

# DISTRIBUTION GUIDE

## CREDIT LIFE INSURANCE (Commercial loans)

### CREDIT LIFE AND ACCIDENTAL DISMEMBERMENT INSURANCE

(GROUP INSURANCE) - POLICY 9010

For Laurentian Bank of Canada agricultural loans transferred  
To the National Bank of Canada on April 30, 2018

Name and Address of Insurer:

National Bank Life Insurance Compagny

1100 Robert-Bourassa Blvd., 5<sup>th</sup> Floor

Montreal, Quebec, H3B 2G7

Montreal: 514 871-7500

Toll-free: 1-877-871-7500

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[www.nbc-insurance.ca](http://www.nbc-insurance.ca)

[insurance@nbc.ca](mailto:insurance@nbc.ca)

Name and Address of Distributor:

National Bank of Canada

Toll-free: 1-888-835-6281



RESPONSIBILITY OF L'AUTORITÉ DES MARCHÉS FINANCIERS

*L'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 policy.

# INTRODUCTION

The purpose of this guide is to describe the insurance product offered and to facilitate your comprehension. It aims to enable you to assess, on your own, whether the insurance product corresponds to your needs since you are not in the presence of an insurance representative.

This guide does not constitute the insurance policy and does not modify the policy's terms. The policy and all the terms and conditions of the plan are set out in full in the Credit Life Insurance Policy (policy 9010).

A summary of the policy's main provisions is found in the "Certificate of Insurance" that is given to you when you complete the "Application for Insurance".

In this guide, words followed by a number are defined on page 21 of this guide.

## TABLE OF CONTENTS

<b>DESCRIPTION OF THE PRODUCT OFFERED</b>	<b>4</b>
<b>Nature of the Coverage</b>	<b>4</b>
Life insurance	4
Accidental dismemberment insurance	4
<b>Summary of specific features</b>	<b>4</b>
Types of eligible loans	4
Eligibility conditions	4
Declaration of insurability	5
Enrollment at all times	6
Effective date of insurance	6
Confirmation of the insurance	6
<b>Amount of the insurance</b>	<b>7</b>
Life insurance amount	7
Accidental dismemberment insurance amount	8
Designation of beneficiary	10
Death during the insurance application approval process	10
Life insurance premium	10
<b>EXCLUSIONS, RESTRICTIONS OR REDUCTION IN COVERAGE</b>	<b>11</b>
Restrictions	11
<b>CANCELLATION AND END OF THE INSURANCE</b>	<b>12</b>
Cancellation of the insurance	12
End of the insurance coverage	12
Other information	13
<b>PROOF OF LOSS OR CLAIM</b>	<b>14</b>
Submission of a claim	14
Insurer's reply	14
Appeal of an Insurer's decision and recourses	14
<b>SIMILAR PRODUCTS</b>	<b>15</b>
<b>REFERRAL TO L'AUTORITÉ DES MARCHÉS FINANCIERS</b>	<b>15</b>
<b>DOCUMENTS TO BE RECEIVED OR COMPLETED</b>	<b>16</b>
<b>SCHEDULE 1: NOTICE OF CANCELLATION OF AN INSURANCE CONTRACT</b>	<b>16</b>
<b>SCHEDULE 2: NOTICE OF FREE CHOICE OF INSURER OR REPRESENTATIVE</b>	<b>19</b>
<b>DEFINITION</b>	<b>21</b>

# DESCRIPTION OF THE PRODUCT OFFERED

## NATURE OF THE COVERAGE

### LIFE INSURANCE

For a commercial loan<sup>1</sup>, the Insurer will pay the balance of the loan to the *Bank*<sup>16</sup> at the time of your death subject to the limits stated in the section "Life insurance amount" on page 7 of this distribution guide.

### ACCIDENTAL DISMEMBERMENT INSURANCE

A serious accident may affect you or your work. As a result of this consideration, the *Bank*<sup>1</sup> has included the accidental dismemberment insurance at no additional cost. This insurance will pay a fraction or the totality of the loan balance in case of accidental dismemberment. Consult the section "Accidental dismemberment insurance amount" on page 8 of this distribution guide for more details on this matter. You must have the life insurance coverage to be covered under the accidental dismemberment insurance coverage.

## SUMMARY OF SPECIFIC FEATURES

### TYPES OF ELIGIBLE LOANS

Insurable loans are commercial mortgage loans, term loans and lines of credit or a combination thereof. These loans must be in Canadian dollars.

### ELIGIBILITY CONDITIONS

The insurance is offered:

- » to *borrowers*<sup>2</sup>, *joint borrowers*<sup>3</sup> or *endorsers*<sup>4</sup> of loans granted by the *Bank*<sup>16</sup>;
- » to any person who will be liable for the loans if the person to whom the *Bank*<sup>16</sup> issued the loan is unable to continue payments or is not able to respect his engagements. This person can be designated as an *endorser*<sup>4</sup> or a *guarantor*<sup>5</sup>.

To be eligible for insurance at the moment that you apply for insurance, you must:

- » be at least 18 years of age but less than 65 years of age;
- » be a Canadian or an American resident;
- » be personally liable for one or more loans;
- » insure the full amount of any loan, subject to the limitations mentioned in the section "Life insurance amount" on page 7 of this distribution guide;
- » be designated as a *borrower*<sup>2</sup>, a *joint borrower*<sup>3</sup>, a *guarantor*<sup>5</sup>, an *endorser*<sup>4</sup> or a *key person*<sup>6</sup> of the company to whom the loan is granted. This company must be Canadian and be exploited in Canada;

- » Complete the basic question on insurability contained in the "*Application for Insurance*". In certain cases, you will have to fill out a detailed "*statement of insurability*" (consult the section "*Declaration of insurability*" below of this distribution guide for more details on this matter).

You become insured under the policy as soon as your application for insurance is accepted. Consult the section "*Confirmation of the insurance*" on page 6 of this distribution guide for more details.

There is no maximum number of *insureds*<sup>7</sup> per loan.

### DECLARATION OF INSURABILITY

In most cases, all that is required is to answer a basic question on insurability contained in the "*Application for Insurance*" form. However, you must fill out a "*statement of insurability*" form and submit it to the Insurer if:

- » your total insurable loans exceed \$200,000; or
- » you answer "yes" to the basic question on insurability contained in the "*Application for Insurance*"; or
- » you present a request for this insurance more than 31 days after the loan was granted, if you had not asked it at the time of the loan; or
- » you present a request for this insurance more than 31 days after an increase of the loan was granted, if you had not asked for it at the time of the increase; or
- » you again present a request for an insurance that you had cancelled or which was cancelled because of late premium payments.

Whenever a "*statement of insurability*" must be submitted to the Insurer, the Insurer will send a written response within 30 days to the *insured*<sup>7</sup>.

The Insurer may require medical tests or a medical examination at its expense. It will inform you if other information is required.

## ■ ENROLLMENT AT ALL TIMES

- » The adhesion to this insurance is not mandatory.
- » It is possible to enroll at any time for this insurance by providing a “*statement of insurability*”
- » If you previously would have cancelled your insurance or if it has previously been cancelled because of late premium payments, you can present a request to be insured again if the following conditions are met:
  - you present a written request in the 6 months following the cancellation;
  - you pay all the late premium payments to the insurer;
  - you present a “*statement of insurability*” to the satisfaction of the insurer.

## ■ EFFECTIVE DATE OF INSURANCE

Insurance coverage for this insurance begins at the latest of the following dates:

- » at the date on which the Insurer accepts your insurance proposition; or
- » at the date on which the Insurer approves your “*statement of insurability*”, if you had to submit one; or
- » at the date on which the *Bank*<sup>16</sup> authorizes the loan for lines of credit and mortgage loans or *disburses*<sup>8</sup> the funds for term loans.

If the *Bank*<sup>16</sup> is ready to grant you a loan, but no funds are disbursed according to this engagement, the insurance will be considered as if it had never been in force.

If you did not meet the eligibility conditions, no insurance will be granted, and all premiums paid will be refunded to you.

## ■ CONFIRMATION OF THE INSURANCE

For term loans, mortgage loans and lines of credit, your request for insurance is accepted at the signature of the “*Application for Insurance*” if no “*statement of insurability*” is required [see the section “*Declaration of insurability*” on page 5 of this guide for more details on this matter]. If you have no “*statement of insurability*” to submit, the “*Application for Insurance*” form and the “Certificate of Insurance” constitutes your insurance confirmation.

For all types of loans, if you must complete a “*statement of insurability*”, the Insurer will send you a notice confirming if you are insured in the 30 days following the signature of the “*Application for Insurance*” form.

## AMOUNT OF THE INSURANCE

### ■ LIFE INSURANCE AMOUNT

The loan must be of at least \$5,000 to be insured.

The life insurance amount is equal to the sum of insured loans. However, if the sum of your loans exceeds \$200,000, you can chose a life insurance amount less than the sum of your loans, but of at least \$200,000.

The amount paid to the *Bank*<sup>16</sup> at the moment of your death is the lowest of the following amounts:

- i) The *unpaid balance*<sup>9</sup> of the principal immediately prior to your death plus interest accumulated on the loan since the time of your death; or
- ii) A “portion” of the *unpaid balance*<sup>9</sup> of the principal of that loan immediately prior to your death plus interest accumulated on that “portion” since the time of your death. That occurs if the amount of life insurance that you have chosen for the loan is lower than the *unpaid balance*<sup>9</sup>; or
- iii) \$3,000,000.

If your life insurance amount exceeds the amount paid to the *Bank*<sup>16</sup>, the Insurer will pay the difference to your beneficiary.

Regardless of the number of loans insured, the life insurance amount is subject to a maximum of \$3,000,000 per *insured*<sup>7</sup>.

### SIMULTANEOUS DEATHS

Two individuals or more may be insured on the same loan. If more than one *insured*<sup>7</sup> die at the same time, the “portion” of the life insurance amount of every *insured*<sup>7</sup> that will be paid to the *Bank*<sup>16</sup>, for the *unpaid balance*<sup>9</sup> amount, will be determined according to the amount of insurance chosen by each one for this loan in proportion to the total life insurance amount for this loan.

For example, two individuals are insured for a loan with an initial amount of \$300,000. One of them has chosen an insurance amount of \$300,000 and the other has chosen an insurance amount of \$200,000.

Suppose that the *unpaid balance*<sup>9</sup> is \$150,000 when the two *insureds*<sup>7</sup> die at the same time. The payment of the *unpaid balance*<sup>9</sup> to the *Bank*<sup>16</sup> by the Insurer will be done according to this formula:

$\frac{A \times B}{C}$	A = insurance amount of the <i>insured</i> <sup>7</sup> B = unpaid balance at the moment of the death of the two <i>insureds</i> <sup>7</sup> C = total insurance amount of the two <i>insureds</i> <sup>7</sup>
$\frac{\$300,000 \times \$150,000}{\$500,000} = \$90,000$	of the life insurance amount of \$300,000 for <i>insured</i> <sup>7</sup> will be applied to the <i>unpaid balance</i> <sup>9</sup> .
$\frac{\$200,000 \times \$150,000}{\$500,000} = \$60,000$	of the life insurance amount of \$200,000 for <i>insured</i> <sup>7</sup> will be applied to the <i>unpaid balance</i> <sup>9</sup> .

Furthermore, if the life insurance amount of an *insured*<sup>7</sup> exceeds the “portion” applied to the *unpaid balance*<sup>9</sup>, the Insurer pays the difference to the beneficiary chosen by the *insured*.

In the preceding example, the Insurer would pay to the beneficiaries of every *insured*<sup>7</sup> the following amounts:

\$300,000 - \$90,000 = \$210,000 to the beneficiary of *insured*<sup>7</sup>;  
\$200,000 - \$60,000 = \$140,000 to the beneficiary of *insured*<sup>7</sup>.

#### ■ ACCIDENTAL DISMEMBERMENT INSURANCE AMOUNT

If you suffer any of the losses indicated in the Loss Table (see next page), the Insurer will pay a benefit to the *Bank*<sup>16</sup> for the purpose of reducing the *unpaid balance*<sup>9</sup>. This benefit will correspond to a percentage of the life insurance amount immediately prior to the occurrence of the loss as indicated in the Loss Table (see next page).

The difference, if there is one, between the accidental dismemberment insurance amount effective at the moment of the loss and the benefit paid to the *Bank*<sup>16</sup> paid to you.

The amount is paid subject to the following conditions:

- the loss must have been suffered as a direct result of an *accident*<sup>10</sup>; and
- the loss must have occurred while the insurance of the insured person who suffered the loss was in force; and
- the bodily injury must have been suffered within no more than 365 days preceding the date of the loss.

#### LOSS TABLE

LOSS	PERCENTAGE OF LIFE INSURANCE AMOUNT
of <i>sight</i> <sup>11</sup> in both eyes	100%, max of \$50,000
of both <i>hands</i> <sup>12</sup> or both <i>feet</i> <sup>12</sup>	100%, max of \$50,000
Of one <i>hand</i> <sup>12</sup> and <i>sight</i> <sup>11</sup> in one eye	100%, max of \$50,000
Of one <i>foot</i> <sup>12</sup> and <i>sight</i> <sup>11</sup> in one eye	100%, max of \$50,000
Of one <i>hand</i> <sup>12</sup> and one <i>foot</i> <sup>12</sup>	100%, max of \$50,000
Of one <i>arm</i> <sup>13</sup> and one <i>leg</i> <sup>13</sup>	100%, max of \$50,000
Of <i>hearing</i> <sup>11</sup> and <i>speech</i> <sup>11</sup>	100%, max of \$50,000
Of one <i>arm</i> <sup>13</sup> or one <i>leg</i> <sup>13</sup>	50%, max of \$25,000
Of one <i>hand</i> <sup>12</sup> or one <i>leg</i> <sup>13</sup>	50%, max of \$25,000
Of <i>sight</i> <sup>11</sup> in one eye	50%, max of \$25,000

The maximum amount that the Insurer will pay for every loss that you may suffer, following an accident, or your death, will not exceed 100% of your total life insurance amount.

#### Example:

Amount of your initial loan = \$300,000

Your total life insurance amount (that you have chosen) = \$200,000

Since your total life insurance amount payable by the Insurer is \$200,000, the Insurer will pay at most \$200,000 for this loan regardless of the number of dismemberments caused by an accident or a death.

# EXCLUSIONS, RESTRICTIONS OR REDUCTION IN COVERAGE

## ■ DESIGNATION OF BENEFICIARY

The “portion” of the life insurance amount applied to the *unpaid balance*<sup>9</sup> of your *commercial loans*<sup>1</sup> at the time of your death is paid to the *Bank*<sup>16</sup>. The difference between your life insurance amount and the “portion” applied to your commercial loans balance, as the case may be, is paid to your legal heirs, unless you had assigned a beneficiary.

## ■ DEATH DURING THE INSURANCE APPLICATION APPROVAL PROCESS

The Insurer will pay the life insurance benefit to the Laurentian Bank in the event of *accidental death*<sup>14</sup> that occurred during the insurance application approval or refusal process if your death occurs within 90 days of the date of signature of the “*Application for insurance*” form.

## ■ LIFE INSURANCE PREMIUM

The premium you must pay to the Insurer is calculated on the “*Application for Insurance*” form.

It depends, among other things, on the life insurance amount, your gender, your smoking status (smoker or non-smoker), and your age at the latest of the following dates:

- » at the date of the signature of the “*Application for Insurance*”; or
- » at the date on which your loan is authorized by the *Bank*<sup>16</sup>.

The premium rate is fixed at the time of your insurance enrollment according to the information above.

Your premium is payable, in Canadian dollars, the first day of each month to the Insurer. The premium will be withdrawn directly from your account if you have given your authorization to the Insurer by signing the “*Application for Insurance*”.

Your premium is calculated according to the fact that you are a smoker or a non-smoker at the moment of the signature of the “*Application for Insurance*”. This question is asked in the “*Application for Insurance*” in the section “Declaration”.

To have the non-smoker status, you should not have smoked any form of tobacco during the 12 months preceding the date of the signature of the “*Application for Insurance*”.

If you ask afterwards for an increase in your life insurance amount and that your request is accepted, your new premium will be calculated according to the fact that you are a smoker or a non-smoker at that moment.

Provincial sales tax and all other taxes that apply are added to the premium.

The Insurer reserves the right to modify the premium rate at any time.

## ■ WARNING

**No benefits will be paid if death or accidental dismemberment results from one of the following causes:**

- » participation in a criminal act, public confrontation, riot, insurrection, or military operation;
- » flying or attempting to fly an aircraft in any other capacity than that of a passenger;
- » injuries suffered when the *insured*<sup>7</sup> was driving a motor vehicle while under the influence of narcotics or with a proportion of alcohol in his blood higher than 80 milligrams per 100 milliliters of blood (.08).
- » suicide, suicide attempt or self-inflicted injuries while you are sane or insane. In the case of a suicide, the exclusion applies only if death occurs during a 2-year period of insurance, without interruption, following the beginning of insurance coverage.

## ■ RESTRICTIONS

**You must declare to the Insurer all relevant facts related to the insurance, including the information provided in:**

- » the “*Application for Insurance*” form;
- » “*Statement of insurability*”, if applicable; and
- » all other documents provided as evidence of insurability.

**If you omit information or make a misrepresentation concerning your insurability, no benefits are paid during the first 2 years starting from the start of insurance coverage. Under no circumstance shall benefits be paid in case of fraud.**

**If your age is inaccurate, the benefit is adjusted in accordance with the accurate age at the beginning of the last month of insurance, but without exceeding the insured loan value or the maximum payable benefit.**

**If the age that you declared is less than your real age, you will have to pay to the Insurer arrears of premiums, without interest, for the whole effective period of insurance.**

**If the age that you declared is more than your real age, the Insurer will reimburse you the premiums paid in excess, without interest, for the whole effective period of insurance.**

# CANCELLATION AND END OF THE INSURANCE

## ■ CANCELLATION OF THE INSURANCE

You may cancel your insurance at any time.

You can cancel your insurance without any charges, in the 20 days following the signature of the “*Application for Insurance*”. All premiums perceived, minus all benefits paid if this is the case, will be returned to you.

To cancel your insurance, you may call the Insurer or send a notice registered mail. You may use for this purpose the “Notice of cancellation or termination” on page 17 of this distribution guide, or any other document that identifies the contract (loan number, bank transit number, policy number, signature, date, etc.).

**The insurance policy will be terminated on the last of the following dates:**

- » **The date the notice is received by the Insurer; or**
- » **The date indicated by the *insured*<sup>7</sup>.**

## ■ END OF THE INSURANCE COVERAGE

The insurance ends on the first day of the month following the first of the occurrences mentioned below::

- a) the insured loan is discharged;
- b) when you attain the age of 70;
- c) on *refinancing*<sup>15</sup> or the increasing of a loan if new insurance coverage is granted on the new loan;
- d) when the premium payment or monthly payment is over 2 monthly instalments in arrears;
- e) upon termination of the insurance contract between the *Bank*<sup>16</sup> and the Insurer;
- f) the date on which you voluntarily cancel your insurance;
- g) the date on which another creditor assumes liability for the loan, or the loan (or a portion of the loan) is assumed by another *borrower*<sup>2</sup> that is uninsured by a certificate of insurance related to the said loan;
- h) for a mortgage loan, the total assignment by the *insured*<sup>7</sup> of his rights in the building appropriated to secure the loan;
- i) the date on which you no longer comply with the definition of *borrower*<sup>2</sup>, *joint borrower*<sup>3</sup>, *endorser*<sup>4</sup>, *guarantor*<sup>5</sup>, *key person*<sup>6</sup> of the borrowing company;
- j) your death.

## ■ OTHER INFORMATION

Notice regarding the establishment of personal information file

To assure that the personal information that the Insurer holds or will hold regarding you is treated confidentially, the Insurer will maintain a file of insurance that will contain all the information concerning your application for insurance and those relating to all applications of regulation for insurance.

Only the personnel of the Insurer who will be responsible of the administration’s subscription, inquiries and applications of regulation will consult this information.

The file will be kept in the Insurer’s offices. You may always access your file that contains all your personal information. It is possible that some medical information could be obtained only by consulting your doctor.

You can rectify all information by sending a written request to the head office of the Insurer whose address information is.

National Bank Life Insurance Company  
Personal Information Access Officer,  
1100 Robert-Bourassa Blvd., 5<sup>th</sup> Floor,  
Montreal, Quebec H3B 2G7

# PROOF OF LOSS OR CLAIM

## ■ SUBMISSION OF A CLAIM

For life insurance, a written notice of application for benefits, including all relevant documents needed by the Insurer must be submitted to the Insurer within at most one year after the date of death.

For the accidental dismemberment insurance, a written notice of application for benefits must be submitted to the Insurer within 30 days following the date of the accident and written proof must be remitted within 90 days following the event.

Benefits are payable only when the Insurer approves all relevant documents needed and when they are judged to be sufficient by the Insurer.

After the provided delay, the Insurer will accept an application for benefits if it is proved that the request was submitted as soon as it was reasonably possible to do so.

## ■ INSURER'S REPLY

Insurer's response time:

The Insurer will send you the acceptance or refusal of your application for benefits within 30 days following receipt of the application for benefits.

If the application for benefits is accepted, the Insurer will send you a confirmation of the payment made to the *Bank*<sup>16</sup>. If the application for benefits is refused, the Insurer will inform you of the reasons for the refusal.

## ■ APPEAL OF AN INSURER'S DECISION AND RECOURSES

You have one year to appeal the Insurer's decision following the refusal of your application for benefits. You must send a written request to the Insurer explaining the reason of the appeal.

You may contact L'Autorité des marchés financiers at the telephone number provided in the section "Referral to L'Autorité des marchés financiers" to find out about your rights. You may also consult a legal advisor of your choice.

The Law provides a maximum delay of 3 years to appeal the decision of the Insurer.

# SIMILAR PRODUCTS

Other insurance coverage that are similar to the insurance described in this distribution guide exists on the market. Verify that you do not already own insurance coverage offering the same protection.

## REFERRAL TO L'AUTORITÉ DES MARCHÉS FINANCIERS

For further information concerning this distribution guide or this insurance product, please contact the Insurer. The name, address and phone number of the Insurer can be obtained on the front cover of this distribution guide.

For all additional information on the obligations of the Insurer and the distributor, you may contact L'Autorité des marchés financiers at the following address:

### L'AUTORITÉ DES MARCHÉS FINANCIERS

Place de la Cité, Tour Cominar  
2640, Blvd. Laurier 4th Floor  
Sainte-Foy, Québec G1V 5C1

### PHONE NUMBER OF THE CONSUMER HOTLINE

Toll-free : 1-877-525-0337

Québec : 418-525-0337

Montréal : 514-395-0337

Fax: 418-525-9512

Web site : [www.lautorite.qc.ca](http://www.lautorite.qc.ca)

# DOCUMENTS TO BE RECEIVED OR COMPLETED

The following documents are those that you have completed or that you have in your possession:

- 1- the "Application for Insurance"
- 2- the "Detailed questionnaire on the state of health", if applicable,
- 3- the certificate of insurance, and
- 4- Schedule 1: Notice of cancellation of an insurance contract. *The required sections of the law are printed on the back.*

## SCHEDULE 1 : 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 signing it.
- The Insurer gives you 20 days. To do so, you can call the Insurer or send a notice by registered mail within that delay. You may use the attached model 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 the expiry of the 20 day delay, you may cancel the insurance at anytime; however, penalties may

apply. For further information, contact the *Autorité des marchés financiers* at 418-525-0337 or 1-877-525-0337.

### NOTICE OF CANCELLATION OF AN INSURANCE CONTRACT

à : National Bank Life Insurance Company  
1100 Robert-Bourassa Blvd., 5th Floor  
Montreal (Quebec) H3B 2G7

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

Pursuant to section 441 of the *Act respecting the distribution of financial products and services*,  
I hereby cancel 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)

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, 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 favorable 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, 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.

## SCHEDULE 2: NOTICE OF FREE CHOICE OF INSURER OR REPRESENTATIVE

Section 443 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

- » You are required to purchase insurance coverage to secure the repayment of a loan;
- » However, you are free to purchase this insurance from the insurer or representative of your choice. **You may thus obtain the required insurance in three different ways:**

### **1. By purchasing the insurance offered to you;**

If you choose this option, you benefit from the application of section 19 of the Act which allows you to cancel an insurance contract that you signed at the time of signing another contract, without penalty, within 10 days of its signature. However, you must then purchase another equivalent insurance to the satisfaction of the creditor who may not refuse without reasonable causes.

**2. By purchasing other insurance that is equivalent to the insurance required,** to the satisfaction of the creditor who may not refuse without reasonable causes.

**3. By demonstrating that you already have insurance that is equivalent to the insurance required,** to the satisfaction of the creditor who may not refuse without reasonable causes.

You may change insurer or representative at any time, provided that during the term of the loan agreement you maintain insurance equivalent to the insurance required to the satisfaction of the creditor who may not refuse without reasonable causes. You cannot be required to choose or keep an insurance contract with a particular insurer, nor can you be refused credit or have your loan called in for this reason.

To cancel your insurance, you may use the section hereunder entitled "Notice of cancellation of an insurance contract". For further information, contact the Autorité des marchés financiers at: 418-525-0337 or 1-877-525-0337.

DESCRIPTION OF THE REQUIRED COVERAGE

(Section completed by the distributor)

To insure the repayment of your loan, we have required that you purchase:

Insurance of persons of the following type: \_\_\_\_\_  
(life, disability, other)

in an amount of: \$ \_\_\_\_\_  
(coverage)

<sup>1</sup>*Commercial loan*: a commercial loan can be a mortgage loan, a personal loan or a line of credit.

<sup>2</sup>*Borrower*: the physical person to whom the *Bank*<sup>16</sup> consents a loan and who is the first signatory of the loan.

<sup>3</sup>*Joint borrower*: the physical person(s) who have a joint loan with the *borrower*<sup>2</sup>.

<sup>4</sup>*Endorser*: the physical person who promises to pay the whole unpaid balance if the *borrower*<sup>2</sup> or the *joint borrower*<sup>3</sup> is no longer in position to assume the reimbursement.

<sup>5</sup>*Guarantor*: the physical person who promises to the *Bank*<sup>16</sup> to reimburse the *borrower*'s<sup>2</sup> or the *joint borrower*'s<sup>3</sup> debt in the eventuality that he would disrespect his engagement.

<sup>6</sup>*Key person*: person who is in charge of very important functions in a company, or who holds a main role in the company.

<sup>7</sup>*Insured*: person admissible to the insurance who has completed the "Application for insurance" form and who has received a certificate of insurance.

<sup>8</sup>*Disbursement*: action by which the *Bank*<sup>16</sup> pays the funds for your loan.

<sup>9</sup>*Unpaid balance*: the unpaid amount in capital of the loan granted to you by the *Bank*<sup>16</sup>, and to the *joint borrower*'s<sup>3</sup>, if applicable. The balance is calculated by taking in account that all the payments due at this date have been made.

<sup>10</sup>*Accident*: a bodily injury, arising directly from a violent, sudden and unforeseen action of external cause and independent of any other cause.

<sup>11</sup>*The loss of hearing, of sight or of speech*: total and irreparable loss of hearing, sight or speech attested by a trained physician, who is acknowledged and certified by the Royal College of Physicians and Surgeons of Canada.

<sup>12</sup>*The loss of a hand or of a foot*: complete severing at the wrist joint or between the wrist and the elbow, or complete severing of the ankle joint or between the ankle and the knee.

<sup>13</sup>*The loss of an arm or of a leg*: complete severing at or above the elbow joint or complete severing above the knee joint.

<sup>14</sup>*Accidental death*: a death caused by a non-intentional bodily injury, arising from an unforeseen action of external cause.

<sup>15</sup>*Refinancing*: all modifications applied on a loan that causes a balance to increase. Consolidation of several loans also constitutes a refinancing.

<sup>16</sup>*Bank*: National Bank of Canada



Should you have any questions about this guide,  
do not hesitate to contact the Insurer Call Center  
514-871-7500  
1-877-871-7500



