

Mortgage Disability Protection

The details of your Mortgage Disability Protection are important. They are described in your Mortgage Disability Protection Distribution Guide (the Guide). **You must keep it in a safe place.** The amount of Mortgage Disability Protection you chose is identified on your Mortgage Disability Protection Application and on any letters you receive from Sun Life Assurance Company of Canada or the lender* confirming your insurance coverage. (The words followed by an asterisk (*) are defined in the Definitions section of the Guide.)

Name of Insurance Product:

Mortgage Disability Protection

Type of Insurance Product:

Creditor Group Protection

Disability* insurance coverage for your mortgage*.

Name and Address of Insurer:

Sun Life Assurance Company of Canada

Creditor Insurance Team
227 King St. S.
P.O. Box 638, STN Waterloo
Waterloo, Ontario N2J 4B8
Phone: 1-866-223-2959
E-mail: creditorteam@sunlife.com

Name of Bank:

The Bank of Nova Scotia

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Definitions

Borrower	A person who is named a borrower or a guarantor* on a mortgage* and would be referred to as Borrower 1 and/or Borrower 2 on the Mortgage Disability Protection Application.
Branch	A branch of the lender*.
Disability or Disabled	You have a medical impairment due to injury, disease, sickness, mental illness or nervous disorder that prevents you from performing the regular duties of your own occupation in which you participated just before the disability started.
Doctor	A licensed physician or other health practitioner approved by Sun Life.
Guarantor	A person who undertakes to satisfy the obligation of the borrower* under the mortgage*.
Lender	The member of the Scotiabank group of companies from which you received a mortgage*, including The Bank of Nova Scotia (Scotiabank).
Mortgage	A legal contract registered against the borrower's property and any improvements, given by the borrower* to the lender* to secure repayment for a loan.
Mortgage payment(s)	Includes principal, interest and any municipal property taxes which the lender* collects on your behalf, as specified in the mortgage* document.
Sun Life	Sun Life Assurance Company of Canada.
You and your	The insured borrower*.

Introduction

What would happen if you suffered a disability* and couldn't make your mortgage payments*?

The Bank of Nova Scotia ("Scotiabank") and Sun Life Assurance Company of Canada ("Sun Life") have developed Mortgage Disability Protection to assist with your financial needs in this situation.

The Guide explains Mortgage Disability Protection. It will help you determine, without the presence of an insurance representative, if the insurance coverage described suits your needs. Contact Sun Life toll free at 1-866-223-2959 if you still have questions after reading it.

This is an important document. Please keep all related documents, including a copy of your Mortgage Disability Protection Application and any letters from Sun Life or the lender* confirming your Mortgage Disability Protection, in the pocket of the Guide and put it in a safe place.

The Mortgage Disability Protection product is provided by Sun Life under a group insurance policy having the number 57899 ("Policy") issued to Scotiabank.

The Mortgage Disability Protection product has been specifically designed to cover your mortgage payment*. It is not intended to replace any other disability protection you may already own.

The Guide and the completed Mortgage Disability Protection Application and any letters from Sun Life or the lender* confirming your Mortgage Disability Protection, together describe the terms of your insurance coverage.

Scotiabank and Sun Life can change the terms of the insurance coverage described in the Guide. You will be informed in writing before any changes are made. You will be deemed to have received the notice on the fifth business day after it is mailed to your last address in the lender's* records.

In the event of a discrepancy between the terms of the Guide and those of the Policy, the terms of the Policy will prevail.

Description of the product offered

Nature of the insurance coverage

DISABILITY INSURANCE COVERAGE:

Mortgage Disability Protection will pay a benefit in the event that you become disabled* and your disability claim is approved. The benefit will be a fixed amount that is based on the insured mortgage payment* plus your disability premium (including provincial sales tax), on the date of disability*.

The maximum monthly benefit for any one of your insured mortgage payments* is \$3,500, plus your disability premium (including provincial sales tax) and will be paid for up to a maximum of 24 months per insured person, per mortgage, per disability*. The overall maximum is 48 months of disability benefit payments for your lifetime.

If you are receiving disability benefits on multiple mortgages in any given month, each month you are disabled represents one month of benefit for the purposes of the 24-month maximum per mortgage, per disability* and 48-month overall maximum benefit.

Example:

Maximum Monthly Benefit Example:

If you have three disability insured mortgages, and you received benefits for two months for your approved claim, you have used two months of benefit out of the 24-month maximum per mortgage, per disability and 48-month overall lifetime benefit limits available under Mortgage Disability Protection coverage.*

If you pay your mortgage payments other than monthly, a monthly equivalent will be calculated. For the following mortgage payment frequencies, the monthly equivalent insurable benefit is calculated using the following formulas:

- weekly – principal, interest and municipal property taxes are multiplied by 52 and divided by 12
- bi-weekly – principal, interest and municipal property taxes are multiplied by 26 and divided by 12
- semi-monthly – principal, interest and municipal property taxes are multiplied by 24 and divided by 12.

Only one disability claim will be paid at the same time, on any one mortgage* regardless of the number of people insured on the mortgage*.

When disability benefits begin

Sun Life will pay the benefit in arrears beginning on your first scheduled mortgage payment date after the end of the 60-day qualifying period. The claim payment will be pro-rated if a benefit is payable for a portion of a mortgage payment billing cycle. Qualifying period means the period of continuous disability* beginning on the date you become disabled* and ending on the date you qualify for benefits. No benefits are payable for the qualifying period.

The benefit payment

The benefit will be paid to the lender*. The benefit payment will be made to the deposit account from which your mortgage payment* is charged on the same frequency that your mortgage payment* is made.

There are some exclusions and limitations in this plan. Please refer to the section "*Exclusions and Limitations in Insurance coverage*" on pages 11 and 12 of the Guide for detailed information.

When disability* benefits end

Sun Life will pay the benefit until the earliest of the following events:

- Your disability* ends or you return to work,
- You participate in any business or occupation for wages or profit,
- You have received 24 months of disability benefit payments per insured person, per mortgage, per disability*,
- You have received an overall maximum of 48 months of disability benefit payments for your lifetime,
- You are no longer under the active care of a doctor*,
- You refuse to submit to a medical exam by a doctor* selected by Sun Life,
- You fail to provide proof of continuing disability* satisfactory to Sun Life,
- Your disability* results from drug or alcohol abuse unless:
 - o You are enrolled in a rehabilitation program, or
 - o You are hospitalized and receiving continuous treatment, or
 - o You are suffering from an organic disease that, if the use of the drug or alcohol stopped, would cause disability*,
- Your mortgage* is paid in full,
- Sun Life is notified that you received a full payout of this Disability insured mortgage balance from a specified Loss of Life benefit defined under Group Policy 60166 or Group Policy 11848, Division 0 (or the successor(s)), issued by The Canada Life Assurance Company to Scotiabank,

- Sun Life is notified that you received a full payout of this Disability insured mortgage balance from a specified Terminal Illness benefit defined under Group Policy 60166 or Group Policy 11848, Division 2000 (or the successor(s)), issued by The Canada Life Assurance Company to Scotiabank,
- Sun Life is notified that you received a full payout of this Disability insured mortgage balance from a specified Health Crisis benefit defined under Group Policy 60166 or Group Policy 60099, Division 5600 (or the successor(s)), issued by The Canada Life Assurance Company to Scotiabank,
- Your death.

What if your disability* recurs

If the same disability* recurs within 21 consecutive days of your recovery or your return to work and lasts a minimum of 7 consecutive days, your disability* will be treated as a continuation of the same claim but no benefits will be payable for the period you worked. Your benefit payments will begin again after you have provided proof to Sun Life of the recurrence of your disability*.

Example:

Recurrent Disability Example:

Suppose your claim under Mortgage Disability Protection coverage has been approved. You receive a disability benefit between May 1st and July 1st. On July 2nd, you recover or return to work. Beginning July 15, you suffer the same disability through August 15th, and you recover or return to work August 16th. The Insurer will treat your disability dated July 15th through August 15th as a continuation of your disability dated May 1st through July 1st if your claim is approved. No benefit will be payable for the period July 2nd through July 14th.

Summary of specific features

Applying for insurance coverage

You can apply if you obtain an eligible mortgage*. Just complete a Mortgage Disability Protection Application at your branch* or by any other method of applying for Mortgage Disability Protection.

Please carefully review your Mortgage Disability Protection Application and the letter from the lender* which confirms the Mortgage Disability Protection to make sure you are applying for the insurance coverage that you intended.

Note that you* do not have to buy Mortgage Disability Protection to obtain a mortgage*. Mortgage Disability Protection is optional.

You may apply for Mortgage Disability Protection at the same time you obtain your mortgage* or if you already have a mortgage*.

Persons who may apply for insurance coverage

To be eligible for your Mortgage* Disability* Protection, you must meet all of the following conditions:

- Have an eligible mortgage loan, **and**
- Be living in Canada, **and**
- Be **at least 18 years old** and **have not** reached your **65th birthday**, at the time you are applying, **and**
- Be a borrower*, **and**
- Be actively working at least 20 hours per week for wages or expectation of profit and be able to perform the regular duties of your occupation (if you are a seasonal worker you must have a proven work history).

A maximum of 2 people can be insured on one mortgage*.

Eligible mortgage loans

Mortgage Disability Protection coverage is available only on mortgages on residential properties of 4 units or less.

Ineligible mortgage loans

All of the following loans are not eligible for Mortgage Disability Protection coverage:

- commercial mortgage loans, and
- mortgage investments in self-directed Registered Retirement Savings Plans or Registered Retirement Income Funds.

Health question

Everyone applying for Mortgage Disability Protection must answer the health question on the Mortgage Disability Protection Application.

If the total insured amount of your mortgages with the lender* is equal to or less than \$300,000, and you answer “no” to the health question, your application for insurance coverage is automatically approved and the insurer does not need any more health information.

If the total insured amount of your mortgages with the lender* is greater than \$300,000, and/or you answer “yes” to the health question, the insurer will review your Mortgage Disability Protection Application. The insurer will contact you if more information is needed and insurance will not be effective unless and until you receive written confirmation from the insurer.

The total insured amount of your mortgages consists not only of mortgages subject to the Mortgage Protection Disability Application but disability insured mortgages already existing with the lender*.

Maximum amount of insurance coverage

The maximum monthly equivalent insurable benefit amount for any one of your insured mortgage payments* is \$3,500, plus disability premium (including provincial sales tax) and will be paid for up to a maximum of 24 months per insured person*, per mortgage, per disability*. The overall maximum is 48 months of disability benefit payments for your lifetime.

Transferring your insurance coverage between mortgages*

If you replace an existing insured mortgage(s)* with one or more new mortgages*, your existing Mortgage Disability Protection coverage will be transferred without interruption to the new mortgage(s)*, provided that all of the following conditions are satisfied:

- the total amount approved for the new mortgage(s)* is equal to or less than the current outstanding balance of the existing insured mortgage(s)*, **and**
- your coverage has not been cancelled or terminated, **and**
- no request is made to revise the existing Mortgage Disability Protection coverage in any way whatsoever, including a request to obtain a different type of coverage or a request to insure an additional or a different person, **and**
- you complete and sign a Transfer Mortgage* Protection Form *for Disability Protection*.

Cost of insurance coverage

Your monthly premiums are calculated based on:

- Your attained age at the time of application; **and**
- Your insurable mortgage payment*

Your monthly premiums will change any time there is a change in your insured mortgage payment.

You must continue to pay your premium during the period you are receiving disability* benefits. The Insurer will add the premium amount as of the approved date of disability* to each disability benefit during the period you are receiving disability* benefits. Any changes in the amount of premium occurring after the approved date of disability* will not be included in the premium amount the Insurer adds to each disability benefit.

Your insurable mortgage payment is an amount equal to a monthly equivalent of your mortgage payments.

If you pay your mortgage payment with a frequency other than monthly, your monthly insurable payments are calculated as follows:

- weekly – principal, interest and municipal property taxes are multiplied by 52 and divided by 12
- bi-weekly – principal, interest and municipal property taxes are multiplied by 26 and divided by 12
- semi-monthly – principal, interest and municipal property taxes are multiplied by 24 and divided by 12.

Disability Premium Rate Table

Your age at the time of application	Rates per \$100 of monthly insurable mortgage payment
18 - 29	1.35
30 - 35	1.75
36 - 40	2.10
41 - 45	2.60
46 - 50	3.05
51 - 55	3.70
56 - 60	4.75
61 - 64	5.80

Any provincial sales tax on insurance coverage premiums will be added.

This Premium Rate Table is subject to change.

Example:

Premium Calculation Example:

Suppose you have been approved for Mortgage Disability Protection. If you are 25 years old at the time of application and your weekly mortgage payment that immediately precedes your next monthly premium billing date is \$626.15, then your monthly premium would be **\$36.63** ($626.15 \times 52 \div 12 \div 100 \times 1.35$), plus provincial tax.*

Sun Life, together with the lender*, can change the premium table and/or the premium calculation method. You will be informed in writing before any changes are made, and you will be provided with the new premium table, if applicable. It will be assumed you received the notice in writing on the fifth business day after mailing it to your last address in the lender's* records.

Start of insurance coverage

Your disability insurance starts **on the latest of the following dates:**

- the date the lender* receives your signed and dated Mortgage Disability Protection Application; **or**
- the date Sun Life specifies in their approval letter, if review of your Mortgage Disability Protection Application is needed; **or**
- the date you sign your loan agreement.

Note: A debit of the insurance premium from your account, or the collection of any insurance premium in error, does not make insurance effective if you are otherwise not eligible or insurable under the Policy.

Note: If a claim is approved prior to the date the lender* advances the mortgage funds, the benefit payment will only be paid after the mortgage* goes under repayment.

Confirmation from Sun Life

Your completed Mortgage Disability Protection Application, the letter from the lender* confirming Mortgage Disability Protection, the Guide, and any letter from Sun Life confirming approval, together is the proof that you are insured.

Collection, use and exchange of personal information

The personal information which you give when you apply for insurance allows Sun Life Assurance Company of Canada to process your application for insurance coverage. Sun Life, its reinsurers or third party service providers contracted by Sun Life can obtain from, and exchange with any licensed physician, medical practitioner, hospital, clinic or other medical or medically related facility, investigative agencies and other insurers or reinsurers, any relevant information they may have about you. Sun Life can exchange and use such information to administer this insurance and to adjudicate claims.

Exclusions and Limitations in Insurance Coverage

Exclusions/CAUTION

Any concealment, misrepresentation or false declaration concerning your Mortgage Disability Protection Application or your claim(s) may result in your insurance coverage being void.

1. Sun Life will not pay a claim if you become disabled* as a result of:

- Normal pregnancy,
- Intentionally self inflicted injuries or attempted suicide while sane or insane,
- Events directly or indirectly relating to, arising from or following your participation or attempted participation in a criminal offence, or your impairment by illegal drugs or alcohol while your blood alcohol concentration is higher than the legal limit, regardless of whether your disability* arises or results from your impairment,
- War or civil disorder, whether declared or undeclared, unless you are on active military duty as a member of the Canadian Forces or Canadian Forces Reserve,
- Elective cosmetic surgery or experimental surgery or treatment, or
- Drug or alcohol abuse unless:
 - o You are enrolled in a rehabilitation program, or
 - o You are hospitalized and receiving continuous treatment, or
 - o You are suffering from an organic disease that, if the use of the drug or alcohol stopped, would cause disability*.

2. Sun Life also will not pay a claim if:

- The mortgage* balance on the date you become disabled* is \$0.00,
- You are not under the active care of a doctor*,
- You were not eligible or insurable for insurance coverage when you applied,
- You refuse to submit to a medical exam by a doctor* selected by Sun Life,
- You fail to provide proof of continuing disability* satisfactory to Sun Life,
- You are confined in a prison or similar institution, or
- You die.

Limitations/CAUTION

General

1. The maximum monthly equivalent insurable benefit amount for any one of your insured mortgage payments* is **\$3,500**, plus disability premium (including provincial sales tax) and will be paid for up to a maximum of 24 months per insured person, per mortgage, per disability.
2. The overall maximum is 48 months of disability benefit payments for your lifetime.

If you are receiving disability benefits on multiple mortgages in any given month, each month you are disabled represents one month of benefit for the purposes of the 24-month maximum per mortgage, per disability* and 48-month overall maximum benefit.

Example:

Maximum Monthly Benefit Example:

If you have three disability insured mortgages, and you received benefits for two months for your approved claim, you have used two months of benefit out of the 24-month maximum per mortgage, per disability* and 48-month overall lifetime benefit limits available under Mortgage Disability Protection coverage.

Cancellation and End of Insurance Coverage

How to cancel this insurance coverage

You may cancel your insurance coverage within **10 days** of its signature. To do so you must provide a signed and dated letter or bank cancellation form to your lender*. Any premiums you have paid will be refunded to you.

You may cancel your insurance coverage at any time thereafter. In this event you will not receive a premium refund. All you have to do is provide a signed and dated letter or bank cancellation form to your lender*.

Your insurance coverage will be cancelled on the **latest of the following**:

- The date stated in your signed and dated cancellation request or bank cancellation form; **or**
- The date the lender* receives your signed and dated cancellation request or bank cancellation form.

In the case of a mortgage* with two borrowers*, both borrowers* must sign the request to cancel or the bank cancellation form, even if the request is to cancel the insurance coverage for one borrower* only.

End of insurance coverage

Your insurance coverage ends on one of the following dates, **whichever comes first**:

- The last day of your account billing period following your 70th birthday. In the case of two insured borrowers*, when the older borrower* reaches age 70, the premium will be automatically changed to reflect the remaining borrower's* insurance coverage,
- The date the lender* receives a signed and dated cancellation request or bank cancellation form from you to cancel your insurance coverage. In the case of two insured borrowers*, the form or letter must be signed by both borrowers* even if only one borrower* wishes to cancel insurance coverage,
- The date the **premium payment** is 60 days late,
- The date your **mortgage payment*** is 60 days late,
- The date the group policy ends,
- The date you have reached the overall maximum benefit of 48 months of disability* benefits for your lifetime,
- The date the lender* makes a demand or withdraws the mortgage account,
- The date someone other than you becomes responsible for repaying the mortgage*,
- The date the mortgage* is refinanced for additional funds or is paid in full,
- The date of your death.

Other Information

The lender* receives a fee from Sun Life to promote and administer the Policy.

For more information about this insurance coverage, or to obtain a copy of the insurance policy, send your written request to the following address:

Sun Life Assurance Company of Canada Telephone 1-866-223-2959
Creditor Insurance Team
227 King Street South Please indicate your group
P.O. Box 638, Station Waterloo policy number: 57899
Waterloo, Ontario
Canada N2J 4B8

Proof of Disability* Claim

Submission of a claim

You can contact Sun Life at 1-866-223-2959. Sun Life will send you a disability claim form package to be completed.

You are responsible for any fee that has to be paid to have the form completed.

Your completed disability claim form package must be sent to Sun Life within **150 days** of the date of disability*. The medical information must be completed by the doctor* who is actively treating you. Sun Life may also ask you to have a medical examination by a doctor* of Sun Life's choice. Benefits **will not** be paid if the examination is refused.

If Sun Life does not receive notice of a claim within the specified time, Sun Life will only process the claim if you can show reasonable cause for delay.

Insurer's reply

Sun Life can deny a claim or reduce the benefit for disability insurance coverage because of an exclusion or limitation described in the Guide. Sun Life's notice to you will explain the reason why the claim was denied or the benefit was reduced.

Sun Life will notify you in writing of the decision to approve or deny your claim within **30 days** after Sun Life receives all of the information needed to make a decision.

Appeal of insurer’s decision and recourses

You may appeal Sun Life’s decision if your initial claim is denied. The appeal must be in writing and sent to Sun Life at the address on the back cover of the Guide within **6 months** of the date of Sun Life’s decision letter. It must include:

- The reason or reasons why the decision is being appealed, and
- Any additional information or documentation that was not submitted with the first claim.

No one may take legal action against Sun Life less than **60 days** after Sun Life has received initial proof of the claim. The maximum period to take legal action is **3 years** after the deadline for providing the initial proof of claim or such longer period as may be allowed by applicable law.

Similar Products

This insurance coverage is designed specifically to cover your mortgage* debt. It is not intended to replace any other personal disability insurance coverage that you may already own. Other insurance products are available with other companies but may have different benefits, limitations and exclusions.

Confidentiality

Your privacy is protected

At Sun Life Assurance Company of Canada, protecting your privacy is a priority. Sun Life maintains a confidential file in their offices containing personal information about you and your contract(s) with Sun Life. The files are kept for the purpose of providing you with insurance coverage that will help you meet your lifetime financial objectives. Access to your personal information is restricted to those employees and representatives who are responsible for the administration and servicing of your contract(s) with Sun Life or any other person whom you authorize. You are entitled to consult the information contained in the file and, if applicable, to have it corrected by sending a written request to Sun Life. To find out about Sun Life's Privacy Policy, visit their website at www.sunlife.ca or call 1-800-SUN-LIFE (1-800-786-5433) and request that a copy of the Privacy Brochure be sent to you.

Notes

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