

## Questions and answers

### Amalgamation

#### How would the amalgamation affect my voting rights?

Your voting rights in one or more of the three companies would continue as voting rights in the amalgamated company. Any policyholder who held a voting policy with more than one of the amalgamating companies prior to the proposed amalgamation would have only one vote in the amalgamated company after amalgamation. The proposed amalgamation will also have the effect of slightly decreasing the relative weight of any one policyholder's vote in the larger amalgamated company as compared to the weight in one or more of the smaller amalgamating companies. However, based on the total number of voting policyholders in each of Great-West Life, London Life and Canada Life prior to the proposed amalgamation, any such dilution is nominal.

#### How will amalgamation impact the service/support I'm used to?

Amalgamation will position us to continue improving our customer service levels. It won't affect your existing policies or accounts with us. They'll stay the same.

#### Will I need to re-sign my policy or fill out any forms?

No, you won't need to re-sign your current policies, fill out forms or provide any additional information or paperwork to preserve your rights under your policy on the amalgamation. That will happen automatically. All existing policies and contracts will remain unchanged and continue to be in force and serviced by the same teams. Also, your advisor will not change as a result of the amalgamation.

#### Did Canada Life acquire/take over London Life and Great-West Life?

No. Great-West Lifeco Inc. is the parent company of Great-West Life, London Life and Canada Life. If completed, the amalgamation will result in these three companies and two holding companies combining as one larger company, continuing on with the Canada Life name. Great-West Lifeco Inc. will remain the parent company.



### Who's eligible to vote?

Participating policyholders of Great-West Life, London Life and Canada Life are all eligible to vote. The owners of some other policies that have voting rights attached are also eligible.

### How do I know if I'm a participating policyholder?

If you own a Great-West Life, London Life or Canada Life individual insurance policy that entitles you to dividends, you're a participating policyholder. Refer to your policy documentation for details. All participating policyholders and other voting policyholders will be mailed an information package in August.

### Is my vote important?

Yes. For the amalgamation to proceed, at least two-thirds of the votes cast by policyholders from each of Great-West Life, London Life and Canada Life must be in favour of the amalgamation and proposed by-laws of the amalgamated company. We encourage all eligible policyholders to vote.

### Why do you want to amalgamate Great-West Life, London Life and Canada Life?

Amalgamating into a single company will help to position us for future growth and to continue to meet the needs of our customers. The amalgamation is expected to:

- Create operating efficiencies and simplify our capital structure – allowing for more efficient use of capital.
- Simplify our governance structure and improve how responsive we can be to future business, capital, financial, regulatory, accounting and other changes, in a rapidly changing environment.
- Enable the combination of the companies' open participating accounts, resulting in a larger Canadian open participating account, with the opportunity for greater risk diversification and reduced regulatory and participating account management expenses.

### What does amalgamation mean?

Currently, Great-West Life, London Life and Canada Life are separate insurance companies operating under common ownership and management. The three companies were recently united under one brand, Canada Life, in the Canadian marketplace. Amalgamating means we'd combine into a single larger company, under The Canada Life Assurance Company name. After



amalgamation, the policies of the three companies will continue as policies of The Canada Life Assurance Company.

### [What's the difference between Canada Life and The Canada Life Assurance Company?](#)

Canada Life is the new single brand we use for our three insurance companies in Canada – The Great-West Life Assurance Company, London Life Insurance Company and The Canada Life Assurance Company.

### [What's the connection between the recent new brand announcement and amalgamation?](#)

The benefit of our new Canada Life brand for all our stakeholders – customers, advisors, employees and shareholders – will be fully realized when we simplify our legal structure through amalgamation. In alignment with our move to one brand, amalgamation will ensure we can quickly and efficiently anticipate, innovate and respond with the products and services our customers and advisors need.

### [What are names of the two holding companies included in the amalgamation?](#)

London Insurance Group Inc. and Canada Life Financial Corporation.

### [Will there be office closures resulting from amalgamation?](#)

No. Office closures are not expected as a result of amalgamation.

### [Why should I vote in favour of amalgamation?](#)

The board of directors of each of the amalgamating companies has unanimously concluded that the amalgamation is in the best interests of their respective company and that their respective policyholders' interests will be protected. As well, an Independent Actuary reviewed the proposed amalgamation and reported that the proposed amalgamation is fair to all policyholders concerned, in that:

- Policyholders rights (including voting rights) and interests will be protected, recognizing that a policyholder with a vote in more than one of the amalgamating companies will have only one vote in the amalgamated company
- Security of policyholder benefits will remain satisfactory
- Reasonable benefit (including dividend) and service expectations of participating policyholders will not be diminished by the proposed



amalgamation, including the merger of the open participating accounts of Great-West Life, London Life and Canada Life

- Reasonable benefit and service expectations of non-participating policyholders with non-fully guaranteed policies will not be diminished by the proposed amalgamation, and
- Benefit and service expectations of non-participating policyholders with fully guaranteed policies will be preserved

#### How many votes are needed?

At least two thirds of the policyholders from each company – Great-West Life, London Life and Canada Life – who are eligible and choose to vote must vote “yes” for the amalgamation to proceed. In addition, 500 total votes (minimum) are required from each company for quorum.

## Voting questions

#### Is the policyholder information package available electronically?

An electronic copy of the Joint Circular is available in the resources above. Regulations require us to distribute meeting materials to policyholders by mail.

#### What’s the date/time/location of the Special Meeting?

The Special Meeting will be held at 9 a.m. CT on Oct. 3, 2019 in Winnipeg, Manitoba at 100 Osborne St. N.

#### Why is the Special Meeting being held in Winnipeg?

Our corporate headquarters or head office is in Winnipeg.

#### Can I bring a guest to the Special Meeting?

No. The Special Meeting is for voting policyholders and proxyholders only.

#### Will the Special Meeting be webcast?

No. The Special Meeting won’t be webcast.

#### Is the Special Meeting equipped for wheelchair access?

Yes. The meeting location is wheelchair accessible.

#### Is the Special Meeting equipped for the hearing impaired?

We can make these arrangements upon request.



### Why has Winnipeg been selected as the head office of the amalgamated company?

Winnipeg was chosen so the amalgamated company would have the same head office as its parent company, Great-West Lifeco. We're a multi-site organization, drawing on the strengths of our teams in all our major centres which include London, Montreal, Regina, Toronto and Winnipeg – as well as our other offices across Canada.

### Will I be able to vote for the Directors of the amalgamated company?

If the amalgamation is successful, you'll be able to vote for the election of the Policyholders' Directors at the next annual meeting in May 2020.

### Who will be the Directors of the amalgamated company upon amalgamation?

If the amalgamation is successful, the Directors of Great-West Life, London Life and Canada Life will continue to serve as Directors of the amalgamated company until the next annual meeting in May 2020. The current Directors are listed in the Joint Circular.

### Who can answer my additional questions?

If you have questions about the Special Meeting or vote, visit [www.canadalife.com/vote](http://www.canadalife.com/vote) or call toll-free 1 (833) 995-0228 (within Canada or the U.S.) or (204) 220-1811 (all other countries).

## Insurance

### Participating life insurance

#### What will the investment strategy be for the combined open participating account?

The investment strategies for the current participating accounts are largely the same.

With that, following amalgamation, a single investment strategy would be used for the combined participating account, consistent with and reflective of the current investment strategies.



### How does the proposed amalgamation of the participating accounts impact the shareholder transfer?

Assuming we obtain necessary regulatory and voting policyholder approvals to amalgamate, immediately following amalgamation and combination of the open participating accounts, the total distribution of the profits to the shareholder account would be harmonized at 2.5%. This is the same as the current distribution to the shareholder account from the Great-West Life and London Life participating accounts. However, the 2018 Canada Life distribution to the shareholder account is currently 2.84%. Therefore, policyholders that previously participated in the pre-amalgamation Canada Life open participating account would receive an approximate 0.3% increase in dividends compared to what they would've received if we didn't amalgamate (all other things being equal).

### What are the benefits of a larger combined participating account?

One Canadian open participating account would result in a larger, more robust open participating account, which would allow for greater diversification of investment risk and mortality risk along with a reduction to regulatory and participating account management expenses.

One open participating account would also offer the potential to support higher overall risk retention limits.

While no assessment has been made of the financial impacts of these diversification benefits, they are not expected to have a material impact on policyholder dividends.

### How will any expense savings accrue to the participating policyholder account and the shareholder account?

Combining the open accounts would result in a larger Canadian open participating account, which would allow for greater diversification of risk along with a reduction in regulatory and participating account management expenses.

The distribution of expenses attributed to the participating policyholder account and the shareholder account would be consistent with and reflective of the current policies related to participating account management. Therefore, expense savings realized that are distributable through policyholder dividends would be reflected in dividends as part of the regular dividend scale review, just as would be the case if we did not combine the open participating accounts.



While no assessment has been made of the financial impacts of these diversification benefits, they are not expected to have a material impact on policyholder dividends.

#### What will happen to dividends for in-force policyholders as a result of amalgamation?

Dividends for in-force policyholders would not be negatively impacted as a result of the amalgamation. Any amount distributed from the participating account as policyowner dividends is divided among groupings of policies that share common attributes such as: the year a policy is issued; time periods in which premiums, guarantees or pricing assumptions were similar; plan types; basic risk classifications; and issue ages. The amount, if any, credited to each policy will vary. A policy may not receive a dividend, for example, if the grouping of policies to which it belongs is considered to have made no contribution to participating account earnings.

For non-investment-related experience such as mortality, lapses, etc., there would be no change to the existing dividend classes following amalgamation.

For investment-related experience, any transitional differences that exist at the time the Canadian open participating accounts are combined will continue to be reflected in calculating the DSIRs for the dividend classes to which those balances are attributed using a schedule that is set at the time of amalgamation.

#### The Dividend Scale Interest Rates (DSIRs) are different for Great-West Life, London Life and Canada Life. What will the DSIR be for the combined open participating account for in-force policies?

Following amalgamation and combination of the Canadian open participating accounts, the DSIR would continue to be different for policies issued pre-amalgamation from the Great-West Life, London Life and Canada Life participating (open) accounts.

The participating accounts have a common investment strategy today; however, previous investment experience continues to be smoothed into the dividend scales for these in-force policies.



Over time, as the influence of this previous experience diminishes, we would expect the DSIRs to converge.

It's important to note the DSIRs are expected to converge within the proposed combination of the accounts, as a single investment strategy consistent with and reflective of the current investment strategies would be used.

#### The surplus funds in each Canadian open participating account are different in amount. How would the surplus be treated post-amalgamation?

The surplus of each of the Canadian open participating accounts would be combined together into a single surplus balance to support the new combined open participating account. The uses of surplus would remain the same as today. Surplus is held in the participating account for a number of reasons, including, but not limited to financing new business growth and providing strength and stability to the participating account and its ongoing operation. The single combined surplus would support both pre-amalgamation in-force policies and post-amalgamation new issues. In combining the participating accounts, the surplus balances attributed to the pre-amalgamation participating accounts would be combined into a single surplus balance which supports the capital needs of the new combined participating account (which would include both pre-amalgamation in-force policies and post-amalgamation new issues).

Currently, surplus balances in the Canadian open participating accounts of each of Great-West Life, London Life and Canada Life are maintained at levels that are above the minimum regulatory capital requirements applicable to each of the companies. Given this, the surplus balance in the resulting combined Canadian open participating account would also remain above the minimum regulatory capital requirements at the time of amalgamation and combination of the participating accounts.

#### Is there anything I need to do with my in-force policy?

No, there is nothing you need to do with your in-force policy. All existing policies and contracts will remain unchanged as a result of amalgamation.

#### How was the 2019 dividend scale recommendation impacted by the recent brand announcement and the announced intention to move amalgamate?

The 2019 dividend scale announcement was not impacted by our move to a single brand or our plan to amalgamate in the future. The announcement would have been the same with or without these changes.



### Will there be new participating life insurance products?

We know advisors need a competitive product offering to meet their clients' needs and we are committed to continuing to develop innovative, enhanced solutions to help give them a competitive advantage. In alignment in our move to one brand, amalgamation will ensure we can quickly and efficiently anticipate, innovate and respond with the products and services our customers and advisors need.

If we receive all necessary board, regulatory and voting policyholder approvals to amalgamate Great-West Life, London Life, and Canada Life, our intention is to amalgamate the companies and combine their respective Canadian open participating accounts effective Jan. 1, 2020. If this happens, we expect that new participating life insurance products would be available by Jan. 1, 2020. If we do not receive these approvals, or there is a delay in combining the participating accounts, the launch of new participating products would be delayed.

Assuming we obtain necessary regulatory and voting policyholder approvals to amalgamate effective Jan. 1, 2020, illustrations would launch in late November and product would be available for sale effective Jan. 1, 2020.

### What will the DSIR be for new sales?

People may assume that the combined participating account would adopt a DSIR equal to the average of the current three participating accounts for new sales. However, this is not the case.

As a transitional measure, upon amalgamation and transition to a combined Canadian open participating account, in respect of new sales the combined account would adopt the DSIR of the pre-amalgamation Canada Life open participating account in effect immediately before the amalgamation and the combination of the participating accounts.

Based on the DSIRs effective July 1, 2019, the pre-amalgamation Canada Life open DSIR is higher than what the average of the three Canadian open participating account DSIRs would be.

There would be no adverse impact to future policyholder dividends as a result of the transitional measures described above because the measures are being funded by the post-amalgamation shareholder account.



## Other insurance products

### [How will term conversions work after amalgamation?](#)

All in-force term policies would be able to convert to Canada Life products available for conversion whether originally issued by London Life, Great-West Life or Canada Life, subject to eligibility criteria.

### [How will group conversions work after amalgamation?](#)

Canada Life products would be used for group conversions.

### [Will the universal life interest options be merged?](#)

We credit universal life policies an investment return based on the interest option(s) selected by the policyowner. For in-force universal life policies, we would continue to credit returns based on the interest options available to the policyowners within their contract. For new universal life policies, the interest options available would be based on the Canada Life universal life product.

## Wealth

### [What happens to my existing Great-West Life and London Life policies?](#)

Existing Great-West Life and London Life policies will remain intact and unchanged as a result of amalgamation.

We can change the funds that are offered both before and after amalgamation. This may include adding new funds or taking funds away.

### [If I have a Great-West Life or London Life policy, how do I access the new Canada Life product?](#)

If you would like to transfer from an existing Great-West Life or London Life policy to a new Canada Life policy, there are tax consequences and other implications as covered in the transfer guidelines. You will still be able to add new money to existing Great-West Life and London Life contract after the proposed amalgamation on Jan. 1, 2020. Please speak with your advisor for more details.

### [Does amalgamation have any impact on your high net worth offering?](#)

Our high net worth offering continues. Post-amalgamation, our household aggregation rules would accommodate assets across the amalgamated company.



### Will fees go down as a result of amalgamation?

After amalgamation, we will review the funds that are offered and may merge similar mandates together. Finding efficiencies may result in lower fees and better fund performance.