

Rate Reduction Program



FOR ADVISORS ONLY

The **Rate Reduction Program** enables your clients who have a rating, due to their health or lifestyle, to benefit from an automatic rate reduction. This program applies to permanent life and critical illness insurance products. It is available at issue and at conversion.

How is the rate reduction calculated?

Your illustration tool will automatically do this calculation once you enter the rating provided by the underwriter. No application for a reduction is required. All insureds are eligible for this program.

LIFE INSURANCE

The actual premium rating after the adjustments is calculated as follows:

Rating provided by the underwriter

Less (-)

Rating provided by the underwriter multiplied (X) by the applicable reduction rate as per the tables below

EXAMPLE

Participating Whole Life Insurance - 10 Pay
(issue prior to age 50)
with the rating of 100%.

Less (-)

As per the table below, the Rate Reduction Program offers an 80% reduction.

Male age 40, non-smoker, type 2 diabetes, +100% of rating

Coverage amount: \$100,000

Premium with +100% of rating: \$11,338 / year

Rating after the application of the Rate Reduction Program: $+100\% - (+100\% \times 80\%) = +20\% = \$6,818 / \text{year}$

As a result, the initial premium of \$11,338 per year was reduced to \$6,818 per year after the application of the Rate Reduction Program, a reduction of \$4,520 per year.

Rate Reduction Program

Life Insurance

Product	Rate reduction ¹
Whole Life Guaranteed 10 Pay	50.00%
Whole Life Guaranteed 15 Pay	45.00%
Whole Life Guaranteed 20 Pay	40.00%
Whole Life Guaranteed to 65 Age at issue Ages: 0-44	35.00%
Ages: 45-49	40.00%
Whole Life Guaranteed to 100	30.00%
Term to 100	20.00%
Universal Life Term to 100	20.00%

¹ The reduction percentage does not apply to the policy fee.

Life Insurance – Participating Whole Life Insurance – Estate Enhancer and Accelerated Growth

Issue age	Rate reduction ²			Issue age	Rate reduction ²		
	10 Pay	20 Pay	To 100		10 Pay	20 Pay	To 100
0 to 50	80.00%	75.00%	65.00%	61	63.50%	55.75%	45.75%
51	78.50%	73.25%	63.25%	62	62.00%	54.00%	44.00%
52	77.00%	71.50%	61.50%	63	60.50%	52.25%	42.25%
53	75.50%	69.75%	59.75%	64	59.00%	50.50%	40.50%
54	74.00%	68.00%	58.00%	65	57.50%	48.75%	38.75%
55	72.50%	66.25%	56.25%	66	56.00%	47.00%	37.00%
56	71.00%	64.50%	54.50%	67	54.50%	45.25%	35.25%
57	69.50%	62.75%	52.75%	68	53.00%	43.50%	33.50%
58	68.00%	61.00%	51.00%	69	51.50%	41.75%	31.75%
59	66.50%	59.25%	49.25%	70 and older	50.00%	40.00%	30.00%
60	65.00%	57.50%	47.50%				

Life Insurance – Participating Whole Life Insurance – 5 Pay PAR

Issue age	Rate reduction ²	Issue age	Rate reduction ²
	5 Pay		5 Pay
0 to 50	80.00%	58	72.00%
51	79.00%	59	71.00%
52	78.00%	60	70.00%
53	77.00%	61	69.00%
54	76.00%	62	68.00%
55	75.00%	63	67.00%
56	74.00%	64	66.00%
57	73.00%	65	65.00%

² The reduction percentage does not apply to the policy fee. The rating does not change the credited dividend, the yearly renewable term insurance or the paid-up additions amounts.

CRITICAL ILLNESS INSURANCE IN THE EXECUTIVE HEALTH PLAN (EHP)

The actual premium rating after the adjustments is calculated as follows:

Company

- The rating applies to the portion of the premiums paid by the company.

Shareholder / key employee

- The rating applies only to the portion of the premium paid by the shareholder / key employee for critical illness and death benefits after the coverage period.
- The health benefit premium is exempt from rating.

EXAMPLE

Male age 40, non-smoker, +100% rating due to medical history
Coverage amount: \$100,000
Product: Term to 75, coverage duration chosen by the company to age 65

Premium at standard rate

The annual premium of \$2,185 is detailed as follows:

- Company: \$981
- Shareholder / key employee: \$1,204

Premium without the Rate Reduction Program

The total annual premium of \$4,330 is detailed as follows*:

- Company: \$1,922
- Shareholder / key employee: \$2,408

Premium after the application of the Rate Reduction Program

The total annual premium of \$3,531 is detailed as follows:

- Company: \$1,922
- Shareholder / key employee: \$1,609

As a result, the initial premium of \$4,330 per year was reduced to \$3,531 per year after the application of the Rate Reduction Program, a reduction of \$799 per year.

* The premium allocation is based on the scenario where the company is responsible for the critical illness and death benefit premium portion until age 65. The premium allocation between the company and its shareholder / key employee varies depending on the coverage duration.

Critical Illness Insurance

Product	Rate reduction ³
Health Priorities – 10 Pay	25.00%
Health Priorities – 20 Pay	20.00%
Health Priorities – Term to 100	The rating applies to the premium of critical illness and the return of premium on death. The premium for the return of premium on cancellation is exempt from rating.
Health Priorities – Business (EHP)	<p>Company: The rating applies to the portion of the premiums paid by the company.</p> <p>Shareholder / key employee</p> <ul style="list-style-type: none"> The rating applies only to the portion of the premium paid by the shareholder / key employee for critical illness and death benefits after the coverage duration chosen by the company. The health benefit premium is exempt from rating.
Health Priorities – Child, 20 Pay	20.00%

³ The reduction percentage does not apply to the policy fee.