



**CERTIFICATE OF INSURANCE FOR
BMO BANK OF MONTREAL COMMERCIAL
LOAN INSURANCE PLAN
LIFE AND ACCIDENTAL DISMEMBERMENT
AND SPECIFIC LOSS INSURANCE**

Underwritten By Canada Life



Group Policy No. 60210

The Commercial Loan Insurance Plan is provided by The Canada Life Assurance Company (Canada Life) under Group Policy no. 60210 (the "Policy") issued to BMO Bank of Montreal (the "Bank"). This insurance is optional. This Certificate represents the general terms of the Policy.

DEFINITIONS

- **"Accident"** refers to a sudden, unexpected and external action, occurring independently of any conditions that directly causes bodily injury or death.
- **"Applicant"** refers to a person applying for coverage under the Policy and is also referred to as "I" and "my" and "you" or "your".
- **"Application"** means the completed printed application for BMO Bank of Montreal Commercial Loan Insurance Plan and any evidence of insurability provided in writing, by telephone or electronically.
- **"Amount of Insurance Requested"** refers to the total amount of insurance you requested under this Application, if no further approval from Canada Life is required for coverage to come into force. Where Canada Life's approval is required, "Amount of Insurance Requested" means the amount of coverage Canada Life approves you for. The Amount of Insurance Requested, plus the amount of insurance on all existing loans under the Policy (if any), will never exceed the Maximum Insurable Limit.
- **"Loan"** is a loan that can be insured under the Policy. They are Commercial Mortgages, Term Loans and Reducing Non-Revolver Demand Loans (collectively "Commercial Term Loans"); OR loans without a specific repayment schedule as determined by the Bank (collectively "Operating Loans or Lines of Credit").
- **"Loan Amount"** means the amount of the loan indicated on the application.
- **"Maximum Insurable Limit"** refers to the maximum aggregate amount of coverage in respect of all loans for which you are insured under the Policy.
- **"Percentage Coverage"** means the percentage of the Loan insured under the Application; determined as a proportion of the Amount of Insurance Requested in relation to the Loan Amount. For example, the Loan Amount = \$100,000. The Amount of Insurance Requested is \$25,000. The Percentage Coverage = $25,000 \div 100,000 = 25\%$
- **"Pre-existing Condition"** means any illness, disease, injury or physical condition for which medical advice, consultation, diagnosis or treatment was required or recommended by a physician during the twelve (12) months prior to the date your insurance begins. This limitation does not apply if you have been continuously insured for twelve (12) months.
- **"Total Amount for Insurance"** means the sum of the amount set out in section 2(c) in the Application, plus the amount of insurance requested under the Application.

WHO CAN APPLY

You are eligible to apply for insurance coverage if, on the date of Application You are a Canadian resident between 18 and 64 years old. You must also be:

- a BMO individual business borrower;
- a guarantor of the Loan;
- an individual whose role is essential to the ability of the borrower to meet their financial obligations.

If your Loan is an Operating Loan or Line of Credit, it must be obtained to operate a small business.

HOW TO APPLY

- You can apply for coverage under the Policy when you first apply for your Loan or anytime after.
- Depending on the Total Amount for Insurance and your age, you may have to complete the health status questions on the Application.

WHEN YOUR INSURANCE BEGINS

Your insurance coverage begins on the **later** of the following dates:

- The date Canada Life approves your Application; or
- The date the funds are advanced or the Operating Loan or Line of Credit is authorized.

HOW YOUR PREMIUMS ARE CALCULATED

Commercial Term Loans

The monthly premium is based on the following factors:

- The premium rate per \$1,000 of the Amount of Insurance Requested.
- The premium rate is based on your age, gender, smoking status on the date the Application is signed, and the amortization period of the Loan.
- Your premium does not increase with age but continues until the Loan is fully repaid or refinanced.
- Your premium does not change until such time the Loan is replaced or refinanced.
- Provincial sales tax (where applicable).

To calculate your premium, multiply your applicable rate by the Amount of Insurance Requested, then divide by 1,000.



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For example, for a female non-smoker, age 31, who is insured for \$25,000 on her Loan which is amortized over a period of 36 months, the premium is $\$0.07 \times \$25,000 \div 1,000 = \$1.75$, plus provincial tax, if any.

TABLE OF PREMIUM RATES on Commercial Term Loans

Male:

Monthly Rate per \$1,000 of the Amount of Insurance Requested							
Non-Smoker	Amortization Period (number of months)			Smoker	Amortization Period (number of months)		
Age	0 - 60	61-120	121 - 300	Age	0 - 60	61 - 120	121 - 300
18 - 29	\$0.06	\$0.07	\$0.09	18-29	\$0.11	\$0.15	\$ 0.20
30 - 39	\$0.08	\$0.10	\$0.13	30-39	\$0.13	\$0.18	\$0.28
40 - 44	\$0.13	\$0.17	\$0.22	40-44	\$0.23	\$0.31	\$0.42
45 - 49	\$0.18	\$0.23	\$0.33	45-49	\$0.32	\$0.44	\$0.64
50 - 54	\$0.27	\$0.36	\$0.48	50-54	\$0.51	\$0.70	\$0.95
55 - 59	\$0.42	\$0.55	\$0.70	55-59	\$0.82	\$1.08	\$1.37
60 - 64	\$0.58	\$0.70	\$0.83	60-64	\$1.20	\$1.50	\$1.66

Female:

Monthly Rate per \$1,000 of the Amount of Insurance Requested							
Non-Smoker	Amortization Period (number of months)			Smoker	Amortization Period (number of months)		
Age	0 - 60	61 - 120	121 - 300	Age	0 - 60	61 - 120	121 - 300
18 - 29	\$0.05	\$0.06	\$0.08	18-29	\$0.09	\$0.11	\$0.14
30 - 39	\$ 0.07	\$ 0.08	\$ 0.11	30-39	\$0.11	\$0.14	\$0.20
40 - 44	\$ 0.11	\$ 0.13	\$0.17	40-44	\$0.19	\$0.24	\$0.29
45 - 49	\$ 0.15	\$0.19	\$ 0.25	45-49	\$0.27	\$0.33	\$0.43
50 - 54	\$ 0.22	\$0.27	\$ 0.35	50-54	\$0.42	\$0.52	\$0.66
55 - 59	\$ 0.35	\$0.42	\$0.52	55-59	\$0.68	\$0.81	\$0.95
60 - 64	\$ 0.49	\$0.55	\$0.62	60-64	\$0.90	\$1.02	\$1.14

Operating Loans or Lines of Credit

The monthly premium is collected in arrears and is based on the following factors:

- The premium rate is per \$1000 of the Amount of Insurance Requested.
- The premium rate is based on your age, gender and smoking status.
- Your premium will automatically increase on the anniversary of the date coverage starts if on that date; you are in a different age band.
- Provincial sales tax (where applicable).

To calculate your premium, multiply your applicable rate by the Amount of Insurance Requested then divide by 1,000.

For example, for a female, non-smoker, age 31, who is insured for \$25,000 on her authorized credit limit, the premium is $\$0.10 \times \$25,000 \div 1,000 = \$2.50$, plus provincial tax, if any.

TABLE OF PREMIUM RATES on Operating Loans or Lines of Credit:

Monthly Rate per \$1,000 of the Amount of Insurance Requested				
Age	Male - Non-Smoker	Male - Smoker	Female - Non-Smoker	Female - Smoker
18 - 29	\$ 0.10	\$ 0.15	\$ 0.09	\$ 0.11
30 - 39	\$ 0.12	\$ 0.17	\$ 0.10	\$ 0.14
40 - 44	\$ 0.18	\$ 0.31	\$ 0.14	\$ 0.24
45 - 49	\$ 0.30	\$ 0.49	\$ 0.22	\$ 0.35
50 - 54	\$ 0.43	\$ 0.72	\$ 0.31	\$ 0.48
55 - 59	\$ 0.64	\$ 1.09	\$ 0.46	\$ 0.73
60 - 64	\$ 1.04	\$ 1.54	\$ 0.74	\$ 1.06
65 - 69	\$ 1.70	\$ 2.55	\$ 1.18	\$ 1.72

MAXIMUM INSURABLE LIMIT



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The Maximum Insurable Limit for the Policy is \$1,000,000. The amount of insurance coverage may be less than the indebtedness.

WHO IS THE BENEFICIARY OF THE BENEFIT

The Bank is the Beneficiary of the amount(s) payable to reduce or pay off your Loan. Any amount in excess on an insured operating loan, line of credit is payable to your estate. In Quebec, the excess is payable to the Beneficiary you designate on the Application, or if you do not designate a Beneficiary (or if the designated Beneficiary predeceases you), the excess is payable to your estate. In Quebec, benefits payable to a beneficiary who, at the time payment is to be made, is a minor or lacks legal capacity, will be paid to his/her tutor(s) or curator(s), unless a valid trust has been established for the benefit of the beneficiary to receive any such payment and The Canada Life Assurance Company has been provided notice of the trust. A trust can be established by Will or by a separate contract. If a trust has already been established, designate the trust as the beneficiary and name the trustee on a beneficiary designation form. Please call 1-800-380-4572 or visit your local BMO Branch to obtain a copy of the beneficiary designation form. If you have not already established a valid trust for the benefit of the beneficiary, you should obtain legal advice before establishing a trust.

TEMPORARY INSURANCE WHILE YOUR APPLICATION IS UNDER REVIEW - ACCIDENTAL DEATH BENEFIT

If you die as a result of an accidental injury after the Bank approves and funds the Loan, but before the date your Application is approved or declined, Canada Life will pay to the Bank the amount of insurance requested on the application, subject to the Maximum Insurable Limit.

The accidental death benefit coverage will end on the **earlier** of the following dates:

- the date that you are either declined or approved for the insurance under this Certificate, or
- the 31st day after Canada Life receives your application.

WHAT YOUR COVERAGE INCLUDES

Life Insurance Benefit:

If you die and all the terms and conditions of this Certificate are met, Canada Life will pay the Life Insurance Benefit in the amounts defined below:

- For a Commercial Term Loan:
 - If the Amount of Insurance Requested is equal to the Loan Amount, the Life Insurance Benefit is the unpaid balance of the Loan at the date of death (including accrued interest up to a maximum of 60 days).
 - If your Amount of Insurance Requested is a percentage of the Loan identified as Percentage Coverage on the Application (due to your electing a Percentage Coverage or due to the Amount of Insurance Requested being subject to reduction because of the Maximum Insurable Limit):
 - The Life Insurance Benefit will be determined by applying the Percentage Coverage to the outstanding balance owing to the Bank on the date of death. Accrued interest for up to a maximum of 60 days will be payable in the same proportion as the Percentage Coverage.

For example, if you have a \$400,000 commercial mortgage of which you have selected to insure 25% (based on a Percentage Coverage calculated as $(\$100,000 \div \$400,000 \times 100)$. If at time of claim your outstanding balance is \$200,000, the Life insurance Benefit that will be paid is 25% of \$200,000 = \$50,000

- For an Operating Loan or Line of Credit:
 - If the Amount of Insurance Requested is equal to the Loan Amount, the Life Insurance Benefit is the authorized limit of the Operating Loan or Line of Credit, regardless of the outstanding balance (including accrued interest up to a maximum of 60 days).
 - If the Amount of Insurance Requested is a percentage of the Loan identified as Percentage Coverage on the Application, (due to your electing a Percentage Coverage or due to the Amount of Insurance Requested being subject to reduction because of the Maximum Insurable Limit), the Life Insurance Benefit is equal to the Amount of Insurance Requested.

RECOGNITION OF PRIOR COVERAGE (ROPC) when replacing or refinancing a Loan

If at the time of replacing or refinancing your Loan, your Application for insurance is declined due to a health condition or the fact that you are 65 but less than 70 years of age, Canada Life will recognize your prior coverage.

- For a Commercial Term Loan, the ROPC Amount of Insurance Requested, Percentage Coverage and the Life Insurance Benefit under the new Loan will be calculated as follows:
 - The ROPC Amount of Insurance Requested on the new loan is the outstanding balance x Percentage Coverage on the original Loan
 - Your Percentage Coverage on the new Loan is the ROPC Amount of Insurance Requested \div new Loan balance x 100.
 - The Life Insurance Benefit on the new Loan is the outstanding balance at time of death x Percentage Coverage



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For example, you have a commercial mortgage insured under this plan with an outstanding balance of \$100,000 with a Percentage Coverage of 50%. You refinance, and the Loan is increased to \$200,000, but your application for insurance is declined. The insurance coverage amount remaining on your original Loan becomes the ROPC Amount of Insurance Requested, which in this example is \$50,000. To obtain your new Percentage Coverage the ROPC Amount of Insurance Requested is divided by the new Loan amount ($\$50,000 \div \$200,000 \times 100 = 25\%$). Your Life Insurance Benefit at time of death will now be the outstanding balance on the Loan at time of claim, multiplied by the new Percentage Coverage. In this example if at death the outstanding Loan balance is \$100,000, the Life Insurance Benefit that will be paid is ($25\% \times \$100,000 = \$25,000$).

- For an Operating Loan or a Line of Credit Loan, the ROPC Amount of Insurance Requested of the New Loan; and the Life Insurance Benefit payable on the new Loan will be equal to the Amount of Insurance Requested of the original

Loan. ROPC Premium:

Premium for the replaced or refinanced Loan will be on the ROPC Amount of Insurance Requested and recalculated based on your age, gender and smoking status at the time the Loan is refinanced or replaced.

Accidental Dismemberment and Specific Loss:

If you suffer a specific loss under the Policy, because of an accidental injury, Canada Life will pay to the Bank the **lesser** of:

- An amount that is calculated as described in the section Life Insurance Benefit; or
- \$50,000.

In all cases the maximum amount payable is \$50,000 in the event you sustain more than one specific loss due to the same accidental injury.

A Loss is covered under the Policy if it meets the following conditions:

- Solely and directly caused by an accident; and
- Occurs within 365 days of the accident; and
- Is beyond remedy by surgical or other means; and
- Is one of the Specific Losses listed below.

Specific Losses:

- Loss of both arms
- Loss of one arm and one leg
- Loss of one leg and sight in one eye
- Loss of one arm and sight in one eye
- Loss of both legs
- Loss of sight in both eyes
- Loss of use of both legs or all limbs due to paraplegia or quadriplegia
- Loss of use of an arm and leg on one side of the body due to hemiplegia

The Losses are defined as follows:

- Arm means the limb is severed at or above the elbow joint;
- Leg means the limb is severed at or above the knee joint;
- Sight means the total and irreversible loss of vision in the eye as confirmed by an ophthalmologist, with corrected visual acuity being 20/200 or less;
- Paraplegia means the complete and irrecoverable paralysis of the legs and lower part of the body;
- Quadriplegia means the complete and irrecoverable paralysis of the body from the neck down; and
- Hemiplegia means the complete and irrecoverable paralysis of one side of the body.



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WHAT YOUR COVERAGE DOES NOT INCLUDE– EXCLUSIONS AND LIMITATIONS

MISSTATEMENT

This Certificate is issued on the basis on representations and declarations you made on the Application. Any concealment, misrepresentation, or false declaration concerning this Application or any medical evidence submitted in connection with the Application or on your claim form will make the coverage null and void if this coverage has been in force for less than 2 years.

If the insurance is issued in the non-smoker rating class and it is subsequently determined that the insured smoking's status has been a misrepresented, Canada Life may at its discretion, void the insured's coverage.

General Exclusions:

No benefits will be paid if your claim is due to:

- Events directly or indirectly relating to, arising from or following your participation or attempted participation in a criminal offence, **whether indictable, summary conviction or hybrid;**
- Events directly or indirectly relating to, arising from, or following your impairment by alcohol while your blood alcohol concentration is higher than the legal limit or by illegal or illicit drugs, regardless of whether your death or loss arises or results from your impairment;
- Civil disorder or war, whether or not war was declared, unless the applicant is on active military duty as a member of the Canadian Armed Forces or Canadian Forces Reserve

Exclusions and Limitations for Life insurance:

- **No benefit will be paid if you die and your death is due to:**
 - A Pre-existing Condition and your Application did **not** require you to answer Health Status Questions and you die within 12 months of the date your insurance began. A Pre-existing Condition means any illness, disease, injury or physical condition for which medical advice, consultation, diagnosis or treatment was required or recommended by a physician during the twelve (12) months prior to the date your insurance begins.
 - Intentional self-inflicted injury, suicide or attempted suicide (whether You are aware or not aware of the result of Your actions, regardless of Your state of mind), within the first 24 months following the Effective Date
- The Life Insurance Benefit will be reduced by any amount paid under the Accidental Dismemberment and Specific Loss insurance benefit.
- If more than one person is insured for the same Loan and simultaneous deaths occur, only one death benefit will be paid.

Exclusions and Limitations for Accidental Dismemberment and Specific Loss:

No benefits will be paid for an accidental loss due to:

- intentional self-inflicted injury (whether You are aware or not aware of the result of Your actions, regardless of Your state of mind), within the first 24 months following the Effective Date.;
- any illness or physical or mental infirmity;
- medical or surgical treatment.

In all cases the maximum amount payable is \$50,000 in the event you sustain more than one specific loss due to the same accidental injury.

Payment of benefits will completely release Canada Life from any further liability.

CANCELLATION OF INSURANCE

You may cancel your insurance at any time. If you cancel within 30 days of the date your insurance begins you will receive a full refund of any premiums paid, and the insurance coverage will be deemed never to have been in force. Cancellations requested after the 30-day period will not receive a premium refund. To cancel your insurance you must send a written notice to: The Canada Life Assurance Company, Creditor Insurance, 330 University Avenue, Toronto, ON, M5G 1R8.

In order to avoid collection of excess premiums, you must notify Canada Life of any early repayment of your insured Loan by obtaining the Termination of Premium Payment form from your local BMO Bank of Montreal branch, completing it and sending it to Canada Life.

Early Repayment of a Loan and Refunds

Premiums are collected monthly. In order to avoid collection of excess premiums, you must notify Canada Life of any early repayment of your insured Loan by obtaining the Termination of Premium Payment form from your local BMO Bank of Montreal branch, completing it and sending it to Canada Life. If excess premium is collected, a full refund will be processed for the premium debited for that month's billing period.

Example: A Loan is paid off on January 10th. Premium is collected on January 31st. The premium collected will be fully refunded. If the termination is processed before cut-off, no premium will be debited.



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WHEN YOUR INSURANCE TERMINATES

Your insurance terminates on the earliest of these dates:

- the first premium due date after your 70th birthday;
- for an Operating Loan and Line of Credit the date the Loan is cancelled, assigned to another creditor, refinanced or replaced;
- for a Commercial Term Loan the date the Loan is fully repaid, assigned to another creditor or assumed by another debtor, refinanced or replaced;
- the date you die;
- the date the monthly premium is thirty (30) days overdue;
- the date the Group Policy terminates;
- the date Canada Life receives your written request to cancel the insurance on the Loan.

Grace Period

Canada Life grants a 30 day grace period for the payment of your premium. If the premium has not been paid within 30 days of the expected payment date, the insurance will be cancelled automatically.

HOW TO MAKE A CHANGE TO YOUR SMOKING STATUS

If you originally applied for coverage on the basis that you were a smoker and it has been twelve (12) months or more since you last smoked or used a product containing tobacco, you can apply for non-smoker rates by completing and sending the Commercial Loan Insurance Plan Smoking Status Change form available at your local BMO Bank of Montreal branch.

HOW TO MAKE A CLAIM

To make a claim, you or your representative may obtain a claim form at your local BMO branch or Canada Life. The completed claim form and any other necessary supporting documentation must be submitted to Canada Life no later than twelve (12) months from the date of death or six (6) months from the date of Accidental Dismemberment and Specific Loss. Canada Life may not pay claims that are made after the time limit.

LIMITATION PERIOD FOR LEGAL ACTION

Every action or proceeding against an insurer for the recovery of insurance money payable under the contract is absolutely barred unless commenced within the time set out in the Insurance Act (for actions or proceedings governed by the laws of Alberta and British Columbia), The Insurance Act (for actions or proceedings governed by the laws of Manitoba), the Limitations Act, 2002 (for actions or proceedings governed by the laws of Ontario), or in other applicable legislation. For those actions or proceedings governed by the laws of Quebec, the prescriptive period is set out in the Quebec Civil Code.

ASSIGNMENT

This Certificate may not be assigned.

OTHER IMPORTANT INFORMATION

- You have the right to examine and obtain a copy of the Policy and certain other written statements or records You have submitted to Canada Life (if any), subject to certain access limitations.
- All provisions of Group Policy No. 60210 issued by Canada Life to the Bank apply to the insurance described in this Certificate whether stated in this Certificate or not.
- No employee or agent of the Bank is authorized to amend, alter, modify or waive the terms of this Certificate, or any contract of Insurance issued.
- For more information or to find out about the complaint process, call Canada Life at: 1-800-380-4572 or write to:
The Canada Life Assurance Company, Creditor Insurance, 330 University Avenue, Toronto, ON, M5G 1R8.

At The Canada Life Assurance Company (Canada Life), we recognize and respect the importance of privacy. When you apply for coverage, we establish a confidential file that contains your personal information. This file is kept in the offices of Canada Life or the offices of an organization authorized by Canada Life. You may exercise certain rights of access and rectification with respect to the personal information in your file by sending a request in writing to Canada Life. Canada Life may use service providers located within or outside Canada. We limit access to personal information in your file to Canada Life staff or person authorized by Canada Life who requires it to perform their duties, to persons to whom you have granted access, and to persons authorized by law. Your personal information may be subject to disclosure to those authorized under applicable law within or outside Canada. We collect, use and disclose the personal information to administer the plan, including investigating and assessing claims, and creating and maintaining records concerning our relationship. Canada Life or its reinsurers may also release information to other life insurance companies to whom you apply for life or health insurance, or to whom you submit a claim for benefits. The company will not, however reveal to another company the action taken on the basis of your current request for insurance. For a copy of our privacy Guidelines, or if you have questions about our personal information policies and practices (including with respect to service providers), write to Canada Life's Chief Compliance Officer at Chief.Compliance.Officer@canadalife.com or refer to www.canadalife.com.©

**PLEASE KEEP THIS CERTIFICATE ALONG WITH YOUR COPY
OF THE APPLICATION IN A SAFE PLACE.**