

POLICY TERMS AND CONDITIONS

The terms “*you*” and “*your*” refer to the Owner(s) of this policy. The terms “*we*”, “*our*”, “*us*” and “the Company” refer to BMO Life Assurance Company.

GENERAL PROVISIONS

The Contract

This contract consists of the Annuity Details Schedule, this policy, the application and any endorsements or amendments for intended attachment to this policy.

Any endorsements or amendments agreed upon between *you* and *us* must be in writing and signed by an authorized officer of the Company.

Owner

The Owner is the individual(s) or entity named in the application, unless later changed. All rights and privileges under this policy belong to the Owner, subject to the limitations provided by the Income Tax Act (Canada) or any other law.

You may name a successor owner to assume ownership of this policy when you die. If there is no successor owner and if the policy does not terminate on your death, ownership will pass to your estate.

The rights of the Owner may be limited if the Beneficiary has been designated irrevocably or if this Contract has been hypothecated or assigned as collateral.

Beneficiary

The Beneficiary is the person(s) or entity named in the application, unless later changed, to receive any amounts which are payable on the death of the Annuitant (or on the death of the survivor of the Annuitant and Secondary Annuitant). *We* will pay any amount due under the Beneficiary appointment in effect at the date of death of the Annuitant (or on the date of death of the survivor of the Annuitant and Secondary Annuitant).

The Owner can change or revoke a Beneficiary designation, subject to the consent of any irrevocable Beneficiary. The Company must have notice of the change in order to be bound.

Any new Beneficiary designation may be subject to the term of any assignment previously filed with the Company. A change of Beneficiary will

take effect as of the date of the designation, subject to any action the Company took before receiving notice of the change.

If the Beneficiary dies, the proceeds will be paid to the surviving Beneficiary. If no Beneficiary is living when the Annuitant (or the survivor of the Annuitant and Secondary Annuitant) dies, or if none has been appointed, the proceeds will be paid to *you* or to *your* estate.

Place of Payment and Currency

All payments made to or by *us* must be made in Canada in Canadian currency.

Premiums

The Single Premium specified in the Annuity Details Schedule is the sum of all amounts *we* have received under this policy. This policy will take effect on its Date of Issue, and no additional premiums will be accepted after that date.

Purchase Date

The Purchase Date is the date *we* received the Single Premium at our Head Office or any of our offices in Canada. However, if not all of the Single Premium was received on the same day, the Purchase Date is the date *we* received the last portion.

Evidence of Survival

With respect to each annuity payment which is payable while the Annuitant (or any Secondary Annuitant) is living, *we* will have the right, before making the payment, to require evidence, satisfactory to *us* and at *your* expense, that the Annuitant (or any Secondary Annuitant) is living.

Incontestability

In the absence of fraud, *we* do not have the right to contest the validity of this Contract after it has been in force during *your* lifetime for two years from its Date of Issue.

This provision will not apply to a misstatement of date of birth or sex.

Misstatement of Age or Sex

If for any reason the date of birth or sex of the Annuitant (or any Secondary Annuitant) has been misstated in the application, we will adjust the amount payable so that the new amount payable is equal to the amount that would have been payable had the correct date(s) of birth, sex(es) and Single Premium had been used.

Commuted Value of Income Payments (Death Benefit After First Payment Date)

When applicable, the commuted value will be equal to the present value of the remaining guaranteed income payments as determined by the Guaranteed Period as shown in the Annuity Details Schedule. The commuted value will be at a rate of interest equal to the 10 year government of Canada bond yield (Series V39055) as of the date of death plus 2.5%.

Non-Participating

This Contract does not participate in the Company's profits or surplus.

Payee

The Payee is the person(s), as stipulated in the payee information in the application, entitled to receive any income payments falling due under this policy.

Assignment

No assignment of this Contract will be binding on *us* until notice of the assignment has been filed at our Head Office. *We* are not responsible for the validity or effect of an assignment or any actions by us before receiving notice of the assignment. The assignment of the Contract will be restricted depending on the Source of Funds of the annuity as stipulated in the Annuity Details Schedule.

If this Contract is a prescribed annuity, as stipulated in the application, the Contract cannot be assigned.

Death Benefit before First Payment Date

Under a Single Life annuity, in the event of death of the Annuitant before the First Payment Date as shown in the Annuity Details Schedule, the Single Premium will be paid to the beneficiary.

Under a Joint Life annuity, in the event of death of the survivor of the Annuitant and the Secondary Annuitant before the First Payment Date as shown on the Annuity Details Schedule,

the Single Premium will be paid to the beneficiary.

Death Benefit after First Payment Date

Under a Single Life annuity, in the event of death of the Annuitant on or after the First Payment Date as shown in the Annuity Details Schedule, the Beneficiary will be given the choice of:

- a) any remaining guaranteed income payments will be commuted and paid in one lump sum to the Beneficiary or,
- b) where legislation permits, any remaining guaranteed income payments will be made to the Beneficiary as due and shown in the Annuity Details Schedule.

Under a Joint Life annuity, in the event of death of the survivor of the Annuitant and the Secondary Annuitant on or after the First Payment Date as shown on the Annuity Details Schedule, the Beneficiary will be given the choice of:

- a) any remaining guaranteed income payments will be commuted and paid in one lump sum to the Beneficiary, or
- b) where legislation permits, any remaining guaranteed income payments will be made to the Beneficiary as due and shown in the Annuity Details Schedule.

Income Tax

Under the terms of the Income Tax Act (Canada) and any applicable provincial income tax legislation, a portion of all amounts paid out of this Contract are deemed to be taxable income.

We will not withhold tax from any payment we make unless *we* are required to do so by law, or *we* receive a written request to do so from the person(s) entitled to make the request. There may be restrictions applicable to the amount of tax *we* will withhold, according to *our* then current administrative rules.

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 (or the applicable legislation).

PROVISIONS APPLICABLE TO REGISTERED ANNUITIES

Restricted Options

You have requested that this policy be registered under the Income Tax Act (Canada) and any applicable provincial income tax legislation. Since every registered plan must conform to the provisions of the applicable tax and pension legislation, the options *you* were permitted to elect on the application for this policy were restricted. *You* do not have the right to change options after the Date of Issue of this policy.

Spouse

The word “spouse” as used in this policy is as defined under any applicable pension legislation.

Income Tax

Under the terms of the Income Tax Act (Canada) and any applicable provincial income tax legislation, all amounts paid out of this contract are deemed to be taxable income.

We will not withhold tax from any payment *we* make unless *we* are required to do so by law, or *we* receive a written request to do so from the person(s) entitled to make the request. There may be restrictions applicable to the amount of tax *we* will withhold, according to *our* then current administrative rules.

Assignment

No income payments under the policy may be assigned either in whole or in part. The Owner(s) does not have the right to assign this policy either absolutely or as collateral security.