from a minimum of \$1000.00 to the maximum Enhancement amount. The maximum enhancement amount will vary by:

- issue age
- risk class
- gender
- plan type
- guarantee period
- amount of Basic Permanent insurance in the policy

Although selecting the maximum Enhancement amount may be appealing, there are benefits to selecting a lower ratio of OYT Insurance to Basic Permanent Insurance, such as:

- building up PUA's more quickly, thereby accelerating the dividend conversion point
- increasing cash values within the policy
- accelerating the projected Premium Offset point (if this option is selected)

Excelsator Deposit Option

- The Excelsator Deposit Option allows a policyholder to contribute additional deposits into their Equimax policy. These additional deposits enhance policy values by purchasing additional Paid-up additions (PUA's) over and above the PUA's purchased by policy dividends.
- In order to contribute to the Excelsator Deposit Option, the dividend option for the policy must be either Paid-up Additions or Enhanced Protection.
- If the dividend option is Paid-up Additions, deposits made through the Excelsator Deposit option will purchase additional Paid-up additions and increase the death benefit and cash values of the policy.
- If the dividend option is Enhanced protection, deposits made through the Excelsator Deposit option will purchase Paid-up Additions and reduce the OYT portion of the Enhancement amount more quickly than without additional deposits. This can assist a policy in reaching the dividend Conversion point earlier and potentially increasing the death benefit and cash values.

Availability

- EDO will be available on Equimax Life pay plans for all issue ages, and Equimax 20 pay plans for adults only (16 – 70).
- Due to the limits required to ensure the policy remains tax exempt, EDO is not available on juvenile Equimax 20 pay plans at this time.

Minimums

Scheduled:

- \$100 annual payment
- \$10 monthly payment

Single:

- \$100 per payment

Maximums

At issue: Pre-set maximums will be set at issue and will vary by: Issue age, gender, risk class, premium paying period of the base policy, substandard ratings, and whether the payment is single or scheduled.

Post-Issue: Amounts for the Excelsior Deposit Option are based on the attributes at issue. If a change is requested to an existing EDO payment or an addition of EDO is requested, the maximum amount is based on what the amount would be at the issue date of policy.

- EDO payments will not be permitted if they cause the policy to become non-exempt.
- At issue, the illustration will determine the maximum EDO amount.
- If changes are made to the policy after issue, the maximum EDO amount allowed will be based on the attributes at issue.

Effective Date

- The effective date of the EDO payment will be the date that the payment is received. For a monthly deposit, this date will be the PAD draw date.

Premiums

- A premium load and monthly modal factor will apply, but no explicit tax load will apply.
- Monthly PUA purchases using EDO payments will be determined using a 0.09 modal factor.
- If policy premiums are outstanding, any EDO payments received will first pay the policy premiums and any excess applied to the EDO payment.
- If the base Equimax plan becomes paid-up (20 Pay plans), the EDO payments can continue on an annual or adhoc basis only.
 - The payments would automatically be stopped, however, the client can request to have them continued on an annual or adhoc basis. The annual/adhoc payments would be handled manually by the business area.

PUA Purchase

- PUA purchase rates for EDO will be the same as those used for buying PUA's with Dividends.
- EDO Deposits made mid-year will use an interpolated PUA purchase rate.
- PUA's purchased with EDO will increase the PUA death benefit and cash value amounts. Monthly EDO payments will increase these values each month. Single adhoc EDO payments will increase the values effective the payment date.

Death Benefit payable

- If the Dividend option selected is Enhanced protection, and the EDO payments are being made on a monthly basis, the OYT portion of the Enhancement amount will not be adjusted downward each month as PUA's are purchased. Therefore the total death benefit amount will be higher until the dividends are allotted at the policy anniversary and the OYT portion is re-adjusted.

Conversion

- If the EDO payments are being made on a monthly basis, and the conversion is requested off of the policy anniversary, the OYT portion will not have been adjusted by anniversary dividend processing as outlined above. The higher OYT portion will be available for conversion.

Scheduled Payments

- Scheduled payments can be made on a monthly or annual basis.
- If the deposits are received annually, the PUA purchase will be completed at the annual anniversary.
- If the deposits are received on a monthly basis, the PUA purchase will be completed at the time the payments are received.

Single Payments

- Single adhoc payments can be made at any time, subject to underwriting approval and will purchase PUA's at the time the payments are received.
- If a single adhoc payment is received within the first month after the anniversary, it will be treated similar to an annual payment
- If a single adhoc payment is received after the first month after the anniversary, it will be interpolated similar to a monthly payment, and a modal factor will apply.

Substandard Ratings

- EDO will now be available for insured person's that have a substandard multiple underwriting rating up to a maximum of 200%.
- EDO will not be available for those who have a flat extra rating applied, however if the flat extra rating is removed in the future, the insured can request at that time to add EDO, subject to underwriting approval.

Disability Claim in Effect

- When a waiver of premium claim is in effect, the client may continue to make EDO deposits on an annual basis only. We will not waive the EDO deposits.
- As the monthly billing mode is changed to 'waived' and no withdrawals can be taken, Equitable Life cannot accept EDO deposits on a monthly basis.
- If EDO payments are stopped while the policy is on waiver, EDO deposits cannot be restarted unless the policy is no longer on waiver.

Premium Offset

- If Premium Offset is selected by the client, the EDO deposits will stop.

Suicide

- If the life insured dies by suicide, while sane or insane, within 2 years after the latest EDO effective date, Equitable Life will be liable for the amount of the EDO payments received, less the cash value of any portion of the paid-up additional insurance that is surrendered during that two year period.

Termination

Under the following circumstances EDO payments will no longer be accepted:

- The date the client requests to have payments cancelled
- If a Dividend option change to other than PUA or Enhanced Protection is requested by the client.
- If Premium Offset is selected
- The date the Equimax base policy premiums are paid by automatic premium loan (APL)
- The policy is changed to Reduced Paid-Up insurance
- 2 years after the date payments have been stopped
- The date the insured person dies

Starting and Stopping EDO Payments

- The policyholder may elect to stop EDO payments at any time and may resume payments, without providing additional evidence of insurability, providing the request to restart payments is received within 24 months of the date that payments were stopped.
- If a request to restart payments is received after 24 months of not making payments, evidence of insurability that we require at the time must be provided.
- Any missed payments cannot be paid back without providing additional evidence of insurability that we require at that time.
- A written request must be submitted to restart payments.

Additions after Issue

- The policyholder may elect to add a new EDO payment within 12 months of the original policy date of the Equimax policy, without providing additional evidence of insurability.
- The amount they can contribute may be limited and will be subject to Head Office approval.
- If the request to add a new EDO payment is received after 12 months of the original policy date of the Equimax policy, evidence of insurability that we require at the time must be provided.
- Form 374 – Application for Policy Change or Amendment must be completed.
- **Note:** Any requests to add EDO to an existing inforce Equimax plan with a substandard risk class will not be accepted.

Increases to the EDO payment amount

- The policyholder may elect to increase an existing EDO payment within 12 months of the original policy date of the Equimax policy, without providing additional evidence of insurability. A written request must be submitted to increase EDO payments within the first 12 months.
- The amount they can contribute may be limited and will be subject to Head Office approval.
- If the request to increase an existing EDO payment is received after 12 months of the original policy date of the Equimax policy, evidence of insurability that we require at the time must be provided and Form 374 – Application for Policy Change or Amendment must be completed.

Decreases to the EDO payment amount

- A decrease in the EDO payment can be made at any time providing that the new decreased amount is still within plan minimums.

Substandard Lives

- A rated up Equivalent Single Age (ESA) will be used to apply a multiple substandard rating. This calculation will be handled in the illustration software.
- The rated up ESA for lives with a multiple substandard rating will be determined using a table. The table will have percentages starting at 150% and increasing by 25% intervals to a maximum of 500%.
- Single and Joint lives will have a rated up issue ESA.
- Premium rates, dividends, PUA costs, OYT costs, EDO limits, Guaranteed Cash Values and Reduced Paid-Up values will be based on the rated up age.
- Premiums for any Term Riders will be based on the age nearest, not the rated up age, and an applicable multiple or flat extra rating will apply.
- Accidental Death Benefit Riders and Waiver of Premium Riders are embedded coverages on the base Equimax coverage, therefore premiums for these riders will be based on the rated up age.
- If a Juvenile life is rated up to age 16 or greater, the rate look up will be done using the smoker table at the rated up ESA.
- Underwriting requirements will be based on the actual attained age of the insured.
- The rated up age will be used to calculate expiry dates, conversion dates etc. for the Equimax policy.

Flat Extra Ratings

- A flat extra is a temporary rating that can be applied for a number of reasons including travel, lifestyle and occupation etc.
- The flat extra rating will not impact the age of the insured as it is calculated as a dollar amount per thousand of coverage.

Taxation

- Equimax is a tax-exempt life insurance policy under the Income Tax Act (Canada). The cash value within the policy can grow, tax-sheltered, within limits at prescribed under the Income Tax Act (Canada). The taxation of a life insurance policy's dividends depends, in part, on how the dividends are used.
- Dividends paid to the policyholders (or otherwise accumulated outside of the policy) may generate a gain which is reported to the policyholder at the time the dividend is paid.

- Dividends that are accumulated within the policy will not result in a gain until disposition of the policy occurs, and may be paid out tax-free, to the policy's beneficiary(ies) in the event of the death of the life insured.

The following describes the taxation of the various dividend options:

Dividend Option	Taxation implications
Paid in Cash	• Policyholder takes the annual dividend as cash. • The income is reported as taxable dividend income on an annual basis.
Premium Reduction	• Policyholder uses the annual dividend to pay the premium. • There is no tax reported until the aggregate dividend paid exceeds the adjusted cost basis (ACB) of the policy. • Once the policy ACB becomes less than the dividend paid, all future dividends are taxable (on an annual basis) regardless of whether they are paid in cash or used to reduce the policy premium.
Paid-Up Additions	• Dividends are used to purchase Paid-Up Additions (PUAs). • The ACB of the policy is reduced by the amount of the dividend paid, but is then immediately increased by the same amount as the dividend is re-deposited to the policy in the form of a 'premium' for the PUAs. • No gain is reported to the policyholder until a taxable disposition of the policy occurs.
On Deposit	• Dividend payable is deposited with Equitable Life and earns a competitive interest rate. • Future dividends are taxed once the dividends exceed the ACB of the policy. Any interest earned on the accumulated dividend is reported to the policyholder annually.
Enhanced Protection	• The dividend paid is used to purchase a combination of One-Year Term Insurance (the Enhancement) and PUAs. • As with PUAs, the dividends are subtracted from, and then added to, the ACB of the policy. • There is no tax reportable until a taxable disposition of the policy occurs.

Cash Withdrawals

Paid-Up Additions

- Cash withdrawals are made by surrendering PUAs.
- The total cash value of the policy is reduced by the amount of the withdrawal.
- Upon the surrender of Paid-Up Additions, the income reportable is based (pro rata) on the cash value of the Paid-Up Additions surrendered in relation to the cash value of the policy as a whole (including Paid-Up Additions).

Example:

- If the PUA's surrendered represent 10% of the value of the policy, 10% of the ACB of the policy will be allocated to the surrendered PUA's, with the excess of the proceeds over the prorated ACB reported as income to the policyowner.
- The total death benefit is reduced by more than the amount withdrawn, because a multiplier effect in the PUA's translates one dollar of cash value into more than one dollar of death benefit.

Enhanced Protection

- Cash withdrawals are made by surrendering PUA's and receiving the cash value of the PUA's surrendered.
- The Enhanced amount will be reduced by the amount of the PUA's withdrawn.
- The total cash value of the policy is reduced by the amount of the withdrawal.
- Upon surrender of the Paid-up Additions, the income reportable is based (pro rata) on the cash value of the Paid-up Additions surrendered in relation to the cash value of the policy as a whole (including Paid-up Additions). See above for example.
- The OYT insurance portion of the Enhanced Protection will not change from the date of the withdrawal until the next anniversary. On the policy anniversary, and subsequent policy anniversary dates, the Enhanced amount will be based on the lower Enhanced amount.

Example:

- Original Equimax policy has a basic insurance amount of \$50,000.
- The Enhanced Protection amount equals \$50,000
- At the time of the surrender the Enhanced amount is comprised of \$19,875 PUAs and \$30,125 OYT.
- Client receives the cash value of the PUAs surrendered
- Enhanced Protection amount is reduced to \$30,125, and is comprised of all OYT insurance, until the next policy anniversary.
- On the next policy anniversary, the declared dividends will purchase as PUA insurance when combined with OYT insurance to equal \$30,125

(assuming there is sufficient dividends to do so and any guarantee has been cancelled)

- The Death benefit will be reduced by more than the amount withdrawn, because a multiplier effect in the PUA's translates one dollar of cash value into more than one dollar of death benefit.
- If a cash withdrawal is taken on a policy with the Enhanced Protection dividend option, any guarantee period (10 years or life) will be cancelled.

Paid In Cash

- No cash withdrawals available as all dividends are paid out as cash to the policyholder at the annual anniversary.

Premium Reduction

- No cash withdrawals are available as dividends are used to pay for the policy premiums on the annual anniversary. If the dividends payable exceed the policy premiums the excess will be paid in cash to the policyholder.

On Deposit

- The accumulated dividends in the deposit account can be accessed by the client as cash.

Policy Loans

- Once a policy has a guaranteed cash value, policyholders can borrow up to 100% of the total cash value of their Equimax policy, less any outstanding policy loans and one year's loan interest. Policy loans (other than Automatic Premium Loans) may be subject to taxation.

Non-Forfeiture Options

- The default non-forfeiture option is Automatic Premium Loan (APL). If premiums are not paid, and the policy has accumulated cash value, the outstanding premium will be automatically paid by taking out a policy loan.
- If a client requested to have their policy changed to Reduced Paid-up insurance, the request must be made in writing and the policy must be in force for a minimum of 5 years.
- After this time, if the premiums are not paid, the cash value will be used to pay for a reduced amount of insurance. No further premiums are required and the policy will remain in force for the life of the client.
- All benefits under the policy will end, except for the principle insurance death benefit. Guaranteed Reduced Paid-Up values are provided in the policy contract.

Guaranteed Cash Values

- Guaranteed Cash Values begin to accumulate on or after the 5th policy anniversary.
- Cash values can be used to support a cash policy loan and/or an automatic premium loan.
- The net cash value will be paid to the client upon surrender of the policy.
- Cash values vary by issue age, risk class, gender and payment period.
- Any changes to the issue age, risk class or gender will affect the Cash Values and an amendment is sent to the client with the new values.

Built In Benefits

Bereavement Counselling Benefit

- Upon the death of a life insured covered under the Equimax policy, and payment of the Death Benefit, we will provide a Bereavement Counselling Benefit of up to a total of \$500 towards the cost of counseling expenses to the Beneficiary(ies).
- The benefit amount is a total of \$500 regardless of the number of beneficiaries.
- The Beneficiary(ies) must submit receipts within 12 months of the date of death of the life insured
- The counselor must have professional accreditation or certification as determined appropriate by us at the time of receipt.

Survivor Benefit

- Joint First-to-Die Equimax plans issued after November 22, 2010 will have the Survivor Benefit automatically included.
- The Joint First-to-Die Equimax plan will end at the first death of the lives insured, and at that time the surviving life insured will have the option to purchase a new single life permanent plan for an amount up to a maximum of the total insurance amount in effect at the date of the first death. Premiums will be based on the attained age of the surviving insured.
- If, within 60 days of the first death of the lives insured, the surviving life insured dies, we will pay the beneficiary an additional death benefit amount equal to the insurance amount in effect at the date of the first death.

Living Benefit

- Advances the lesser of \$25,000 or 50% of the face amount of the policy in the event that the insured is suffering from a disease or injury, which is expected to cause death within 24 months.
- Diagnosis must be supported by a Doctors report/documentation.
- The policy must have been in force for a period of at least 24 months.
- No reinstatement can have taken place in the previous 24 months.
- If a disability waiver of premium provision exists, the premiums for the policy will be waived.
- Whether we release the funds is not dependent on who will be using the funds.
- The benefit is not taxable.
- If a preferred or irrevocable beneficiary or an assignee was indicated in the policy, it is necessary to have their authorization for the payout of the benefit.

Optional Riders and Benefits

Term Insurance

- 10 and 20 Year Renewable and Convertible Term insurance riders are available on Equimax Life pay and Equimax 20 Pay plans.
- Premiums are renewable at the end of each renewal period and are guaranteed at issue.
- The term attachment will automatically renew at each renewal period for the same renewal period. The only exception to this is the last renewal period, which may not be a full period due to the fact that the rider expires at age 85.

Issue Ages

- 10 YRCT: 18 – 75
- 20 YRCT: 18 – 65

Availability

- Single Life basis only
- At issue or added to an existing plan after issue
- Preferred underwriting available

Benefit amounts

- \$50,000 - \$10,000,000. Minimum for a Preferred Risk Class is \$250,000

Preferred Risk Classes

- **Class 1: Preferred Plus Non-Smoker:**
The life insured is a very healthy non-smoker (no smoking or cessation aids within the past 24 months) with an excellent family medical history
- **Class 2: Preferred Non-Smoker:**
The life insured is in good health, a non-smoker (no smoking or cessation aids within the past 12 months) with a good family medical history.
- **Class 3: Non-Smoker:**
The life insured is a healthy non-smoker (no smoking or cessation aids within the past 12 months. Up to one cigar/cigarillo per month is acceptable)
- **Class 4: Preferred Smoker:**
The life insured is in good health and smokes cigarettes or uses nicotine-based products. Evaluated with similar health criteria as Class 2 Preferred Non-Smoker.
- **Class 5: Smoker**
The life insured is healthy and smokes cigarettes or uses nicotine-based products.

Exchange Option

- A 10 year term rider can be exchanged to a 20 year term rider anytime after the first coverage anniversary up to the earliest of the 5th policy anniversary or the insured's 65th birthday. If they qualified for preferred rates on the 10 year term, they will carry that preferred class over to the new 20 year term upon exchange.

Conversion:

- At any time prior to the anniversary nearest the life insured's 71st birthday, and while the term insurance rider is still in force, the rider may be converted without evidence of insurability, to any permanent life insurance product issued by us at that time. If the permanent insurance has preferred risk classes, and the conversion is done within the first 10 years of coverage, the insured will maintain the preferred risk class on the converted plan.

Automatic Policy Exchange Provision

- If the Equimax policy terminates due to payment of the Death Benefit, and that policy included an Additional Life Term rider, we will automatically exchange the rider for a separate Term Life Insurance policy on the life insured under the rider. This provides a spouse or other life insured with uninterrupted coverage.
- The separate Term Life Insurance policy will have the same Death Benefit, Class of Risk, and status as the rider, without the requirement of Evidence of Insurability.

- The premiums for the new policy will be the same as the rider premiums, with the addition of a policy fee.
- Upon the automatic exchange of a Term Rider, any additional riders will not be included. If premiums were being waived under the Disability Waiver of Premium, the premiums will become due for the separate Term Life Insurance policy.
- The owner may terminate the separate Term Insurance policy by notifying us in writing.

For additional details regarding term insurance riders, please see the 'Preferred Term Insurance Riders – Admin Rules and Guidelines Document'.

Disability Waiver of Premium

- Premiums due are waived if the life insured becomes disabled by sickness or accident for an extended period.

Coverage

- Single Life coverage only
- The Disability Waiver of Premium is an embedded benefit on the base Equimax coverage. The premiums are shown separately on the contract pages and in Ingenium.
- Not available on Joint plans.
- Waiver benefits can be added after issue for ages 16 - 55

Issue Ages

- 16 - 55

Waiting period

- Insured must be disabled for a minimum of 6 months prior to a claim for disability being approved.

Duration

- If a claim for disability is approved, we will pay the policy premiums for as long as the disability lasts.
- If the life insured is not disabled, the benefit will terminate at the anniversary nearest their 60th birthday.

Premiums

- Level and guaranteed at issue. Premium payments are retroactive to the first day of disability, up to one year before the life insured notifies us of the disability.

Applicant's Death and Disability Waiver of Premium

- Premiums payable are waived, for as long as the disability lasts, if the applicant becomes disabled by sickness or accident for an extended period, or dies before the earlier of the child's attained age 21 and the applicant's age 60.

Coverage

- Available on single life juvenile policy
- Can be added after issue for issue ages 16 – 55.

Waiting period

- Insured must be disabled for a minimum of 6 months prior to a claim for disability being approved.

Issue Ages

- 16 - 55

Duration

- If a claim for disability is approved, we will pay the policy premiums for as long as the disability lasts until the earlier of the policy anniversary nearest the child's attained age 21 or the applicants age 60.
- If the applicant dies prior to the child attaining age 21 and the applicant's age 60, we will pay the premiums until the child attains age 21.
- At the life insured's age 21, Applicant's Disability Waiver of Premium automatically switches to Insured Child Waiver of Premium.

Premiums

- Level and guaranteed at issue. Premium payments are retroactive to the first day of disability, up to one year before the life insured notifies us of the disability.

Insured Child Waiver of Premium

- Automatically included benefit on all juvenile Equimax Life pay policies, unless there is an underwriting reason to decline the waiver.
- There is no charge for the waiver until the child reaches attained age 21, at which time the waiver becomes effective.
- If the child is disabled at that time or at any time thereafter, the premiums will be waived in the same manner as the Disability Waiver of Premium benefit described above.
- Available for Issue ages 0 - 15
- **Note:** The Insured Child Waiver of Premium benefit is not available on Equimax 20 Pay plans.

Additional Accidental Death

- In the event of death by accident where the death occurs within 90 days of the injury, this benefit provides for the payment of an additional death benefit equal to the original amount of insurance, subject to a maximum of \$500,000.
- Available for issue ages 16 – 60
- Not available on Joint plans

Guaranteed Insurability

- This option guarantees the insured's right to buy additional insurance coverage at specified dates in the future, without providing further evidence of continued insurability.
- The new coverage will be issued at attained age and rates.
- If the Equimax policy contains a Disability Waiver of Premium provision, the new policy will also contain such a provision. If the new policy is not Whole Life or Term, evidence of insurability will be required to carry over the Disability waiver of premium.

Availability

- Not available on Joint plans or rated plans.

Issue Ages

- 17 – 38

Option Dates

Ages of Life Insured at Issue	Option Ages
17 – 20	22,25,28,31,34,37,40
21 – 24	25,28,31,34,37,40
25 – 27	28,31,34,37,40
28 – 30	31,34,37,40
31 – 33	34,37,40
34 – 36	37,40
37 – 38	40

Minimums and Maximums

- Minimum: \$25,000
- Maximum:
 - Issue ages 17 – 33: \$50,000
 - Issue ages 34 – 36: \$60,000
 - Issue ages 37 – 38: \$75,000
 - **Note:** If the dividend option selected is other than Enhanced Protection, and the base Equimax face amount is less than \$25,000, the maximum Guaranteed Insurability amount will be limited to \$25,000.

Flexible Guaranteed Insurability

- Available on juvenile policies, guaranteeing the right to purchase, without evidence of insurability, additional insurance at specified dates in the future.

Availability

- Not available on rated plans.
- Up to 5 options can be added.

Premiums

- Each option is treated separately and has its own premium charge.
- The premium charge terminates at the time the option is exercised.

Option Dates

- The first option date must be at age 18
- The remaining option dates can be taken at any time between ages 25 and 45 inclusive. The dates are set at issue and cannot be changed at a later date.
- There must be a minimum of 2 years between the option dates selected.

Issue Ages

- 0 – 15

Minimums and Maximums

- Minimum: each individual option has a minimum of \$25,000
- Maximum: each individual option has a maximum of \$250,000, however the total of all FGIO options under one individual life cannot exceed \$500,000.

Children's Protection Rider

- Provides insurance coverage for all children of the insured under one rider.
- Children born or adopted after the policy is issued are automatically included after 15 days as long as they are a standard risk.
- Children will have the option to purchase their own policies between ages 21 and 25 for up to 5 times the original face amount of the CPR rider, without evidence of insurability.
- The rider expires on the anniversary nearest the child's 25th birthday.

Issue Ages

- Parents: 16 – 55
- Children: 15 days – 18 years

Minimums and Maximums

- Minimum: \$10,000
- Maximum: \$30,000

Premiums

- Premiums are payable for 20 years.

Plan Changes

Increases

- If a client submits a request to increase the insurance coverage on an Equimax policy, the acceptance of the request will be subject to full underwriting.
- A new policy would be issued at attained age and current rates and the policy fee would be waived.
- If the request is received in the first policy year, Form 347 – Application for Policy Change or Amendment and a signed illustration are required.
- If the request is received after the first policy year, Form 350 – Application for Life And/Or Critical Illness Insurance and a signed illustration are required.

Decreases

- To decrease the death benefit amount, Form 374 – Application for Policy Change or Amendment is required. The new requested death benefit amount must remain within plan minimums.

Additions

The following optional riders/benefits can be added after issue:

- Term Insurance riders – Form 374 – Application for Policy Change or Amendment is required.
- Disability Waiver of Premium – Form 374 – Application for Policy Change or Amendment is required.
- Accidental Death Benefit – Form 374 – Application for Policy Change or Amendment is required.
- Children's Protection Rider – Form 381 – Application for Children's Protection Rider is required.

Smoker status changes

Adult

- If a client was originally determined to be a smoker, they can request, by submitting the appropriate evidence, to have the status changed to non-smoker.
- The client must not have used any cigarettes, pipe or chewing tobacco, smoking cessation products, tobacco surrogates, or marijuana within the prior 12 months. Up to one cigar/cigarillo is permitted per month, subject to a negative cotinine level.
- To request the change, Form 374 – Application for Policy Change or Amendment is required.
- The rate used to determine the premium, would be based on the rate applicable to the original issue age.
- The premium would decrease effective the date of the change.

Juvenile

- The juvenile rates are set up as aggregate at the time of issue.
- The PUA purchase rates, dividend rates and Guaranteed CSV rates are set up as aggregate rates and are not dependent on the smoking status of the insured.
- A smoking declaration is sent to the policyholder on the anniversary nearest the insured's 16th birthday.
- If the smoking declaration is returned, the risk class will be changed to non-smoker, however premiums will not change from what was indicated in the original policy.
- The insured has 90 days to return the smoking declaration form.
- If the juvenile is rated, the rated up ESA age will be used. This could cause the rates to be issued as that of an adult if the ESA age is greater than 16. The smoker declaration would be sent to the insured, on their real age 16, and if returned the premium would change to that of a non-smoker based on the rated up age at issue.

Example:

- Juvenile age 10, with a rating of 200% so that the ESA is age 18.
- At issue, the premium would be calculated using the smoker table at age 18.
- At age nearest 16, the non-smoker declaration is returned, and the premiums would be recalculated using the non-smoker table at age 18, duration 7.

Removal of a Rating

- If an Equimax plan has a rating added at issue, and the client then requests later to have the rating removed, the request will be evaluated by underwriting.
- If underwriting approves to have the rating removed, the Equivalent Single Age of the insured, on a single life or joint life plan will change.
- If the dividend option is Enhanced Protection, the available amount of Enhancement may increase.
- The availability of EDO for an Equimax 20 Pay plan, would be limited to the real age of the insured. For example, if a juvenile insured has a real age of 14, and a rating is applied that changes the rated up age to be 18, EDO will not be available.

Note: If a request is received on a rated 20 Pay policy, the admin team will have to verify that the real age of the insured is not considered a juvenile.

Reinstatement

Within 2 years of lapsing

- If a client requests to have the Equimax policy reinstated within 2 years of the lapse date, they must submit evidence as required by us, and payment of all outstanding premiums from the date of lapse.
- The effective date of the reinstatement will be the date the policy lapsed.

After 2 years of lapsing

- If a client requests to have the Equimax policy reinstated after 2 years of the lapse date, a new separate Equimax policy will be issued.
- The request will be subject to full underwriting.
- The effective date of the reinstatement will be the date that these requirements are met.

Termination

- A client may request to have the Equimax policy cancelled at any time by providing written notice to us.
- Once we receive the written notice, the premiums for the Equimax policy will no longer be charged and the death benefit and all other benefits associated with the plan will end.
- The effective date of the termination will be the last monthiversary prior to the request.

Dividend Option Changes

- A request for a change in the dividend option will require Form 558 – Request for Withdrawal of Dividends, Change in Option, or Premium Offset
- A change of dividend option will be allowed to any dividend option offered at that time, except for Enhanced Protection.
- Changing a dividend option from Enhanced Protection or PUA's to any other dividend option may affect the ability to remain on Premium offset if elected by the policyholder.

Premium Offset

Premium Offset is a marketing concept where the policy owner can use the following to cover the cost of all future required premiums for the policy:

- the current policy values from the permanent insurance portion of the policy, and
- projected future dividends (based on current dividend scale)

Availability

A policy owner may elect to place an Equimax policy on Premium Offset, subject to the following conditions:

- The dividend option is either PUA, Enhanced Protection or Dividends on Deposit; and
- The policy has reached its' Premium Offset Point; and
- There is no outstanding policy loan on the policy on the date the policy is approved for Premium Offset.

The **Premium Offset Point (Cross-over point on illustration)** for an Equimax policy is reached when the current and projected policy values (excluding any Guaranteed Cash Values) are adequate to pay all subsequent Annual Policy Premiums while maintaining any Enhanced Protection coverage on the policy. The projected policy values will be calculated using the then current Dividend rates.

Dividend rates are not guaranteed and therefore,

- the date on which the policy will reach the Premium Offset Point is not guaranteed, and
 - reaching the Premium Offset Point does not guarantee that a policy can remain on Premium Offset for its lifetime.

Requesting Premium Offset

- The policy owner may request that an Equimax policy go on Premium Offset at any policy anniversary on or after the date the policy reaches its Premium Offset Point.
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- In order to place a policy on Premium Offset, the following must be received at Equitable Life's Head Office no later than 30 days before the policy anniversary on which Premium Offset is to begin:
 - the Request for Premium Offset form #558
 - an in-force illustration showing that the policy has reached its Premium Offset Point, and
 - a Premium sufficient to:
 - pay off any outstanding policy loan, and/or
 - change the Premium frequency of the policy to annual if the Premium frequency of the policy is non-annual.

Premium Offset will take effect on the policy anniversary that coincides with or immediately follows the date the Premium Offset request is approved.

How Premium Offset operates

On each policy anniversary that an Equimax policy is on Premium Offset, a Premium Offset sufficiency test will be performed to ensure that there is adequate policy value to pay the Annual Policy premiums due on that anniversary.

A policy will pass the Premium Offset sufficiency test if the sum of the PUA and EDO cash values is greater than or equal to:

- the Annual Premiums due on that policy anniversary, plus
 - the sum of the OYT costs in effect on the policy calculated using a OYT amount equal to the Enhanced Protection Amount.
- If the test is passed, the Annual Premiums will be paid using policy values. See the *Paying the Annual Premiums when on Premium Offset* section for further details.
 - If the test is failed, the policy will no longer qualify for Premium Offset and the policy owner will be required to pay the Annual Premiums. This will be communicated to the policy owner on a revised policy statement. The statement is manually produced after the policy anniversary when the sufficiency test is done and included on a report and reviewed by the a designated person in the Policy Administration department.
 - As the Modal Premiums will not have been paid on its due date, the policy will enter the Grace Period.

Premium Offset Policy - Projections

- Despite passing the sufficiency test, inforce policy projections will be automatically generated for all policies on Premium Offset at the end of each month following anniversary processing to determine if the policy values will allow the policy to remain on Premium offset for the life of the policy while keeping enhanced coverage intact.

If an inforce projection determines that a policy will no longer be able to remain on offset for the life of the policy given the current dividend scale:

- A notice will be sent to the policyholder with their inforce policy projection making them aware of this and outlining their options.
- A copy of the notice will be sent to the advisor as well.

Paying the Annual Premiums when on Premium Offset

The Modal Premiums will be paid by using the following policy values, in the order specified below:

- unapplied Premiums; then
- the cash value of Excelerator Deposit Option Insurance (EDO) then
- the cash value of Paid-up Additions (PUA).

In order to release the necessary cash value from an EDO or PUA coverage, the amount of insurance will be decreased by the amount required to generate the needed cash value.

If the Dividend Option for an insurance coverage is Enhanced Protection, the following will apply:

- The PUA and EDO cash value available to pay the Modal Premiums will be reduced by the amount required to purchase any additional One Year Term Insurance (OYT) needed to support the Enhanced Protection.
- The split between the Enhanced Protection components (OYT, EDO and PUA) will be re-calculated.
- Using the cash value from PUAs to pay a Modal Premiums will result in the cancellation of any Enhanced Protection Guarantee in effect for its associated insurance coverage.

Resuming out-of-pocket Premiums

- The policy owner may request that an Equimax policy be removed from Premium Offset at any time. Normal Premiums will resume on the next policy anniversary.
- If the policy owner wishes to go back onto Premium Offset at a later date, the normal rules for requesting Premium Offset will apply.

Resuming EDO Premiums

- EDO Premiums may resume when normal Premiums resume, subject to providing evidence of insurability.

Premium Offset and other policy features

Excelsior Deposit Option (EDO)

- EDO premiums may not be made while the policy is on Premium Offset.

Policy Loans

- Policy loans will not be allowed if the policy is on Premium Offset.

Disability Waiver of Premium

- If a policy is on Premium Offset on the date we approve a disability waiver of premium claim under a Disability Waiver of Premium Rider, we will take the policy off Premium Offset before putting the policy on waiver.
- Any unused premiums as of the effective date of the start of disability will be refunded.
- If the policy comes off of disability waiver (i.e.) The insured person is no longer sick and has returned to work, the Policy Administration department would require the person to reapply for Premium Offset again.

Cash withdrawals

- Cash withdrawals are allowed. However, the policyowner should be advised upon request for the cash withdrawal that reduced policy values may cause the policy to fail the premium offset sufficiency test on the following anniversary. There is a disclaimer on the dividend withdrawal form #558.

Addition of Riders

- The addition of riders to the policy would require the policy to be taken off of premium offset. If after the addition of the rider the policy was still eligible to go on Premium Offset again, it could be returned to offset.
- If after the addition of the rider the policy values were deemed to be not able to sustain the policy on Premium Offset for life, the policy would not immediately return to Premium Offset.

Commissions while the policy is on premium offset

- Normal Premium commissions are payable when premiums are paid by Premium Offset.