

# Mortgage Insurance

that is Custom Built to Meet Your Needs

## About Industrial Alliance...

Founded in 1892, Industrial Alliance Insurance and Financial Services Inc. is a life and health insurance company whose primary mission is to provide financial protection to its insureds and their beneficiaries in the event of illness, disability or death, and to help them achieve financial independence at retirement while fulfilling their lifelong dreams.

Industrial Alliance is at the head of a large financial group, which has operations in all regions of Canada, as well as in the Northwestern United States.

The fifth largest life and health insurance company in Canada, the Industrial Alliance group contributes to the financial well-being of over 3 million Canadians, employs more than 2,900 people, and manages and administers over \$50 billion in assets.

Industrial Alliance stock is listed on the Toronto Stock Exchange under the ticker symbol IAG. Industrial Alliance is one of the 100 largest publicly-traded companies in Canada.

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**HOME PROTECTION PLAN**  
MORTGAGE INSURANCE

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Your mortgage insurance should offer you sufficient protection against unforeseen events that could put your investment at risk...

Purchasing a home and negotiating a mortgage represent important events in one's life. A lot of effort goes into the success of this project, not to mention the fact that for many homebuyers, this is their first big financial commitment.

Quite often, people get so caught up in the loan negotiations that the decision to take out mortgage insurance with the financial institution is made hastily. Homebuyers sometimes mistakenly think that loan approval and mortgage insurance are a "package deal" or that the loan is dependent upon having such coverage. And when buying a first home, it is often easier to simply purchase the insurance offered by the institution at hand.

Some people also assume that all mortgage insurance plans are the same. The fact of the matter is that mortgage insurance is different from one plan to the next and can be purchased elsewhere than the lending institution.

So, does your mortgage insurance offer you sufficient protection against unforeseen events that could put your investment at risk?

Would your budget allow you to make it through an extended period of disability, a critical illness, or even a premature death? These are the very times when you need mortgage insurance the most. Fortunately, the Home Protection Plan is designed to protect you against all of these risks.

The Home Protection Plan will be there in difficult times and provide you with peace of mind knowing that the home you've come to love will never become a financial burden for you or your family.

## Life insurance coverage

First and foremost, the Home Protection Plan offers life insurance coverage that will ensure your family's financial security in the event of premature death. This coverage provides you with ongoing protection equivalent to 100% of your mortgage balance. It is available on an individual or joint basis, with a significant premium reduction for joint enrolments.

### What are the types of eligible mortgage loans?

The loan must be reimbursed through pre-established periodic instalments based on an interest rate and an amortization period. Those instalments must bear a principal and an interest portion. Line of credit mortgages are not eligible for Home Protection Plan insurance.

### What criteria are used to calculate my premium?

Your insurance premium is calculated based on several criteria such as age, sex, tobacco use, and the balance of your mortgage. Your premium is based entirely on your personal situation, not on that of a group of mortgage borrowers. It is guaranteed for the entire term of your contract and is not affected by interest rate increases.

### Is my health taken into consideration?

Like any other mortgage insurance, a few questions will be asked about your health. However, once you receive confirmation that your application has been approved, you will have peace of mind knowing that you are protected under the coverage you selected, which may not always be the case with group plans offered by lending institutions. Some products offered by major lending institutions even reserve the right to refuse compensation at the time of the claim.

### Does the mortgage have to be paid off in the event of death?

In the event of death, the money is paid to the beneficiary of your choice, which does not have to be your lending institution. The flexibility offered by the Home Protection Plan allows the beneficiary to use the money with no restrictions, to:

- ■ ■ Pay off the balance of the mortgage
- ■ ■ Invest in an RRSP
- ■ ■ Cover other more urgent needs (renovations, new car, etc.)
- ■ ■ Continue making monthly mortgage payments and invest the death benefit for your children's education



### What happens to my insurance if I decide to transfer my mortgage to another lending institution?

The insurance coverage obtained under the Home Protection Plan remains unchanged. The Home Protection Plan is based on you, not on your loan, which means that your insurance will remain in force and continue to cover all those who are insured.

### What if I want to increase my coverage after purchasing a new home or completing a renovation project?

The coverage amount on your existing contract can be increased at any time and this new amount will apply to the remaining term of your contract.

### Can my life insurance under the Home Protection Plan be converted to regular life insurance?

Yes. You have the option of converting your mortgage insurance to regular life insurance before age 65, with no medical exam, for an amount equivalent to the balance of your loan at the time of the conversion.

In addition to this conversion privilege, the Home Protection Plan automatically extends the insurance coverage for a period of 45 additional days following the death of the spouse (in case of joint coverage). Only an insurance company can offer you such a conversion option and extended insurance privilege at no additional cost!

Unlike various products offered by primary lending institutions in which the owner of the policy is the lender itself, with the Home Protection Plan, you are the policyowner.

## Disability insurance coverage

You are in good health today, but what about tomorrow? Who knows what the future holds. Unfortunately, disability can strike without warning and usually, when least expected. Without adequate coverage, an extended period of disability could threaten the quality of life you enjoy as a homeowner. In fact, statistics show that one in three people\* will experience an extended period of disability before the amortization period of their mortgage has expired. Many of them may even have to give up their home to their lending institution because they can no longer afford to make mortgage payments. Isn't it better to be prepared and take the necessary steps to protect yourself against these risks?

### Why should I apply for disability insurance coverage?

When you purchase the disability insurance coverage offered by the Home Protection Plan, you're ensuring the continuity of your monthly mortgage payments should you become unable to work for an extended period of time.

### How much will I receive in the event of disability?

Depending on the coverage option selected, disability insurance coverage pays a monthly benefit equal to either 50% or 100% of the monthly mortgage payment required by your lending institution. This amount is determined based on the interest rate, amortization period and balance of the mortgage, up to a maximum payment of \$5,000 a month.

### Who can apply for disability insurance coverage?

You are eligible for disability insurance coverage if you are between the age of 18 and 54 and in good health. Once enrolled, your disability insurance premium will never go up, just like your life insurance premium, regardless of any interest rate increases upon renewing your mortgage loan.

*\*Sources: Disability table CIDA85, Mortality table CS080, Mortality table CIA86-92. Your chance of becoming disabled for 90 days or longer before age 65 is 1 in 3. These same sources also tell us that the average length of a disability that lasts over 90 days is 2.9 years.*

### What are the different coverage options available?

There are two coverage options available when you apply for disability insurance coverage:

- Payment of 50% of your mortgage instalment
- Payment of 100% of your mortgage instalment

You can also choose the length of time for which the Company will make mortgage payments on your behalf following disability:

- A period of 2 years
- The entire amortization period of your mortgage, up to age 65

You may also make changes to initially selected options at any time.

### What constitutes disability under the terms of this contract?

During the first 24 months, disability is defined as your total and ongoing inability to perform the functions of your primary occupation due to an illness or accident.

The primary lending institutions only apply this definition for a period of 12 months and then apply a more restrictive definition following this period.



## How long will I receive benefits in the event of disability?

During a disability period, the Company will make the monthly mortgage payment, retroactive to the 30th day following the disability if the disability persists for a continuous period of at least 3 months.

This waiting period is reduced to 1 month if the disability is the result of an accident or arises after the insured has been hospitalized for a minimum period of 72 hours.

These benefits terminate when the insured ceases to be disabled or returns to work. If you opt for the 2 year benefit option, the coverage will stop at the end of this period.

## Is disability insurance really necessary?

The decision to apply for disability insurance is a personal one. However, you'll rest easier knowing that your family won't have the added stress of financial worries if disability were to deprive you of your family income. By choosing to add this coverage to the Home Protection Plan, you and your family can count on the financial support you'll need in the event of a temporary loss of income due to disability.

## Critical illness coverage

When you purchase something as important as a home, it is essential to do everything in your power to protect it. Being diagnosed with a critical illness however, could place you and your family in a difficult financial situation and even force you to give up this precious asset.

The statistics pertaining to critical illnesses such as cancer, heart attack and stroke are indeed alarming. Today's fast-paced lifestyle combined with stress and financial concerns can really take their toll on our health. Fortunately, these same statistics also show that, thanks to continuing medical breakthroughs, people are overcoming these illnesses and living longer.

Nevertheless, a critical illness inevitably entails its share of financial difficulties. Additional expenses are added to existing ones, not to mention a likely decrease in family income. Staying on top of all these expenses can become a real challenge.

## What is the Critical Illness option?

The Critical Illness option provides for the payment of a lump-sum benefit equivalent to 100% of your mortgage balance following the diagnosis of one of the 4 critical illnesses or medical conditions covered under this option. It allows you to concentrate fully on your recovery, without the added burden of having to worry about your mortgage.

## Are there any restrictions as to how this benefit can be used?

The benefit is paid to you tax-free, and you're free to use it as you like, with no restrictions, to:

- ■ ■ Pay off the balance or make mortgage payments
- ■ ■ Pay for medical expenses in order to receive quality treatment abroad
- ■ ■ Pay for home nursing care
- ■ ■ Adapt your home to your medical condition
- ■ ■ Enable your spouse to take a leave without pay to stay by your side, etc.
- ■ ■ Make sure your business survives
- ■ ■ Preserve your well-deserved retirement plans



## Who can apply for critical illness coverage?

Any mortgage holder who has life insurance under the Home Protection Plan, who is between the age of 18 and 64, and meets the health criteria is eligible to enrol in the Critical Illness option.

Just like your life and disability insurance premiums, your critical illness premium is fixed and guaranteed for the entire term of your contract. Furthermore, the Critical Illness option is available on an individual or joint basis, just like other options under the Home Protection Plan.

However, in the event that a lump-sum benefit is paid following the diagnosis of a critical illness, the Home Protection Plan contract terminates.

## Which illnesses are covered under the contract?

The following 4 critical illnesses and medical conditions are covered under the contract:

- Stroke
- Cancer
- Heart attack
- Coronary artery bypass surgery

While you may not be able to protect yourself against these illnesses, you can take steps to protect your financial well-being. By adding critical illness coverage to your mortgage insurance, you'll be doing everything you can to make sure life's unforeseen events have as little impact as possible on yourself and those dear to you.

## Additional coverage

The Home Protection Plan was designed with your needs in mind! That's why, in addition to essentials like life, disability and critical illness insurance, you can complement your mortgage protection with other coverage options that are exclusive to life insurance companies. This will provide you with a comprehensive, customized insurance plan.

Find out about the many additional benefits that are available, including how to:

- Insure your current state of health in order to be able to increase your coverage at a later date without having to answer any medical questions
- Cease payment of your insurance premiums during disability
- Increase and even double the benefit payable in the event of death or death and dismemberment resulting from accidental causes
- Receive an additional benefit in the event of accidental fracture

## When it comes to insurance, talk to the experts!

Contact your representative today and find out how the Home Protection Plan can cover a much broader range of needs than insurance coverage based solely on your loan. The Home Protection Plan also offers a complete range of complementary coverage options to provide you and your family with financial security, regardless of what the future holds.

**HOME PROTECTION PLAN mortgage insurance combines all the benefits of mortgage insurance products offered by other financial institutions, plus the added value of offering a full range of individual life insurance products from a company that's been in the life and health insurance business for over 100 years!**

Compare for yourself and see why the Home Protection Plan offers you the best of both worlds!