



KEEP this document:
It's IMPORTANT.

Loan Insurance Summary

Group insurance that helps repay your loan if you die or become disabled

What's this summary for?

This summary provides you with basic information about Loan Insurance so you can decide if this product is right for you.

For more details, see the Loan Insurance Booklet that goes with this summary.

Insurer

Desjardins Insurance

200 rue des Commandeurs
Lévis QC G6V 6R2

1-888-905-7065

Autorité des marchés financiers (AMF) client number: 2000379948

To look us up in the AMF's register of insurers, go to: www.lautorite.qc.ca.

Distributor

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This summary is one of the documents that makes up your insurance contract.

1

What's Loan Insurance for?

Loan Insurance helps repay your loan if you die or become disabled. It can be used to round out personal insurance or group coverage through your employer.

Since this coverage is for your loan, any benefit payments will be used to pay down or pay off your loan balance.

2

How does Loan Insurance work?

Am I eligible for coverage?

For **personal** loans, here's who can get Loan Insurance:

- A borrower, or
- A borrower's guarantor

For **business** loans, here's who can get Loan Insurance:

- A director, officer or owner of the business, or
- A guarantor for the business

To get Loan Insurance, you must be a resident of Canada. In other words, you must be legally authorized to reside in Canada and live here at least 6 months a year.

Is there an age limit for taking out coverage?

For life insurance

You need to be under 70.

For disability insurance

You need to be under 65.

Can I take out just life insurance or just disability insurance?

You have 2 options. You can get:

- Life insurance only, or
- Life insurance **and** disability insurance

How much coverage can I get?

For life insurance

If you die, your life insurance will cover the balance of your loan, based on the life insurance percentage you've selected. You can choose to insure between 10% and 100% of your loan balance.

For disability insurance

If you become disabled, the disability insurance will cover your regular payments, based on the disability percentage you've selected. You can choose to insure between 10% and 100% of your loan's regular payment. Keep in mind that your disability insurance percentage can't be higher than your life insurance percentage.

Are there coverage limits?

Yes, these maximums apply:

For life insurance

The maximum payable is **\$10,000,000** per insured person for all loans and lines of credit insured with these Desjardins Insurance products: Loan Insurance, Loan Insurance – Versatile Line of Credit and Line of Credit Insurance.

For disability insurance

The maximum payable is **\$10,000 a month** per insured person for all loans and lines of credit insured with these Desjardins Insurance products: Loan Insurance, Loan Insurance – Versatile Line of Credit and Line of Credit Insurance.

3

How much is the benefit that's paid?

For life insurance

Here's how we calculate the amount we pay in the event of death:

$$\begin{array}{|c|} \hline \text{your loan balance on} \\ \text{the date of death} \\ \hline \end{array} \times \begin{array}{|c|} \hline \text{your life insurance} \\ \text{percentage} \\ \hline \end{array}$$

(multiplied by)

For disability insurance

If you become disabled, we'll pay an amount for each day of disability that you're entitled to benefits.

Here's how we calculate this amount:

$$\begin{array}{|c|} \hline \text{your regular} \\ \text{payment converted} \\ \text{into a monthly} \\ \text{amount} \\ \hline \end{array} \times \begin{array}{|c|} \hline \text{your disability} \\ \text{insurance} \\ \text{percentage} \\ \hline \end{array} \times \begin{array}{|c|} \hline 12 \\ \text{months} \\ \hline \end{array} \div \begin{array}{|c|} \hline 365 \\ \text{days} \\ \hline \end{array}$$

(multiplied by) (multiplied by) (divided by)

4

Do I have to meet any criteria to be considered disabled?

To be entitled to benefit payments, you must be suffering from a total disability. This means that:

- you must be disabled because of an illness or an accident and require continuing medical care
- your illness or injuries, or your state of health, must be confirmed by a doctor, and
- your disability must meet these criteria (as applicable):

If you worked 20 or more paid hours a week in the 4 weeks before you became disabled

Your disability must prevent you:

- during the first 24 months: from performing all the main duties of the usual occupation you held on the date your disability started
- after the first 24 months: from performing any paid work

If you didn't work 20 or more paid hours a week in the 4 weeks before you became disabled

Your disability must prevent you from performing all the normal activities of a person who is the same age as you.

See the Loan Insurance Booklet for more details.

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When do disability benefit payments start?

You must be disabled for a certain number of consecutive days before you're entitled to benefit payments. It's what we call the **waiting period**, and it can be 0 days (no waiting period), 30 days or 90 days, depending on your situation.

Once we've finished analyzing your claim, we'll start paying benefits based on one of the waiting periods indicated below.

No waiting period if your disability is due to cancer

- Your benefits are payable as of the day you become disabled



Some conditions apply. See the Loan Insurance Booklet for more details.

30-day waiting period if your disability results directly from an accident or if you have to be hospitalized for at least 48 consecutive hours because of the disability

- To be entitled to benefit payments, you have to be disabled for **more than 30 consecutive days**
- Your benefits are payable as of the 31st day of disability
- You aren't entitled to any amount for the first 30 days of disability

90-day waiting period for all other disabilities

- To be entitled to benefit payments, you have to be disabled for **more than 90 consecutive days**
- Your benefits are payable as of the 91st day of disability
- The first benefit payment we make will also include a refund for any regular payments you made between the 31st and the 90th days, based on the disability insurance percentage you've selected
- You aren't entitled to any amount for the first 30 days of disability

To find out more about the waiting periods, see the Loan Insurance Booklet.

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Will I be entitled to benefits if my disability is caused by any health conditions I already have?

Important: The disability coverage you can get with Loan Insurance includes a **restriction in case of previous illness or injury** that can limit your coverage.

So, if you've been seen or treated by a doctor for a health condition in the 6 months before the coverage start-date, your coverage may be reduced if you become disabled because of this condition.

Your coverage may also be reduced if you become disabled because of a health condition for which you were seen or treated by a doctor in the 6 months before an increase in:

- your loan amount
- your disability insurance percentage, or
- your regular payment amount

We strongly recommend you refer to pages 11 and 12 of the Loan Insurance Booklet for more details about the restriction in case of previous illness or injury.

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Are there any other situations where my coverage can be reduced?

Yes, this maximum and these exclusions apply to Loan Insurance:

Maximum payable in case of suicide for loans and lines of credit insured for less than 6 months

\$75,000 per insured person for all loans and lines of credit insured with these Desjardins Insurance products: Loan Insurance, Loan Insurance – Versatile Line of Credit and Line of Credit Insurance.

Exclusions related to circumstances surrounding the disability

We won't pay benefits for any disability that occurs:

- as a result of deliberate actions, while you're sane or insane
- during a war, insurrection or riot
- during your involvement in a criminal act
- as a result of corrective measures or cosmetic treatments

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What happens if I don't answer a question properly when applying for coverage?

Providing incorrect or incomplete information, or making a false statement, could result in your coverage being cancelled or a claim being denied.

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When does my coverage start?

Your coverage starts on the **later** of these dates:

- The date you sign the Application for Insurance
- The date your loan is disbursed

However, if you're taking out the loan to buy property, your coverage may begin on the date you sign a credit contract secured by a mortgage. See the Loan Insurance policy at your caisse for all conditions that apply.

If you have to submit an Evidence of Insurability Report

You're covered for death or disability in case of **accident only** until we decide whether to approve or deny your application, for a maximum of 3 months.

Within 30 days of receiving the forms and information we need to process your application (this includes any information provided by your doctor, if applicable), we'll write to you to let you know whether or not we've approved your application.



In all cases, if your loan isn't disbursed within 12 months of when you sign the Application for Insurance, you'll need to fill out another Application for Insurance and submit an Evidence of Insurability Report, if applicable.

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What happens if multiple insured persons are disabled at the same time?

If multiple insured persons are disabled at the same time, the total amount we pay for all these insured persons won't be more than the loan's regular payment.

See the Loan Insurance Booklet for more details.

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At what age will my coverage end?

For life insurance

You're covered until the first loan renewal that occurs on or after your 70th birthday, but no later than when you turn 80.

For disability insurance

You're covered until the first loan renewal that occurs on or after your 65th birthday, but no later than when you turn 70.

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Can I end my coverage?

Yes, you can end your coverage at any time by notifying your caisse. Simply fill out the form in the Loan Insurance Booklet or the Notice of Cancellation of an Insurance Contract you should have been given with this summary.

If you end your coverage **within 30 days** of the coverage start-date, we'll refund any premiums you've paid, as long as you haven't made any claims.

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How much does Loan Insurance cost?

To be insured, you have to pay an additional interest rate

The amount you have to pay to get Loan Insurance is called the **premium** and it's an additional interest rate that's applied to your loan. This amount includes any applicable taxes. You only start paying for Loan Insurance when your loan is disbursed.

Your regular payments are higher because of the additional interest rate for the insurance

Each regular payment consists of:

- A portion that pays down the amount borrowed (the principal)
- A portion that covers the interest on your loan, and
- A portion that covers the additional interest for the insurance (your premium)

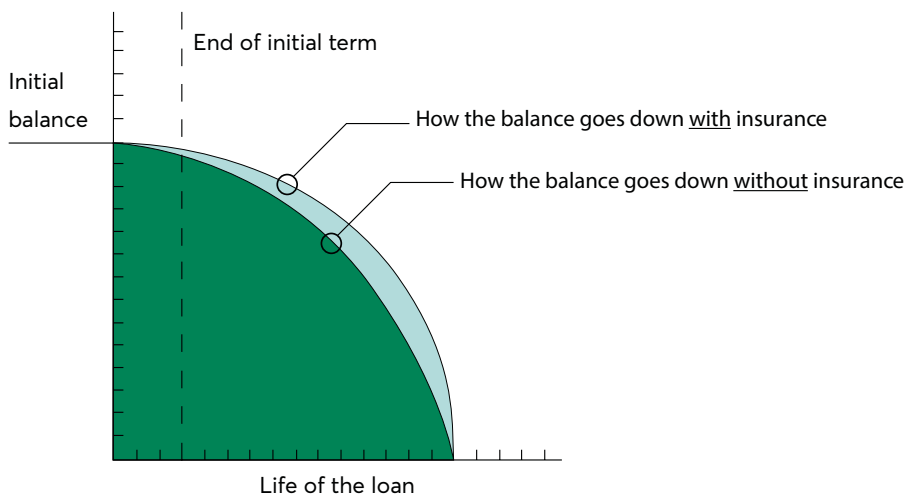
The difference between the regular payments with and without insurance doesn't equal the cost of insurance

Since the additional interest rate for the insurance is applied to the loan balance every time you make a regular payment, the cost of insurance goes down as your balance goes down during the term. This means that **you're always paying a fair price for your coverage** based on the balance that you have left to pay on your loan.

The life of your loan is the same... it's how the balance goes down that's different

At the beginning of the life of the loan, the difference between the regular payments with and without insurance is less than the cost of insurance, but later on it will be greater. This means that you'll be repaying less principal at the start and more towards the end. Even though the cost of insurance has an impact on how your loan balance goes down, the life of the loan stays the same.

Let's take a look at how it works:



Because the loan balance doesn't go down the same way when you have Loan Insurance, there's more interest to pay on the portion of the balance that's in blue in the graph above. This extra interest is included in the cost of insurance.

See the Loan Insurance Booklet to find out more about the cost of insurance.

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When do you reset the additional interest rate for my insurance?

Here are the main situations in which we reset the additional interest rate for the insurance:

- At each loan renewal, based on things like how old you are at the time
- When your caisse changes the interest rate for your 5-in-1 mortgage as part of the annual reset
- When changes are made to the terms and conditions of your loan or to your coverage

See the Loan Insurance Booklet for more information on when the additional interest rate for the insurance is reset.

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How do I submit claims?

See the Loan Insurance Booklet for more information on:

- how to make a claim
- how long you have to submit a claim
- when you can expect benefit payments to start
- what you can do if you disagree with our decision

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What can I do if I'm not satisfied?

If you aren't satisfied, see the Loan Insurance Booklet to find out how you can let us know.

You'll also find our complaint form, a summary of our complaint management policy and everything else you need to know about making a complaint on our website at: www.dfs.ca/complaint.

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Is the Loan Insurance Booklet available online?

To see the Loan Insurance Booklet online, go to: www.desjardins.com/loan_insurance.

