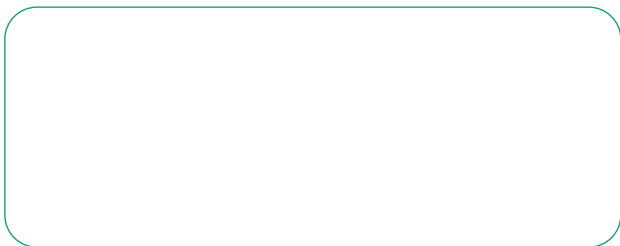


Participant's GUIDE



Line of Credit Insurance is a group
credit insurance product.



For Quebec residents:

Notice from the Autorité des marchés financiers du Québec

The 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.



Desjardins
Financial Security®

200, rue des Commandeurs
Lévis (Québec) G6V 6R2
1-888-905-7065
Fax: 418-833-0529
[www.desjardins.com/
lineofcredit_insurance](http://www.desjardins.com/lineofcredit_insurance)

This Guide is intended for information purposes and does not constitute the insurance policy. You may examine the policy at the financial institution during business hours and have a copy made for a fee.

The following documents are important because they constitute your Line of Credit Insurance contract:

- the insurance policy;
- the Application for Insurance, duly completed and signed;
- the Evidence of Insurability Report, if necessary;
- this Participant's Guide*.

If you would like **more information** on Line of Credit Insurance, simply call the staff at your financial institution. You can also phone Desjardins Financial Security Life Assurance Company (Desjardins Financial Security) during normal business hours at:

1-888-905-7065.

In order to comply with Quebec's *Act respecting the distribution of financial products and services*, the Insurer is required to quote the Act in certain parts of this guide. Please note that similar regulations exist to protect consumers in the other Canadian provinces, but there is no legal obligation to quote them. In order to simplify the guide, these regulations are not named.

* In accordance with the provisions of the *Act respecting the distribution of financial products and services*, this document is your Distribution Guide.

Words defined in the guide are in *italics*. You can find their definitions on pages 19 and 20.

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INTRODUCTION

■ What is the purpose of the Participant's Guide?

The Participant's Guide provides all the essential information you need to know about Line of Credit Insurance in a clear, simple and structured manner. It will help you understand the product and answer questions you may have about Line of Credit Insurance and how it can meet your needs.

We encourage you to read this guide and draw your attention to pages **14** and **15**. They relate to the **exclusions and restrictions**, particularly the **restrictions regarding suicide and previous illness or injury**.

Also, the procedure for submitting disability and death **claims** is explained in detail on page **17**.

1- DESCRIPTION OF THE PRODUCT OFFERED

a) Nature of the coverage

Line of Credit Insurance is made up of 2 coverages:

- **Life Insurance Coverage:** This coverage provides for the partial or full repayment of the line of credit balance in the event of the *participant's* death.
- **Disability Insurance Coverage:** This coverage covers part or all the obligations pertaining to the line of credit while the *participant* is totally disabled.

See "**What coverage is available?**" on page 9.

b) Summary of conditions and features

■ Who is eligible?

For lines of credit taken out by an individual, you are eligible if you are:

- the *borrower*,
- the *borrower's spouse*, or
- the *borrower's guarantor*.

For lines of credit taken out by a *corporate body*, you are eligible if you are:

- a member,
- a shareholder,
- an officer,
- an owner,
- the *spouse* of one of these persons, or
- the *guarantor* for the *corporate body*.

■ What is the age limit for taking out Line of Credit Insurance?

You must be under age 70 in the case of **life insurance**.

For **disability insurance**, you must be under age 65 and have taken out life insurance.

■ How do I enrol?

For new lines of credit, the *borrower* must indicate on the Application for Insurance the name of the person(s) he/she wishes to include under the insurance and the coverages for which he/she agrees to pay premiums.

■ Must I answer health questions?

Everyone who takes out coverage must answer the insurability questions on the Application for Insurance. The answers enable us to determine whether an Evidence of Insurability Report must be completed.

If no Evidence of Insurability Report is required, you are insured from the moment you sign the Application for Insurance. (See also “**When does my coverage take effect?**” on page 10.)

If an Evidence of Insurability Report is required, it is important to complete and return it to the financial institution within 14 days, and to follow up on its processing.

However, where an Evidence of Insurability Report must be submitted, you are insured in the event of an *accident* only, for a maximum of 2 months, or until the Insurer approves or rejects such evidence. (See also “**When does my coverage take effect?**” on page 10.)

■ Confirmation of coverage

If you did not have to complete an Evidence of Insurability Report, the signed Application for Insurance is your confirmation of coverage.

If you had to complete an Evidence of Insurability Report, the Insurer will send you a letter confirming whether your Application for Insurance was approved or declined. The Insurer will send this letter within 30 days of receiving the Application for Insurance, the Evidence of Insurability Report and any documents required to assess your application.

■ Can I keep certain vested rights?

If you ask your Insurer to increase your sum insured and your request is denied, your previous sum insured under your Line of Credit Insurance is maintained.

Coverage continues even if the initial line of credit is cancelled at your financial institution.

■ What coverage is available?

Life Insurance

Desjardins Financial Security will pay the sum insured specified on your Application for Insurance.

Disability Insurance

Desjardins Financial Security will make the monthly payments specified in your Application for Insurance and will reimburse the life and disability premiums for the disabled *participant*.

■ Is there a maximum amount of insurance?

The maximum amount for **life insurance** is \$10,000,000 per *participant*. However, see **Exclusions and Restrictions** applicable in the case of death by suicide on page 14.

The maximum amount for **disability insurance** is \$7,500 per month per *participant*.

These maximum amounts apply to the total of all claims payable under all Line of Credit Insurance and Loan Insurance contracts issued by the Insurer, whether these contracts are held by one or several financial institutions.

■ When does my coverage take effect?

Coverage takes effect on the later of the following dates:

- the date on which the Application for Insurance is signed;
- the date on which the line of credit funds are accessible.

If the line of credit funds are not accessible within 6 months of the date the Application is signed, a new Application for Insurance must be completed, and if applicable a new Evidence of Insurability Report.

■ What is total disability?

The definition of total disability varies depending on the number of hours worked during each of the 4 weeks prior to the onset of total disability:

- If you were gainfully employed for at least 20 hours:
 - it is a state of incapacity resulting from an illness or an *accident* that requires continuous medical care;
 - this state of incapacity must completely prevent you from performing all the usual duties of your main occupation;

- if the state of incapacity persists for more than 24 months, it must completely prevent you from engaging in any gainful occupation.
- If you were not gainfully employed for at least 20 hours:
 - it is a state of incapacity resulting from an illness or an *accident* that requires continuous medical care;
 - this state of incapacity must prevent you from performing all the normal activities of a person of the same age.

The illness or injuries resulting from an *accident* as well as your state of health must be certified by a physician.

■ When do disability benefits start?

If your total disability occurs after the effective date of coverage, the Insurer will pay benefits:

- as of the 31st day, if your disability is the immediate result of an *accident* or if it requires you to be hospitalized for at least 72 consecutive hours, or
- retroactively to the 31st day for any other total disability that persists for at least 90 consecutive days.

■ When do disability benefits end?

The payment of benefits terminates on the earliest of the following events:

- when your condition no longer corresponds to the definition of total disability;
- when you are gainfully employed;
- when you undergo training;
- when you return to school;
- when the *participant* has received 60 monthly payments for a single disability period.

■ Who is the beneficiary of the insurance?

The *borrower* is automatically considered to be the beneficiary of all benefits payable under the Line of Credit Insurance contract held by the financial institution.

Payment of the benefit is made to the financial institution, which must first apply it to the *borrower's net debt*. Any excess amount is then paid into the *borrower's* chequing account.

■ How is the cost of my insurance calculated?

The premium is automatically withdrawn from your chequing account at the beginning of each month of insurance.

It is calculated based on the amount of insurance and the premium rate applicable to the attained age of each *participant*.

The first premium is due on the date coverage takes effect. Subsequent premiums are due on the same date each month.

Please note that the first 2 premiums are withdrawn on the first day of the second month of insurance.

■ What happens if the premium is not paid?

Coverage terminates 30 days after the due date of any premium that remains unpaid.

■ Is there a conversion privilege?

A *participant* under age 65 is entitled to take out, without evidence of insurability, an individual life insurance contract, if his/her coverage terminates because:

- a) the *borrower* ceases to be a customer of the financial institution (the *participant* must exercise his/her right within 31 days of termination of coverage);

- b) the group line of credit contract terminates and is not replaced (however, the *participant* must have been insured for at least 5 years to avail himself/herself of the conversion privilege).

The individual insurance contract may be granted subject to certain conditions.

■ **Is contract renewal guaranteed?**

Contract renewal is not guaranteed. However, should the contract between the financial institution and the Insurer terminate, a conversion privilege is offered.

CAUTION

■ Exclusions and restrictions

Exclusions

No benefits are payable for a total disability resulting from the following causes:

- the deliberate actions of the *participant*, whether or not he/she is sane;
- war, a revolution, an insurrection or a riot;
- commitment of criminal offence or any other attempt;
- cosmetic surgery or treatment.

Restrictions

Restriction in case of suicide

If the cause of death is suicide:

- **For lines of credit insured for less than 6 months**, the Insurer will pay the lesser of:
 - the *net debt*,
 - the sum insured, or
 - \$75,000 for all Loan Insurance or Line of Credit Insurance contracts issued by the Insurer.
- **No restriction applies to lines of credit insured for 6 months or more.**

CAUTION

Restriction in case of previous illness or injury

If the disability occurs more than 2 years after the effective date of coverage:

There is no restriction.

If the disability occurs within the first 2 years of insurance, answer the following:

“In the 6 months prior to the effective date of coverage, did you receive treatment* for the same illness or injury that caused the total disability?”

- If the answer is “no”:

There is no restriction.

- If the answer is “yes”, answer the following:

“Was there a period of 6 consecutive months ending after the effective date of coverage during which you received no treatment*?”

- If the answer is “yes”:

There is no restriction.

- If the answer is “no”:

No benefits are payable.

* You are considered to have received treatment for an illness or injury if, for the illness or the symptoms associated with the illness or the *accident*-related injury, you have:

- consulted or received treatment from a physician or another health practitioner who is a member of a professional corporation,
- undergone examinations,
- taken medication, or
- been hospitalized.

■ How can I cancel my insurance?

You may cancel your coverage without penalty within 30 days of signing the Application for Insurance. To do so, you must give notice by registered mail to the Insurer, at the address indicated on the inside cover of this Guide. You may also use the Notice of cancellation of an insurance contract found on page 21 of this Guide.

You may also cancel your insurance at any other time. To do so, you must inform Desjardins Financial Security in writing. Contact the Contract Administration department for Line of Credit Insurance and give them your name and address, phone number and your insurance certificate number. You will find the address of Desjardins Financial Security on page 2 of this Guide. You may also cancel your insurance by visiting the financial institution and completing a new Application for Insurance.

c) When does my coverage terminate?

Coverage for a *participant* terminates on the earliest of the following events:

- the last day of the month of insurance in which you attain:
 - age 70 for **life insurance**, or
 - age 65 for **disability insurance**;
- the date on which the Insurer notifies the financial institution in writing that the submitted evidence of insurability is unsatisfactory (if the insurance has been in effect for 2 months and the Insurer has not yet approved or rejected the submitted evidence of insurability, coverage terminates automatically);
- the last day of the month of insurance in which the *borrower*:
 - requests in writing that the *participant's* coverage be cancelled,

- cancels his authorization for the automatic withdrawal of premiums from his chequing account, or
- ceases to be a customer of the financial institution;
- 30 days after the due date of any premium that remains unpaid;
- the last day of the month of insurance in which written notice of contract or benefit termination is issued.

2- CLAIMS

a) Submission of a claim

All claims must be submitted to your financial institution. The claim will then be sent to Desjardins Financial Security along with any receipts in support of the claim. These documents are:

- the claim,
- the death certificate (if applicable),
- the physician's statement,
- the employer's statement and
- the financial institution's statement.

You must provide all documents required by the Insurer, even if they are not indicated on the claim form.

The Insurer reserves the right to request that you be examined by a physician of its choosing when you submit a claim.

The claim must be sent in writing as soon as reasonably possible.

In the event of disability, the claim must be made **within 1 year** of the beginning of total disability. After this period, the Insurer will only consider the last year preceding the date on which the claim is received.

For example, if you submit a claim 18 months after the beginning of total disability, the Insurer will only pay benefits for the 12 months preceding receipt of the claim.

b) Insurer's reply

Once the Insurer approves the claim, benefits will be paid within 30 days of receipt of proof of claim.

c) Appeal of an insurer's decision and recourse

If your claim is not approved and you think you have additional information which might influence the Insurer's decision, you may ask for a review of your file.

It should be noted that the law provides for a maximum of 3 years (period of prescription) within which to contest the Insurer's decision in Quebec and 2 years in Ontario.

For information on your rights, you can call the regulatory agency of your province or consult your legal advisor.

3- SIMILAR PRODUCTS

Similar insurance products are available on the market.

However, when you take out Line of Credit Insurance, you are dealing with Desjardins Financial Security, the leading life and health insurance carrier in Québec in terms of market share and number of insureds.

4- REGULATORY AGENCIES

To learn more about the insurance product described in this guide, call the Insurer at the number shown on page 2 of the guide or contact your financial institution.

For more information on the Insurer's and the distributor's (your financial institution) obligations towards you, the *participant*, you can contact the regulatory agency responsible for overseeing the application of insurance legislation for your province of residence.

a) Autorité des marchés financiers (Quebec residents only)

Autorité des marchés financiers
Place de la Cité, tour Cominar
2640, boul. Laurier, bureau 400
Québec (Québec) G1V 5C1
Phone: 418-525-0337 or 1-877-525-0337
Fax: 418-525-9512
Email: renseignements-consommateur@
lautorite.qc.ca
Website: www.lautorite.qc.ca

b) Financial Services Commission of Ontario (Ontario residents only)

Financial Services Commission of Ontario
5160 Yonge Street
P.O. Box 85
Toronto, Ontario, M2N 6L9
Phone: 416-250-7250 or 1-800-668-0128
Fax: 416-590-7070
Email: contactcentre@fsco.gov.on.ca
Website: www.fsco.gov.on.ca

5- OTHER INFORMATION

■ Definitions

Accident: a bodily injury certified by a physician, resulting directly and independently of all diseases or other causes, from a sudden and unforeseen external cause.

Borrower: any individual or *corporate body* who takes out a loan at a financial institution.

Corporate body: any association, corporation, cooperative, company or partnership.

Guarantor: the person who undertakes towards the financial institution to reimburse the *borrower's* debt, in full or in part, if the *borrower* should default.

Net debt: the capital paid by the financial institution, plus accrued interest, minus the instalments made by the *borrower*.

Participant: any person who enrolls in the group insurance plan.

Spouse: the *spouse* of an individual is:

- a) the person who is married to or living in a civil union with the latter, or
- b) the person who can prove that they have continuously cohabited in a husband and wife relationship,
 - i) for more than 1 year, or
 - ii) without any cohabitation period if a child is born of their union

and they were not separated for more than 3 months.

■ **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. **The Insurer grants you 30 days to do this with no penalty.** To do so, you must give the Insurer 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 30-day examination period, you may cancel the insurance at any time without penalty.

For further information on the Act and your rights, contact the regulatory agency of your province.

Note: the following notice can be used by insureds in all provinces.

Notice of cancellation of an insurance contract

Under section 441 of the *Act respecting the distribution of financial products and services*, I am cancelling my enrolment in the Line of Credit Insurance contract taken out by my financial institution with:

Desjardins Financial Security
200, rue des Commandeurs
Lévis (Québec) G6V 6R2

(name of client)

(signature of client)

(date of sending of notice)

The Line of Credit Insurance enrolment I am cancelling was taken out:

on: _____
(date Application for Insurance was signed)

in: _____
(place Application for Insurance was signed)

Name of financial institution

Identification number of financial institution

Folio number

Line of credit
number

This notice must be transmitted to the Insurer.

Excerpt from the Act respecting the distribution of financial products and services

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 of the Authority, stating that the client may rescind the insurance contract within 10 days of signing it.

441. A client may rescind 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 rescinded, the first contract retains all its effects.

442. No contract may contain provisions allowing its amendment in the event of rescission or cancellation by the client of an insurance contract made at the same time.

However, a contract may provide that the rescission or cancellation of the insurance contract will entail, for the remainder of the term, the loss of the favourable 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 of the Authority, 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 remains 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 rescinds, cancels 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.

■ Personal information management

Desjardins Financial Security handles the personal information it has on you in a confidential manner. Desjardins Financial Security keeps this information on file so that you may benefit from the Company's various financial services (insurance, annuities, credit, etc.). This information is consulted solely by Desjardins Financial Security employees who need to do so in the course of their work.

You have the right to consult your file. You may also have information corrected if you demonstrate that it is inaccurate, incomplete, ambiguous or not useful. To do so, you must send a written request to the following address:

Privacy Officer
Desjardins Financial Security
200, rue des Commandeurs
Lévis (Québec) G6V 6R2

Desjardins Financial Security may send information on its promotions or offer new products to those whose names appear on its client list. Desjardins Financial Security may also give its client list to another component of the Desjardins Group for the same purposes. If you do not wish to receive these offers, you may have your name removed from the list. To do so, you must send a written request to the Privacy Officer at Desjardins Financial Security.

■ **Your satisfaction is our priority!**

As a responsible company that is attentive to the needs of its clients, Desjardins Financial Security wants to provide each and every one of them with products and services that meet their expectations. However, if you are dissatisfied with any of our products or services, please let us know by following the steps below.

1. Contact the person or the business from whom you purchased the product.

You can find the number by consulting the literature you received when you purchased the product in question. Ask for explanations. In most cases, a simple call is all it takes to get the answers you are looking for.

2. Call our Customer Service Centre.

If you are not fully satisfied with the explanations provided in step 1, contact our Customer Service Centre at 1-866-838-7584. Our staff is very familiar with our products and will certainly be able to help you.

3. Write to our Dispute Resolution Officer.

If you are not satisfied with the explanations you received from our Customer Service Centre, you may file a complaint with Desjardins Financial Security's Dispute Resolution Officer. This person's role is to assess the merits of the company's decisions and the soundness of its practices.

Please write to:

Dispute Resolution Officer
Desjardins Financial Security
200, rue des Commandeurs
Lévis (Québec) G6V 6R2

Or email: disputeofficer@dfs.ca

You can also call the Officer at 1-877-838-8185.

For more information on the procedure to follow in the event of a problem or complaint, please visit our website at www.dfs.ca/complaint, where you can also find complaint forms.

Your satisfaction is our priority!

Helpful hints

- Make sure you have all the documents and information required to provide a detailed explanation of the problem (account statements, names of employees in question, dates, etc.).
- Write down the names of the individuals with whom you have spoken, and the dates of your conversations.
- Include your name, address and telephone number in any correspondence.

PERSONAL NOTES

Name of financial institution:

Folio number:

Amount of line of credit:

Coverage amount:

Other:



www.desjardinsfinancialsecurity.com