

# CERTIFICATE OF INSURANCE SPECIMEN

## Loan Insurance for Investment Funds

Group Insurance contract 70011

Group Life and Disability Insurance

**Insurer:**



Industrial Alliance Insurance  
and Financial Services Inc.  
PO Box 790, Station B  
Montreal, QC H3B 3K6  
Phone: 1-800-361-6002  
Fax: 1-514-499-3773

**Holder:**

Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
City: \_\_\_\_\_  
Phone: \_\_\_\_\_

**Administrator:**

Valeo Plus Group Inc.  
Phone: 1-844-893-7376  
Email: [pret@valeo.plus](mailto:pret@valeo.plus)

For the purposes of this certificate, the masculine form includes the feminine unless a different meaning is required from the context. In addition, the singular shall include the plural where required

### 1. Definition

Unless otherwise indicated, terms used herein retain their usual meaning.

However, the terms in **bold and italic** in this document have the following meaning:

**Participant:** any **Debtor** who has completed the "Application for Loan Insurance for Investment Funds" form and who has received a certificate of insurance.

**Borrower:** the natural or legal person to whom the **Holder** has granted a **Loan** and who is the first endorser of the **Loan**.

**Co-Borrower:** the natural person who has taken out a **Loan** jointly with the **Borrower** from the **Holder**. There cannot be more than 4 **Co-Borrowers**.

**Conventional Loan:** **Loan** with a steadily declining balance due to repayment of capital and interests over a period of up to 15 years. For this type of **Loan**, the **Loan Amortization Period**, i.e. the period used to calculate the **Monthly Payments**, may be greater than or equal to the total period of the **Loan**. When the **Loan Amortization Period** is greater than the **Loan Term**, a **Remaining Balance** is created and must normally be repaid on the **Loan's Due Date**.

**Debtor:** each person eligible for insurance in accordance with the insurance policy.

**Disability:** the state of incapacity which prevents a **Participant** from performing any and all of the usual tasks of his job during the **Waiting Period** and for the first 24 months following the **Waiting Period**. If the state of incapacity persists for more than 24 months following the **Waiting Period**, this state of incapacity must prevent the **Participant** from performing any **Gainful Work**

for which his training, education and experience have adequately prepared him.

For any **Participant** who was unemployed at the onset of the **Disability**, the state of incapacity is that which prevents him from performing each of the normal activities of a reasonable person of the same age.

The **Disability** must be diagnosed by a physician, result from an illness or accident and require ongoing medical care.

**Disbursement:** action by which the **Holder** pays the **Debtor** the funds constituting the **Loan**.

**Due Date:** the date on which the **Loan Balance** becomes due.

**Gainful Work:** any occupation for which remuneration is considered employment income for tax purposes.

**Guarantor:** the natural person who commits himself to pay the full balance of the **Loan** if the **Borrower** or **Co-Borrower** is no longer able to repay it.

**Loan:** refers to a **Conventional Loan** or a **Moratorium Loan** granted by the **Holder**.

**Loan Amortization Period:** the period initially set to repay the **Loan's** capital and interests. Normally, the amortization period is equal to the **Loan Term**. However, for some **Conventional Loans**, the amortization period may be longer than the **Loan Term**, which means that at the **Loan's Due Date** (end of the **Loan Term**), the **Loan** will not have been fully repaid and a **Remaining Balance** will be created.

For a **Loan** with a maturity equal to the **Loan Period**, the end of the **Loan Amortization Period** corresponds to the end of the **Loan Period**.

For a **Loan** with one or more term **Renewals**, the end of the **Loan Amortization Period** corresponds to the end of the last term initially scheduled.

**Loan Balance:** the outstanding principal balance of the **Loan** granted by the **Holder**. The **Loan Balance** is calculated on the

basis that all payments due, as of the date the **Loan Balance** is assessed, have been made.

**Loan Period / Loan Term:** the period during which the interest rate on the **Loan** is guaranteed by the **Holder**.

**Monthly Payment:** the amount of money paid each month to repay the capital and/or interest of the insured **Loan**. Under no circumstances do **Monthly Payments** include capital and interests in arrears at a given maturity date or the date on which the **Holder** demands repayment of an insured **Loan**.

Under no circumstances do the **Monthly Payments** include outstanding capital and interests at a given maturity date.

**Moratorium Loan:** **Loan** that has a **Standstill Period** on capital repayment. During the **Standstill Period**, only interest is repaid by the **Borrower** and the **Loan Balance** is equal to the original amount of the **Loan** throughout this period. At the end of the **Standstill Period**, the **Loan Balance** decreases steadily due to the repayment of capital and interests. **Monthly Payments** are then based on the remaining **Loan Term**.

For a **Moratorium Loan** for which the **Standstill Period** is equal to the total **Loan Term**, the initial amount of the **Loan** must be fully repaid at the end of the **Standstill Period**. The total **Loan Term** (including the **Standstill Period**) must not exceed 15 years.

In addition, for a **Moratorium Loan** whose **Standstill Period** is less than the total **Loan Term**, the duration ratio of the **Standstill Period** over the total **Loan Term** must be equal to or less than 40%.

**Recurrence of Disability:** Any **Disability** that:

- Occurs within 31 days following the end of a period of **Disability** covered by this insurance policy; and
- Has the same cause as this last covered **Disability** period; and
- Persists for a period of at least 7 consecutive days

is considered a recurrence and therefore an extension of this covered **Disability** period. Any **Disability** that does not meet these conditions is not a recurrence and consequently, the **Waiting Period** applies.

**Remaining Balance:** **Loan Balance** at the **Loan** maturity date when the **Loan Amortization Period** is greater than the **Loan Period**.

**Renewal:** refers to the situation where the **Loan** covered by the insurance policy is subject to a change in its duration (term) or interest rate. Increasing the **Loan Balance** or changing the **Loan Amortization Period** does not constitute a **Renewal**.

**Standstill Period:** period during which only the interest on the **Loan** is repaid by the **Debtor**. Therefore, the **Loan Balance** is equal to the original amount of the **Loan** throughout the **Standstill Period**.

**Waiting Period:** a continuous period of 30 days of **Disability** during which no benefits are payable.

## 2. Insurance Eligibility Criteria

### 2.1. Person Eligible for Coverage

In the event of a **Loan** granted to a natural person, each of the following individuals is eligible for coverage: the **Borrower**, the **Co-Borrower** and the **Guarantor**.

In the event of a **Loan** granted to a legal person, each of the following individuals is eligible for coverage:

- The shareholder holding more than 10% of the shares; and;
- The following senior managers: the President, the Executive Vice-President, Deputy Chairman and General Manager, the Vice-President, Assistant Vice-President or Director (or any function equivalent to any of these).

### 2.2. Eligibility Requirements

Any person eligible for coverage must, at the time of application, meet the following requirements:

For the Life Insurance:

- Be at least 18 years of age but not more than 64 years of age, inclusively.

For the Disability Insurance:

- Be at least 18 years of age but not more than 59 years of age, inclusively; and
- Perform at least 20 hours of **Gainful Work** per week or be able to perform at least 20 hours of **Gainful Work** per week.

Notwithstanding the foregoing, the **Debtor** may not enrol for Disability Insurance if it acts as **Guarantor** under the **Loan**.

Notwithstanding the foregoing, for a **Moratorium Loan** whose **Standstill Period** is less than the total **Loan Term**, no Disability Insurance may be purchased if the ratio of the length of the **Standstill Period** over the total **Loan Term** is greater than 40%. For example, for a **Moratorium Loan** with a total term of 10 years, no Disability Insurance is available if the **Standstill Period** is longer than 4 years.

## 3. Enrolment and Effective Date of Insurance

Enrolment in the insurance is optional. It is possible to enrol in Life Insurance only, Disability Insurance only or to enrol in both Life and Disability Insurance.

Enrolment in the insurance is only possible before or within 60 days following the **Disbursement** or **Renewal** of the **Loan** by the **Holder**.

The application for Insurance must be made using the application form provided for this purpose. As indicated in section 4 of this form, the **Insurer** may need to review the application, based on the value of the insurance coverage requested and the answers provided in subsections 4.1 and 4.2 of this form.

Insurance coverage begins:

- If an analysis by the **Insurer** is required under section 4 of the insurance application form: on the latest of the date on which the **Insurer** accepts the application for insurance or the date the **Holder** disburses the **Loan**;
- If no analysis by the **Insurer** is required under section 4 of the application form: on the latest of the date on which the

application form is signed or the date the **Loan** is disbursed by the **Holder**.

If the eligibility criteria are not met or if the application for insurance is refused by the **Insurer** at the end of his analysis, no insurance will be granted and any premium paid will be refunded.

#### 4. Premium

The amount of the premium payable to the **Insurer** is shown on the premium calculation sheet attached to the application for insurance. It depends on the following:

- The proportion of insurance chosen;
- The duration of the **Loan**;
- The age of the **Participant** at the date of enrolment;
- The **Loan Amortization Period**;
- The duration of the **Standstill** and post-standstill **Periods** remaining on the **Moratorium Loan**;
- The amount of the **Loan** on the date of enrolment in the case of Life Insurance; and
- The **Monthly Loan Payment** on the enrolment date for Disability Insurance.

Premium payment options are indicated on the insurance premium calculation sheet attached to the application for insurance form.

#### 5. Termination of Insurance

The **Participant** may cancel the insurance at no cost and without penalty by sending a request to the **Holder** within 20 days of receiving the insurance certificate. The **Insurer** will then refund any premium received.

A **Participant's** insurance automatically terminates on the earliest of the following dates:

- 1) The date on which the **Loan** is repaid in full, regardless of the reason;
- 2) The **Due Date** of the **Loan**;
- 3) The date on which the **Loan** is refinanced or increased;
- 4) 180 months following the effective date of this insurance;
- 5) For Life Insurance, the last day of the month in which the **Participant** turns 70 years of age;
- 6) For Disability Insurance, the last day of the month in which the **Participant** turns 65 years of age;
- 7) The date on which the **Holder** is notified in writing by the **Participant** regarding the termination of the insurance;
- 8) The date on which the **Participant** is no longer a person eligible for insurance;
- 9) The date on which the **Loan** is assumed by another creditor, or on which the **Loan** (or a portion of the **Loan**) is assumed by another **Borrower** not insured under this **Loan**;
- 10) The death of the **Participant**;
- 11) Upon the termination of the group insurance policy 70011.

When the insurance is terminated, any unutilised premium is refunded or credited at the request of the **Participant**, less any benefits paid.

The unutilised premium is determined in accordance with the formula set out in group insurance policy 70011.

Administration fees may be applicable, these are established in accordance with the conditions listed in the group insurance policy 70011.

#### 6. Maximum Capital and Maximum Benefit

The maximum capital amount payable under the Life Insurance coverage is \$500,000 for all **Loans** granted to the same **Participant** and covered by group insurance policy 70011.

The maximum monthly benefit payable under the Disability Insurance coverage is \$4,000 per month for all **Loans** covered by the insurance policy. The maximum number of monthly benefits per **Participant** is limited to 60 for the same **Loan**.

If, on the effective date of Insurance, the **Participant's** debts exceed \$500,000, the **Loan Balance** that will be used to calculate the benefit payable under the Life Insurance coverage will correspond:

- The **Loan Balance** related to the total debt multiplied by the ratio of the maximum capital amount offered under this contract, then divided by the total debt on the effective date.

#### 7. Life Insurance Coverage

When a **Participant** covered by this benefit dies, the **Insurer** undertakes to pay the **Holder** the benefit payable under the Life Insurance coverage, subject to the terms and conditions set out in this certificate and in the insurance policy.

##### 7.1 Insurance Proportion Options

Three insurance proportion options are available during the enrolment:

- Option 1: All **Participants** are covered for 100% of the **Loan Balance**;
- Option 2: All **Participants** are covered for a proportion of the **Loan Balance** equal to 100% divided by the number of **Participants**; or
- Option 3: All **Participants** are covered for a percentage of the **Loan Balance** between 25% and 100%.

##### 7.2 Benefits Payable Under the Life Insurance Coverage

Subject to section 6. *Maximum Capital and Maximum Benefit* and the insurance proportion option chosen, the following benefits will be paid:

- The insured proportion of the **Loan Balance** immediately prior to death; and
- The insured proportion of the single insurance premium if it has been added to the **Loan**.

Accrued interests between the date of death and the date of the settlement are added to the death benefit, subject to the provisions of the insurance policy. The rate used to calculate the accrued interest, if applicable, is the rate initially set out in the **Loan**.

##### 7.3 Joint Coverage

Two to five **Debtors** may be insured for the same **Loan**. If this is the case, the sum of all Life Insurance benefits payable by the **Insurer** for a same **Loan** may not exceed:

- The **Loan Balance**; or
- The maximum amount stated in section 6. *Maximum Capital and Maximum Benefit*.

#### 7.4 Exclusions

No benefit is payable for a death resulting directly or indirectly from any of the following causes:

- War or any act of war, piracy or terrorism, declared or not, regardless of whether or not the **Participant** has participated in it;
- Any active participation in a public commotion, riot or insurrection;
- Injuries sustained while the **Participant** is committing, attempting to commit, or preparing to commit an offence under the Criminal Code;
- Self-inflicted injury, regardless of the **Participant's** psychological state, and regardless of any illness or impairment; or
- An act of suicide, if it occurs within the 2-year period of uninterrupted insurance following the effective date of insurance. Any change to the insurance that increases the amount of insurance is, with respect to the additional amount, subject to the exclusion clause initially stipulated for a period of 2 years of uninterrupted insurance starting on the effective date of the increase.

### 8. Disability Insurance Coverage

When a **Participant** covered by this benefit becomes totally disabled, in accordance with the definition of **Disability** in section 1. *Definition*, the **Insurer** undertakes to pay the **Holder** the benefit payable under the Disability Insurance coverage, subject to the terms and conditions set out in this Certificate and in the insurance Policy.

#### 8.1. Insurance Proportion Options

Two insurance proportion options are available during the enrolment:

- Option 1: All **Participants** are covered for 100% of the **Monthly Payment**; or
- Option 2: All **Participants** are covered for a proportion of the **Monthly Payment** equal to 100% divided by the number of **Participants**.

#### 8.2. Benefits Payable Under the Disability Insurance Coverage

Subject to section 6. *Maximum Capital and Maximum Benefit*, the insurance proportion option chosen, and upon presentation of proof of **Disability** to the satisfaction of the **Insurer** after the **Waiting Period**, the following benefits will be paid:

- The insured proportion of the **Monthly Payments** initially scheduled for the **Loan** as indicated on the insurance premium calculation sheet attached to the application for insurance. During any **Standstill Period**, the **Monthly Payments** include the payment of interest only; and
- The insured proportion of the portion of the payment related to this premium if the single insurance premium is added to the **Loan**.

Accrued interests between the date the payment becomes due and the settlement date are added to the benefits payable. The

rate used to calculate the accrued interest, if applicable, is the rate initially set out in the **Loan**.

The benefit amount for a fraction of a month is calculated on the basis that one day is 1/30 of the monthly benefit and a full month is 30/30.

Any period of **Disability** that occurs after a period of **Disability** has ended and that does not constitute a **Recurrence of Disability** is subject to the **Waiting Period**.

#### 8.3. Joint Coverage

Two to five **Debtors** may be insured for the same **Loan**. If this is the case, the monthly benefit amount payable for a same **Loan** may not exceed the full amount of the **Monthly Payment** initially planned for the **Loan** as indicated on the insurance premium calculation sheet attached to the application for insurance, nor exceed the limits set out in section 6. *Maximum Capital and Maximum Benefit*.

#### 8.4. Proof of Disability

The **Insurer** may at any time request that the **Participant**:

- Provide satisfactory evidence of **Disability** and its continuation; and
- Be examined by a physician or specialist designated by the **Insurer**.

The **Participant** who refuses to comply with any of these requirements is not considered to be disabled by the **Insurer**.

#### 8.5. Termination of benefits

Benefits shall automatically terminate upon the earliest of the following events:

- 1) The date on which 60 **Monthly Payments** have been paid by the **Insurer** to the same **Participant** for the same **Loan**;
- 2) The date of the **Participant's** return to full-time **Gainful Work**, or in the case of a part-time employee, the date of his return to employment with a number of hours of work per week equivalent to his previous employment;
- 3) The date on which the **Participant** fails to submit the supporting documents requested by the **Insurer**, to submit to a medical examination requested by the **Insurer** or to undergo a functional capacity evaluation requested by the **Insurer**;
- 4) The date on which the **Participant** ceases to be disabled;
- 5) The date on which the insurance terminates in accordance with section 5. *Termination of Insurance*.

#### 8.6. Exclusions

No benefit is payable if the **Disability** results directly or indirectly from any of the following causes:

- War or any act of war, piracy or terrorism, declared or not, regardless of whether or not the **Participant** has participated in it;
- Any active participation in a public commotion, riot or insurrection;
- Injuries sustained while the **Participant** is committing, attempting to commit, or preparing to commit an offence under the Criminal Code;

- d) Self-inflicted injury or attempted suicide, unless medical evidence shows that the injury is directly related to a mental health problem;
- e) Care, surgery or treatment for cosmetic purposes, except when medically required and resulting directly from an illness or accident;
- f) Alcoholism or drug addiction, if these conditions are not treated in a closed cure; or
- g) As a result of illness or accident when:
  - **Disability** occurs within 12 months of the effective date of insurance; and
  - The **Participant**, for this illness or injuries resulting directly or indirectly from this accident, has consulted or received treatment from a physician or other professional belonging to a professional health corporation, has undergone examinations, has used medication or has been hospitalized, during the 6 months preceding the effective date of Insurance.

## 9. Submitting a Claim

A notice of claim must be submitted to the **Insurer** no later than one year after the date of death or **Disability**. If the claim is submitted to the **Insurer** more than 6 months following the death or **Disability** of the **Participant**, no accrued interest shall be paid for the period starting on the **Due Date** of the **Loan Balance** payment or the **Monthly Payment** and ending on the date the **Insurer** pays out the Life or Disability Insurance benefit.

Supporting documents requested by the **Insurer** must be submitted within 90 days of the request, at the expense of the person submitting a claim. Benefits are payable only when all supporting documents requested by the **Insurer** are produced and have been deemed sufficient by the **Insurer**.

With respect to the Disability Insurance benefit, after the one-year period mentioned above, the **Insurer** will accept a claim for benefits if it is proven that the claim was submitted by the **Participant** as soon as it was reasonably possible to do so. In this case, the **Insurer** will only consider the last year prior to the reception date of the claim for benefits.

## 10. Policy Review

The **Participant** may consult the group insurance policy at the **Holder** place of business during business hours. He may also obtain a copy at his own expense.

## 11. Contract

The insurance policy, appendices, endorsements, application and certificate constitute the Group Insurance Policy 70011 known as "Loan Insurance for Investment Funds".

## 12. Protection of Personal Information

The **Insurer** is committed to protecting the privacy of any **Participant's** personal information that was collected while providing services under the present insurance. The **Insurer** recognizes and respects a person's right to privacy concerning his personal information. Upon enrolment, the **Insurer** will open a confidential file containing any personal information collected with respect to the **Participant**. The file will be kept at the

**Insurer's** offices. Access to the file will be limited to the **Insurer's** employees, agents, business partners and service providers who require access within the scope of their duties, as well as individuals who were granted access by the **Participant**, or who are authorized by law.

For the **Insurer**, the personal information collected is used for administrative services required by the insurance contract. These administrative services include, but are not limited to:

- a) Establishing eligibility for the group plan or any benefit;
- b) Enrolment of the **Participant** in the insurance;
- c) Processing claims for benefits.

## 13. Right of Access to Personal Information Obtained

The **Participant** has the right to access his personal information and to request, in writing, that any inaccurate information be corrected. In addition, the **Participant** can request that any outdated or unnecessary information be deleted. If the **Insurer** has medical information in the **Participant's** file which was not obtained directly from the **Participant**, the **Insurer** will only release the information to the **Participant** through the **Participant's**. To request access to his personal information, the **Participant** must send a written request to the privacy officer at the address hereunder:

Industrial Alliance Insurance and Financial Services Inc.  
 Privacy officer  
 1080 Grande Allée West  
 P.O. Box 1907, Station Terminus  
 Quebec City, QC G1K 7M3

## 14. Complaint

The **Participant** who wishes to review the **Insurer's** complaint policy or file a complaint may do so by visiting: <https://ia.ca/corporate/complaint/file-complaint>.

NOTICE OF RESCISSION OF AN INSURANCE CONTRACT

**NOTICE GIVEN BY A DISTRIBUTOR**

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

**THE ACT RESPECTING THE DISTRIBUTION OF FINANCIAL PRODUCTS AND SERVICES GIVES YOU IMPORTANT RIGHTS.**

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

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

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

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

For further information, contact the Autorité des marchés financiers at 1-877-525-0337 or visit [www.lautorite.qc.ca](http://www.lautorite.qc.ca).

To: Industrial Alliance Insurance and Financial Services Inc.  
Po Box 790, Station B, Montreal, QC H3B 3K6

Date: \_\_\_\_\_ (date of sending of notice)

Pursuant to section 441 of the Act respecting the distribution of financial products and services, I hereby rescind insurance contract no.: \_\_\_\_\_ (number of contract, if indicated)

Entered into on: \_\_\_\_\_ (date of signature of contract)

In: \_\_\_\_\_ (place of signature of contract)

\_\_\_\_\_ (name of client)

\_\_\_\_\_ (signature of client)

Specimen