



RBC Insurance

RBC Life Insurance Company
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We have issued this Policy to You in consideration of the payment of the premium and the statements made in Your application. Your application is part of Your Policy.

Insured

Policy Number

Date of Issue

Owner

This policy contains a provision removing or restricting the right of the insured to designate persons to whom or for whose benefit insurance money is to be payable.

READ YOUR POLICY CAREFULLY. It is a legal contract between You and Us.

Rino D'Onofrio
President and Chief Executive Officer

John Carinci
VP & Head, Operations & Client Experience

**THIS POLICY IS ISSUED BY
RBC LIFE INSURANCE COMPANY**

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Specimen

Any added provisions are attached at the back of the Policy



Business Purchase Disability Income Policy

RBC Life Insurance Company agrees to provide disability income benefits for the purchase of the Insured's Business ownership under stated conditions. Please refer to the policy provisions where we tell you when and how we will pay benefits. You will find a listing of the policy contents on the following page.

In this policy, “we,” “our” and “us” mean RBC Life Insurance Company. “You” and “your” mean the policyowner named in the Policy Summary. The policyowner has all rights under this policy and the benefits provided by this policy are payable to the policyowner. “**Person Insured**” means the Person Insured named in the Policy Summary and is the person whom we are insuring. The Person Insured may not be changed.

Words that appear in *italics* also have particular meanings and are specifically defined in this policy.

Noncancellable and renewable to age 64 subject to stated conditions

We cannot cancel this policy, increase the premiums, reduce benefits because of a change to a more hazardous occupation or impose any restrictive riders while this policy is in force before the policy anniversary on or next following the Person Insured's 64th birthday. You may renew this policy as described in the renewal conditions stated below.

Qualified right of renewal

You may renew this policy on each premium due date until the earliest of:

1. the *policy anniversary* when the Person Insured's age is 64;
2. the date when the Person Insured is no longer employed *full time* with the *business* named in the application (if the Person Insured requests it, we will consider changing the *business* if the new one meets our underwriting rules);
3. the date when the benefit becomes payable under this policy;
4. the date when one person owns more than 90% of the *business*; or
5. the date premium remains unpaid beyond its Grace Period.

Your 10-day right of review

You have the right to cancel this policy by providing us written notice of immediate cancellation, and returning the policy to us, within 10 days of the date the policy is delivered to you. If you do so, we will refund all premiums that you have already paid.

When this policy takes effect

1. This policy does not take effect until the Policy Date stated in the Policy Summary. However, it may not take effect on that date, or at all, if there was a *change of insurability* between the date you submitted your application and the date this policy was delivered to you.
2. If there was a *change of insurability* during that time, then this policy does not take effect on the Policy Date, or at all, unless:
 - a) prior to the date it is delivered, you and/or the Person Insured gave us written notice of the *change of insurability* ; and
 - b) after that notice, we still gave written approval for the policy to be delivered to you.

Specimen

POLICY DEFINITIONS

This section defines and explains some insurance terms which are used in this policy and which may not be familiar to you. These terms are defined here for your convenience and also for all purposes of legal interpretation.

Accident or accidental means a sudden and unexpected event arising from an external force over which you and the Person Insured had no control.

Business means

1. the partnership or corporation named in the application;
2. the same *business* by a new name; or
3. a new *business* in which the Person Insured is an employee and an owner if we agree in writing to substitute the new business for the business named in the application.

Change of insurability means a change in the Person Insured's medical or occupational status, or in your relationship to the Person Insured, that we would consider material to our risk under this policy. It can include anything that would have resulted in any different answers on your application if you and the Person Insured had completed it on or after the date of the change. It also includes anything else that would reasonably be expected to influence our decision as to whether to issue this policy or to charge a higher premium for it.

Elimination period means, subject to the Accumulation of Periods of Disability provision, the number of days of *total disability* specified in the Policy Summary during which no benefits are payable. The period begins with the first day of *total disability*.

Expiry date means the date this policy terminates. It is specified in the Policy Summary.

Full-time work means the Person Insured works at least 30 hours a week for the *business*.

Injury or injuries means bodily harm or damage which occurs while this policy is in force and is caused solely and directly by an *accident*.

Manifest means apparent to, or observed by, someone. A symptom or other sign of an illness or disease is first manifest when it is first apparent to, or observed by, someone, whether or not that appearance or observation results in any awareness of an illness or disease, or in any medical consultation, investigation, diagnosis or treatment at that time.

Policy anniversary means an anniversary of the Policy Date stated in the Policy Summary.

Regular occupation means the occupation the Person Insured performs, when the *elimination period* begins, for the *business* which owns this policy.

Sickness means an illness or disease, the symptoms or other signs of which first *manifest* themselves while this policy is in force.

Total disability and **totally disabled** means that *injury* or *sickness* restricts the Person Insured's ability to perform the material and substantial duties of his *regular occupation* to an extent that prevents him from engaging in his *regular occupation*.

Total Disability will exist only if *injury* or *sickness* *totally disables* the Person Insured, and the Person Insured is receiving medical care, appropriate for the condition causing the disability, from a legally qualified physician other than himself or anyone with a vested interest in the *business*.

BENEFITS

Disability benefit

We will pay the Business Purchase Amount if:

1. the Person Insured becomes *totally disabled* while this policy is in effect;
2. the Person Insured is receiving medical care which is appropriate for the condition which causes the disability;
3. the *elimination period* has been satisfied;
4. the Person Insured was engaged in *full-time work* in the *business* when the *total disability* began; and
5. the Person Insured's interest is sold to the other owners of the *business* or to the *business* itself.

Under no circumstances will the Person Insured be considered to have more than one disability at the same time.

Accumulation of periods of disability

If *total disability* ceases before the Person Insured satisfies the *elimination period* and the Person Insured becomes *totally disabled* again from the same cause within six months, we will combine those periods of *total disability* to determine when benefits begin.

Business purchase amount

The amount payable is the smallest of:

1. the Maximum Business Purchase Amount shown in the Policy Summary up to the Person Insured's age 60; if benefits become payable under this policy after age 59, the Maximum Business Purchase Amount will be reduced as follows:
 - a) if disability begins at age 60, the percentage payable is 80%;
 - b) if disability begins at age 61, the percentage payable is 60%.
 - c) if disability begins at age 62, the percentage payable is 40%.
 - d) if disability begins at age 63, the percentage payable is 20%
- or
2. the value, as of the date *total disability* begins, determined using the valuation method chosen in the application unless a different method has been agreed upon between you and us since the policy was issued.

If the Monthly Installment Funding Method is chosen, the installments cease when the Person Insured dies.

If the amount payable is less than the Maximum Business Purchase Amount, we will refund the amount by which the premium paid during the last 12 months exceeds the premium which would have been payable for the Business Purchase Amount during that time.

You may reduce the Maximum Business Purchase Amount at any time. The premium will be recomputed for the reduced amount based on the Insured's age and class of risk on the Policy Date or on the effective date of the coverage if that is later.

Funding methods

The Business Purchase Amount will be paid using the Funding Method named in the Policy Summary. The available Funding methods are:

1. Flexible Funding

This method allows you to choose one lump sum payment, a series of installments or a partial lump sum followed by a series of installments. Installments will be payable in equal monthly amounts over a period of years, not greater than ten, to be agreed upon by you and us. They will include interest at the rate of the Canadian Government Bonds with a maturity date reflecting the payout period agreed upon. The rate of the bond will be that which is current at the time the first installment becomes payable and shall be subject to adjustment on an annual basis to reflect the rates at that time.

2. Monthly Installments

Monthly installments of one sixtieth of the Business Purchase Amount. Installments cease when the Person Insured dies.

Legal service benefit

We will reimburse up to \$1,000 for legal fees incurred by you to implement the Business Purchase. We will require proof of this expense.

Waiver of premium

After *total disability* has lasted for 90 days while this policy is in effect, we will waive the premium as long as the Person Insured is *totally disabled*. We will refund premium already paid for that period on a pro rata basis.

EXCEPTIONS AND LIMITATIONS

This policy does not cover

1. any loss caused by war or any act of war, whether declared or undeclared, or
2. any loss resulting from normal pregnancy or childbirth.

PREMIUM PROVISIONS

Premiums

All premiums are payable in advance to us. The first premium is payable on the Policy Date and subsequent premiums are payable periodically until the *expiry date* according to the mode of premium payment you have selected. Premiums may be paid annually or semi-annually, or monthly on a pre-authorized cheque plan.

The payment of any premium will not keep this policy in force beyond the next premium due date except as described in the Grace Period provision. If any premium is not paid when due, this policy will lapse and our liability to pay the Business Purchase Amount will cease.

Grace Period

The Grace Period is the 31 days that begin with the day a premium is due. We will keep this policy in effect and continue coverage during that time. If the premium is not paid during those 31 days, this policy and all coverage under this policy will terminate.

Reinstatement

If your policy lapses, it may be reinstated subject to the following

1. the payment of all overdue premiums;
2. the payment of any expenses or interest as required by us;
3. our receipt and approval of an application for reinstatement, and any evidence of insurability we may require.

The reinstated policy will not cover *total disability* resulting from *sickness* which begins less than ten days after the reinstatement date. Otherwise, you and we will both have the same rights under this policy as we had immediately before the due date of the first defaulted premium, subject to any modifications to this policy in connection with the reinstatement.

Transfer of coverage

If this policy terminates because the Person Insured stops active *full-time work* in the *business*, we will issue a new policy providing identical coverage if

1. the Person Insured is under age 55 when this coverage terminates;
2. the Person Insured is not *totally disabled* and has not received benefits under this policy;
3. the Insured begins *full-time work* in a *business* and owns no more than 90% of that *business*;
4. the new *business* and the Person Insured meet our underwriting requirements (except for the Person Insured's medical insurability); and
5. the proposed new owner and the Person Insured complete an application for coverage within 90 days after this policy terminates.

The Maximum Business Purchase Amount will be the amount for which the Person Insured's interest in the new *business* qualifies him or her, or the amount of this policy if that is less. The *elimination period* for the new policy cannot be less than for this policy.

The new policy will contain all exclusions and limitations that are in this policy.

GENERAL PROVISIONS

This section specifies additional contractual provisions for purposes of legal interpretation.

Assignment

You may not assign any ownership rights.

Currency

All amounts payable to us or by us under this policy are payable in Canadian currency.

Incontestable

We will not contest the validity of the statements in the application for insurance or application for reinstatement if two years have passed since the issue or reinstatement of the policy. However, the policy is contestable at any time in the case of fraud or misstatement of age, sex or smoking habits, or if a claim arises that begins in those two years.

Misstatement of age or sex

If the Person Insured's age or sex has been misstated, the benefits payable will be those the premium would have purchased according to his correct age or sex. If, at the Person Insured's correct age or sex, the policy either would not have been issued, or would have terminated or expired, then we will be liable only for the refund of all premiums paid (except for premiums paid in respect of the period that this policy was validly in force).

Payments of claims

All benefits will be paid to you. You must give us the information which we need to determine if a benefit is payable and how much that benefit should be. We may require relevant portions of financial statements, and recent income tax returns.

Proof of claim

To make or continue a claim for benefits, the Person Insured will have to provide proof of claim by:

1. fully completing claim forms available from us;
2. providing information we request which may be relevant to the claim (including the Person Insured's health, income and activities) and cooperating in the release of information from others that may be relevant to the claim (including the Person Insured's present or past health care providers); and
3. if we request it, participating in examinations, assessments or interviews by health care or other professionals of our choosing.

During a claim, we can ask you and the Person Insured for further proof, in the manner described above, that the claim remains payable. If we do, you and/or the Person Insured must provide such proof within 30 days (except that if what we request cannot be provided within 30 days of our request, it must be provided as soon as reasonably possible). If proof is not provided within the time required, any further benefits in respect of the claim will be forfeit.

These obligations regarding proof of claim are specifically intended to continue even if there has been a breach of the terms of this policy.

Notices

All notices required in this policy must be in writing.

Cancelling the policy

You have the right to cancel this policy at any time by providing us written notice of cancellation. The policy will cancel on the date the notice is received by our office, or any later date that you specify in the notice. We will refund any amount of premium you paid for the period of time after the policy is cancelled.

The following statutory conditions apply to the policy. If they directly conflict with the other terms of this policy, those other terms take precedence over these statutory conditions to the extent permitted by applicable statute.

STATUTORY CONDITIONS

The contract

This policy, the application, any document attached to this policy when issued, and any amendment to the contract agreed upon in writing after the policy is issued, constitute the entire contract and no agent has the authority to change or waive any of its provisions.

Waiver

The insurer shall be deemed not to have waived any condition of this contract, either in whole or in part unless the waiver is clearly expressed in writing signed by the insurer.

Copy of application

The insurer shall, upon request, furnish to the insured or to a claimant under the contract a copy of the application.

Material facts

No statement made by the insured or the Person Insured at the time of application for this contract shall be used in defence of a claim under or to avoid this contract unless it is contained in the application or any written statements or answers furnished as evidence of insurability.

Notice and proof of claim

The insured, or a Person Insured, or a beneficiary entitled to make a claim or the agent of any of them, shall:

1. give written notice of a claim to the insurer;
 - a) by delivery thereof, or by sending it by registered mail, to the head office or chief agency in the Province; or
 - b) by delivery to an authorized agent of the insurer in the Province.not later than 30 days from the date a claim arises under the contract on account of an accident, sickness or disability;
2. within 90 days from the date a claim arises under the contract on account of an accident, sickness or disability, furnish to the insurer such proof as is reasonably possible in the circumstances of the happening of the accident or the commencement of the sickness or disability, and the loss occasioned thereby, the right of the claimant to receive payment, his age, and the age of the beneficiary if relevant; and
3. if so required by the insurer, furnish a satisfactory certificate as to the cause of the accident, sickness or disability for which claim may be made under the contract and as to the duration of such disability.

Failure to give notice or proof

Failure to give notice of claim or furnish proof of claim within the time prescribed by the statutory condition does not invalidate the claim if the notice or proof is given or furnished as soon as reasonably possible, and in no event later than one year from the date of the accident or the date a claim arises under the contract on account of sickness or disability if it is shown that it was not reasonably possible to give notice or furnish proof within the time so prescribed.

Forms for proof of claim

The insurer shall furnish forms for proof of claim within 15 days after receiving notice of claim, but where the claimant has not received the forms within that time he may submit his proof of claim in the form of a written statement of the cause or nature of the accident, sickness or disability giving rise to the claim and of the extent of the loss.

Rights of examination

As a condition precedent to recovery of insurance moneys under this contract:

1. the claimant shall afford to the insurer an opportunity to examine the person of the Person Insured when and as often as it reasonably requires while the claim hereunder is pending; and
2. in the case of death of the Person Insured, the insurer may require an autopsy subject to any law of the applicable jurisdiction relating to autopsies.

When moneys payable other than for loss of time

All moneys payable under this contract, other than benefits for loss of time, shall be paid by the insurer within 60 days after it has received proof of claim.

When loss of time benefits payable

The initial benefits for loss of time shall be paid by the insurer within 30 days after it has received proof of claim, and payment shall be thereafter in accordance with the terms of the contract but not less frequently than once in each succeeding 60 days while the insurer remains liable for the payments if the Person Insured when required to do so furnishes before payment proof of continuing disability.

Limitation of actions

An action or proceeding against the insurer for the recovery of a claim under this contract shall not be commenced more than 1 year after the date the insurance money became payable or would have become payable if it had been a valid claim.

Provincial amendments

This policy contract is amended by adding the following provisions:

Limitation of Actions:

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 in your province of residence. For those actions or proceedings governed by the laws of Quebec, the prescriptive period is set out in the Quebec Civil Code.

Beneficiary restriction:

Your policy contains a provision restricting or removing your right to designate a beneficiary to receive any insurance money payable under the contract if,

- this coverage was purchased over the telephone*;
- this coverage was purchased on-line*;
- a Child Term Rider was or will be added to the policy contract;
- this coverage is a Critical Illness policy which contains a Return of Premium rider;
- this coverage is a Disability Buy/Sell Insurance policy;
- this coverage is a Key Person Disability Insurance policy;
- this coverage is a Retirement Protector Insurance policy; or
- this coverage includes a Retirement Protector Rider.

**You can designate a beneficiary or beneficiaries of your choice without restriction once your policy has been delivered to you by completing a Beneficiary Change form.*