

DISTRIBUTION GUIDE

Name of insurance product:
Macquarie Financial Credit Security Plan



Credit Security Plan

Type of insurance product:
Group Mortgage Life Insurance

Name of Insurer:

The Manufacturers Life Insurance Company (Manulife Financial)
P.O. Box 4213, Station A
Toronto, Ontario M5W 5M3
(the “**Insurer**”)

Toll free telephone no: 1-800-295-6472
Toll free fax no: 1-866-677-4329
Email: am_service@manulife.com

Distributed By:

Macquarie Financial Corporation (the “Distributor”)
1155, Rene Levesque Ouest
Suite 2305
Montreal (Quebec)
H3B 2K2

Macquarie Financial Credit Security Plan Customer Service provided by:

The CSP Plan Administrator (the “Administrator”)
P.O. Box 987
50 Charles St. East
Toronto ON M4Y 2N9
Tel: 1-800-295-6472
Fax: 1-866-677-4329

Notice

The Autorité des marchés financiers does not express an opinion on the quality of the product offered in this guide. The insurer alone is responsible for any discrepancies between the wording of the guide and the wording of the policy.

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I. INTRODUCTION

In this guide “us”, “we” or “our” means the insurer, which is The Manufacturers Life Insurance Company. “Plan” is used in this guide and means this Macquarie Financial Credit Security Plan. Likewise, when “insurance” is used in this guide it relates to the Plan’s life insurance.

The Distributor is Macquarie Financial Corporation.

For further information you can contact the Distributor at the address noted on the first page of this guide.

“You” or “your” is used in this guide and means an Eligible Applicant under the Plan.

The purpose of this guide is to describe the life insurance coverage under the Plan and help you understand the benefits and limitations of the insurance coverage.

The Plan is a voluntary plan of insurance. You are not obligated to buy this insurance.

This guide is a general description of your insurance. You must review your certificate of insurance for full details.

II. DESCRIPTION OF THE PRODUCT OFFERED

A. Nature of Coverage

The Macquarie Financial Credit Security Plan is group mortgage life insurance.

In the event you die, we will pay the balance on your mortgage loan, subject to:

- the Plan maximum; **and**
- the limitations and the exclusions of this insurance.

The Plan maximum is the lesser of the following amounts:

- the life insurance benefit described in section B(ii) below; **or**
- \$1,000,000.

B. Summary of Specific Features of Coverage

(i) Eligibility

To apply for the Plan you must meet **each** of the following conditions:

- you must be a Canadian resident;
- you must be at least 18 years old;
- you must be under 65 years of age; **and**
- you must have applied for a mortgage which does not exceed \$1,000,000.

(ii) The Amount of Insurance Protection

The life insurance benefit is a lump sum benefit. Subject to the limitations and exclusions of this insurance, the life insurance benefit shall be equal to the balance outstanding on your mortgage as at the date of death, plus reasonable and customary

mortgage discharge costs, plus interest to the date of payment, plus property tax amounts that have been outstanding for 12 months or less from the date of discharge.

If there is a change in Mortgage terms during the term of your Insurance, the following applies:

- a) if additional Mortgage funds are advanced after the date insurance coverage begins, the amount of coverage will not be increased until the Applicant completes a new Application for Insurance (including the medical questions) and the Application is approved by the Insurer; or
- b) if the Amortization Period is lengthened after the date coverage begins, coverage will not extend beyond the original Amortization Period unless and until the Applicant completes a new Application for Insurance (including the medical questions) and the application is approved by the Insurer.

In this case, the amount of the life insurance benefit is:

- the amount that would have been the mortgage balance in the absence of any change of mortgage terms, and assuming the same interest rate and timely mortgage payments based on the mortgage information shown on your application, but not exceeding the actual amount outstanding at the time, **plus** reasonable and customary mortgage discharge costs, **plus** interest to the date of payment, **plus** property tax amounts that have been outstanding for 12 months or less from the date of discharge.

(iii) Who Receives the Insurance Benefit?

The life insurance benefit will be paid to the Distributor. You cannot name a beneficiary.

(iv) The Date Insurance Begins

The date the insurance begins is the later of:

- the Mortgage Advance Date; **or**
- the date on which your application for insurance is approved by the insurer;

provided that your first insurance premium is paid when due.

If you are able to answer “No” to all health questions asked of you on the application form, and your total mortgage amount is not more than \$300,000 your application for insurance will be considered to have been approved by the Insurer on the date you apply. If your Mortgage Advance Date is later than the date you apply, coverage begins on the Mortgage Advance Date. You will receive a copy of your insurance Certificate by mail after your first premium is paid.

If you have answered “Yes” to any of the health questions, or if your total mortgage amount is more than \$300,000, your application is subject to review by the Insurer prior to acceptance. The insurer may request more information from you before your application can be processed. If your application is approved, you will receive your insurance Certificate by mail at the same time as you receive your notice of approval of coverage, within 30 days of your application.

(v) The Date Insurance Ends

Your insurance will terminate on the **earliest** of the following dates:



- the date your premium payments are unpaid and 90 days in arrears;
- the date the Administrator receives your written or otherwise verifiable request to terminate this insurance;
- the date the life insurance benefit becomes payable under this insurance;
- the end of the mortgage amortization period, based on the mortgage information in the application for insurance;
- the date on which a change in mortgage terms occurs, provided that you apply and are approved for the additional coverage you require, in which case we will issue a new Certificate of Insurance to you;
- the date on which the mortgage is discharged;
- the date this group mortgage insurance is terminated by the insurer, that is 30 days after you receive written notice of termination from the insurer;
- the date on which you turn 70 years of age; **or**
- the date on which a material misrepresentation is made on a claim.

(vi) Premiums

Premiums are payable on the first day of each month on and after the date on which coverage begins. While an Insured Person’s insurance is in force, premium rates will not change unless the Insurer changes all premium rates under the Group Policy. You will receive at least 30 days advance written notice of any change to premium rates or premium due dates. The amount of your monthly premium is indicated on your application for insurance.

III. EXCLUSIONS AND LIMITATIONS IN COVERAGE

CAUTION!

A. Exclusions
No benefits are payable if death results:
<ul style="list-style-type: none"> • from a medical condition symptom, illness or disease, diagnosed or undiagnosed, for which you sought or received medical advice, consultation, investigation, diagnosis or for which treatment was required or recommended by a Physician, within the 12 month period prior to the Application date and which caused such death within the 12 months following the Application date; • from suicide or attempted suicide or self-inflicted injury, while sane or insane. This exclusion shall not apply to any death which occurs more than two years after the Application is approved by the Insurer; • from committing or attempting to commit or provoking a criminal offence or assault; • from operation of a motor vehicle or vessel after having consumed alcohol in such a quantity that the concentration of alcohol in your blood exceeds 80 milligrams of alcohol in 100 millilitres of blood; • from war, whether declared or not, or any act of war or insurrection; or • from travel in or descent from any aircraft in which you are travelling (except as a passenger on a commercial flight).
B. Limitations
The payment of the death benefit is subject to the following limitations:

- **we will only pay a maximum of one life insurance benefit with respect to each application for insurance, regardless of the number of insured persons;**
- **if any other policy provides a benefit payment towards your mortgage:**
 - (a) **the other policy shall be the first payor;**
 - (b) **if the other plan has a provision naming it as second payor, benefits will be pro-rated between coverage under this Plan and the other policy;**
- **in no event will we pay more than \$1,000,000 in respect of any one mortgage, regardless of the number of certificates issued or purported to be issued under this Plan in respect of that person.**
- **if an insured person misrepresents or fails to disclose any fact that is used to determine the premium payable, then the difference between the correct premium that should have been paid and the total premium actually paid will be deducted from any benefit payment.**
- **within two years from the date coverage begins, and thereafter only in the event of fraud, no benefit will be payable if an insured person made a misrepresentation of, or has not correctly reported any fact in their application that is relevant to their insurability under the Plan.**

IV. CANCELLATION

A. Termination by You

You may cancel your coverage at any time. You may do so by providing written notice to the Distributor or the Administrator at the addresses indicated in this guide. Termination will take effect on the date we receive notice of cancellation, and we will refund any unearned premium that we have already collected.

If you decide to cancel your insurance within 60 days of the date on which your certificate was mailed to you, we will provide a full refund of any premiums already collected. You may use the form provided at the back of this guide for that purpose.

V. OTHER INFORMATION

A. Contacting the Insurer

You can contact the administrator at: The CSP Plan Administrator P.O. Box 987 50 Charles St. East Toronto ON M4Y 2N9	You can contact the insurer at: The Manufacturers Life Insurance Company P.O. Box 4213, Station A Toronto, ON M5W 5M3
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B. Similar Products

There are other insurance products that exist in the market that include coverage similar to the insurance described in this guide.

VI. CLAIMS PROCEDURES

Claims Filing Procedures

The claimant can inform the administrator by telephone or in writing that he or she wishes to file a claim. The administrator will check to make sure the insurance is in effect, then mail a claim form to the claimant.

The letter that accompanies the form will provide information about the benefits. It will also indicate who must fill out the claim form (normally, the executor of the deceased's estate or the joint-owner of the property to which the mortgage applies) and what other documents must be provided along with the form. Additional documents normally include those documents required to establish proof of death, as well as information about the deceased's health prior to application for insurance.

Claims should be filed within twelve (12) months of the date of death of the insured person.

Failure to provide proof of claim when requested by us will result in benefits not being paid.

The Administrator's Response

When the administrator receives the duly completed claim form, the claimant will be informed if any other information, documentation or investigation is required. The Administrator will advise of their decision whether the claim is payable within 30 days of the receipt of all required information. Insurance benefits will be paid within 30 days of the date that all required information was received.

Appeal of Decision and Recourses:

If the claimant is not satisfied with the decision, the claimant can communicate with the Administrator and provide them with any additional information the claimant may have that may assist in reviewing the decision.

The claimant may also contact the AMF or the claimant's own legal counsel for advice.

VII. AUTORITÉ DES MARCHÉS FINANCIERS

For additional information on distributor's or the insurer's obligations towards you, please contact:

AUTORITÉ DES MARCHÉS FINANCIERS
Place de la Cité, Tour Cominar
2640, boulevard Laurier, bureau 400, 4e étage
Sainte-Foy (Québec) G1V 5C1

Telephone number: (418) 525-0337 (in Quebec City)
(514) 395-0337 (in Montreal)
1-877-525-(elsewhere in Quebec)
Fax number: (418) 525-9512
E-mail : renseignements-consommateur@lautorite.qc.ca
Website address: www.lautorite.qc.ca

VIII. NOTICE OF CANCELLATION OF AN INSURANCE CONTRACT

NOTICE GIVEN BY A DISTRIBUTOR

Section 440 of the *Act respecting the distribution of financial products and services*

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

- The Act allows you to cancel an insurance contract you have just signed when signing another contract, **without penalty, within 10 days of its signature.** To do so, you must give the insurer notice by registered mail within that delay. You may use the attached form for this purpose.
- Despite the cancellation 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 expiry of the 10 day delay, you may cancel the insurance at any time; however, penalties may apply.

For further information, please contact the Autorité des marchés financiers at (418) 525-0377 (Quebec City region) or 1 866 525-0311 (elsewhere in Quebec).

NOTICE OF CANCELLATION OF AN INSURANCE CONTRACT

**TO: Manulife Financial
P.O. Box 4213, Station A, Toronto, Ontario M5W 5M#**

DATE: _____
(Date notice sent)

Pursuant to section 441 of the *Act respecting the distribution of financial products and services*, I hereby cancel Macquarie Financial Credit Security Plan Insurance Certificate number:

(Certificate number)

Entered into on: _____
(Date of signature of the certificate)

In: _____
(Place of signature of the certificate)

(Name of client) (Signature of client)

The distributor must first complete this section.

This document must be sent by registered mail.

Sections 439 to 443 of the Act are reproduced below.



Reproduction of Sections 439 to 443 of Bill 188 – *An Act respecting the distribution of financial products and services*:

- 439.** A distributor may not subordinate the making of a contract to the making of an insurance contract with the insurer specified by the distributor.

The distributor may not exercise undue pressure on the client or use fraudulent tactics to induce the client to purchase a financial product or service.

- 440.** A distributor that, at the time a contract is made, causes the client to make an insurance contract must give the client a notice, drafted in the manner prescribed by regulation of the Authority, stating that the client may cancel the insurance contract within 10 days of signing it.

- 441.** A client may cancel an insurance contract made at the same time as another contract, within 10 days of signing it, by sending notice by registered or certified mail.

Where such an insurance contract is cancelled, the first contract retains all its effects.

- 442.** No contract may contain provisions allowing its amendment in the event of cancellation or termination by the client of an insurance contract made at the same time.

However, a contract may provide that the cancellation or termination of the insurance contract will entail, for the remainder of the term, the loss of the favourable conditions extended because more than one contract was made at the same time.

- 443.** A distributor that offers financing for the purchase of goods or services and that requires the debtor to subscribe for insurance to guarantee the reimbursement of the loan must give the debtor a notice, drawn up in the manner prescribed by regulation of the Authority, stating that the debtor may subscribe for insurance with the insurer and representative of the debtor's choice provided that the insurance is considered satisfactory by the creditor, who may not refuse it without reasonable grounds. The distributor may not subordinate the making of the contract of credit to the making of an insurance contract with the insurer specified by the distributor.

No contract of credit may stipulate that it is made subject to the condition that the insurance contract subscribed with such an insurer remain in force until the expiry of the term, or subject to the condition that the expiry of such an insurance contract will entail forfeiture of term or the reduction of the debtor's rights.

The rights of the debtor under the contract of credit shall not be forfeited when the debtor cancels, terminates or withdraws from the insurance contract, provided that the debtor has subscribed for insurance with another insurer that is considered satisfactory by the creditor, who may not refuse it without reasonable grounds.