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POLICY TERMS AND CONDITIONS

In order for the contract to be in effect, a valid Policy Information Page must accompany the Policy.

1. Definitions

You and **your** mean the owner of the Policy as determined in the Policy Information Page.

We, our and **us** or **Company** means BMO Life Assurance Company.

Attained Insurance Age means the Insurance Age shown in the Policy Information Page plus the number of Policy anniversaries that have passed since the Policy Date.

Beneficiary means the person entitled to receive the Death Benefit upon the death of the Life Insured, as designated in the application or as changed in accordance with the terms of the Policy.

Expiry Date means the date the Policy will expire and is shown in the Policy Information Page.

Head Office means 60 Yonge Street, Toronto, Ontario and such other address as we may inform you from time to time as being our head office.

Insurance Age means the Life Insured's age on his or her nearest birthday, as shown in the Policy Information Page.

Life Insured means you, the person whose life is insured under the Policy, as shown in the Policy Information Page.

Policy means this document that we have issued as evidence of the contract of insurance. Unless otherwise stated in writing to the contrary, the Policy includes insurance coverage under any amendment, Rider or endorsement that we issue for intended attachment to this document.

Policy Date means the date from which premium due dates and Attained Insurance Age are determined. The Policy Date is set out in the Policy Information Page.

Policy Owner means the person who is entitled to all rights under the Policy, subject to any limits imposed by law or the Policy. The Policy Owner's rights may be limited if a beneficiary has been designated irrevocable or if this Contract has been hypothecated or assigned as collateral security.

Premium means the amount you pay to us for the Insurance Coverage and all Riders as specified in the Policy Information Page.

Rider means additional coverage added to the Policy and specified in the Policy Information Page.

Sum Insured means the amount of insurance for the Policy, as specified in the Policy Information Page.

2. Effective Date

2.1 Policy Effective Date

Provided there is no change in insurability of the Life Insured since the time the application was completed, the coverage under this Policy and any Riders issued with the Policy will take effect on the latest of the following dates (the "Policy Effective Date"):

- (a) the date this Policy is delivered to you or, if you reside in Quebec, the date we accept the application without amendments;
- (b) the date we receive the initial Premium; and
- (c) the Policy Date.

3. Insurance Benefits

3.1 Death Benefit

Subject to the terms and provisions of the Policy, we will pay the Death Benefit to your Beneficiary upon receipt of satisfactory evidence to us of the following:

- (a) the Life Insured died while the Policy was in force;
- (b) the date of birth of the Life Insured;
- (c) the cause and circumstances of the death of the Life Insured; and
- (d) the right of the claimant to the Death Benefit.

3.1.2 Calculation of the Death Benefit

The Death Benefit is calculated as the Sum Insured minus any Premiums you owe us on the date the Life Insured died (the "Death Benefit").

3.1.3 Suicide Exclusion

If the Life Insured dies by suicide or self destruction, while sane or insane, within two (2) years from the later of the Policy Effective Date shown on the Policy Information Page or the date of the latest reinstatement, we will not pay the Death Benefit. Our only obligation will be to refund to you or to your estate, the Premiums paid from the later of the Policy Effective Date or the date of the latest reinstatement.

3.2 Optional Rider Benefits

Optional benefits can be added to the Policy by way of a Rider. Any Rider benefits you have purchased are specified in the Policy Information Page.

4. Premium

4.1 Premium

The Premium is the amount we charge for the coverage under the Policy and the optional Riders. The initial Premium and the number of years Premiums are payable for the Policy and any Riders, if applicable, are shown in the Policy Information Page.

4.2 Payment of Premiums

Premiums are payable during the Life Insured's lifetime in accordance with the Policy. The initial Premium is required in advance to put the Policy in effect. After that, Premiums must be paid on or before the Premium due dates. Premium due dates are measured from the Policy Date.

4.3 Premium Mode

The mode of Premium payments can be monthly by a pre-authorized payment or by credit card.

4.4 Grace Period

After payment of the first Premium, we will allow 31 days grace from the Premium due date for payment of a Premium (the "Grace Period"). All insurance continues during this Grace Period unless we receive written notification from the Owner to cancel the Policy.

4.5 Non-payment of Premium

If any Premium has not been paid in full by the end of the Grace Period, the Policy will immediately terminate.

4.6 Premium Adjustment at Death

If the Life Insured dies on a Premium due date or during the Grace Period and the Owner has not requested the Policy to be cancelled, we will reduce the Insurance Benefit by an amount equal to any due and unpaid Premiums before payment is made. Premiums paid before the date of death of the Life Insured, but not yet due, will be refunded.

4.7 Reinstatement

If your Policy lapsed at the end of the Grace Period for non-payment of Premiums, you may apply to have it reinstated within a period of 30 days from the date the Grace Period expires provided you pay all outstanding Premiums and the Life Insured is still alive. No evidence of insurability is required for reinstatement under these circumstances.

If the Policy has not been reinstated under the terms of the preceding paragraph, it may also be reinstated at any time within two (2) years after termination of the end of the grace period. To reinstate your Policy, you must:

- (a) submit an application for reinstatement;
- (b) provide evidence of insurability, satisfactory to us, including proof of non-smoking status (if applicable);
- (c) pay all past due Premiums, including interest on past due Premiums at a rate we determine, but not exceeding any limits imposed by law.

Any supplementary agreement attached to the Policy will be reinstated if the Policy is reinstated, subject to the terms of the reinstatement. The reinstatement will take effect when we determine that all the conditions outlined in this reinstatement section have been met.

5. Beneficiary

5.1 Naming the Beneficiary

The Beneficiary is the person(s) or entity named in the application, unless later changed, to receive the Death Benefit on the death of the Life Insured. If no Beneficiary is designated, the Death Benefit will be paid to your estate.

5.2 Changing the Beneficiary

While the Life Insured under the Policy is living, you may change or revoke a Beneficiary designation by filing with us a notice in writing. The written consent of any irrevocable Beneficiary will be required. A change of Beneficiary will not be effective until recorded by us at the Head office. A change of Beneficiary will take effect as of the date of the designation, subject to any payment we made or action we took before receiving notice of the change.

Similar terms will apply to any Beneficiary designation made under the terms of any Rider attached to the Policy.

6. Policy Options

6.1 Renewal Privilege

If the Policy is in force at the end of the term, identified in the Policy Information Page, it will automatically be renewed without evidence of insurability for a term of the same duration except that no renewal term period shall be extended beyond the Expiry Date. In the case where the renewal term extends beyond the Expiry Date, it will end immediately before the Expiry Date.

The first Premium for the renewal term period will be due on the expiration date of the preceding term, subject to the Grace Period provided herein. The renewal date is the date that the renewal term begins if Premiums for the renewal term are paid.

The Premium payable during the renewal term period shall be determined based on the Life Insured's Attained Insurance Age on the date of renewal in accordance with the Renewal Premium Rate Schedule shown in the Policy Information Page.

The charge for the renewal of any attached Riders shall be added to the Premium payable.

6.2 Conversion Privilege

The Policy may be converted, without evidence of the Life Insured's insurability, to an eligible Term 100 policy on his/her life (the "New Policy"), subject to the following conditions:

- (a) this Policy must be in force at the time of the conversion;
- (b) the Owner must apply for the conversion prior to the Life Insured's Attained Insurance Age 70;
- (c) the Sum Insured of the New Policy must not be higher than the Sum Insured of this Policy on the conversion date or be less than the minimum required amount of insurance for the New Policy;

- (d) the Premium for the New Policy will be based on the amount of insurance for the New Policy and our table of Premium rates in effect at the time of conversion, using
 - (i) the Attained Insurance Age of the Life Insured; and
 - (ii) the risk class of the Policy at the time of conversion.
- (e) the Conversion Date will be the next Monthly Anniversary following the date we received your application for conversion. Policy years, months and anniversaries for the New Policy are calculated from the Conversion Date;
- (f) the suicide and incontestability provisions of the New Policy will be based on dates applicable to the Policy and will not extend beyond the period specified under section 3.1.3 (Suicide Exclusion);
- (g) any evidence of insurability provided to us on the Life Insured of the Policy and any exclusions applicable thereto continue to apply to the New Policy;
- (h) additional benefits may be included in the New Policy only with our consent, and we may require evidence of insurability to do so;
- (i) the New Policy will come into effect upon payment in full of the first Premium for the New Policy; and
- (j) if immediately before the request for conversion, the Policy contains a Rider(s), such Rider(s) may be included in the New Policy provided the Rider is in force and is not terminated at the time of conversion.

7. Contesting the Policy

7.1 Incontestability

In the absence of fraud, we will not contest the Policy after it has been in force during the lifetime of the Life Insured for two (2) years from the later of the Policy Effective Date shown on the Policy Information Page or the date of the latest reinstatement.

7.2 Misstatement of Age and Sex

The rates for the Policy depend on the age and sex of the Life Insured(s) as stated in the application. If the date of birth or sex of a Life Insured has been misstated, we will recalculate the Sum Insured so that the Premium equals the Premium that should have been applied if the correct age and sex had been declared but the Sum Insured shall not exceed our issue limits in effect at that time.

If, at the correct Insurance Age the coverage would not have become effective, we can declare the Policy invalid, within the period allowed by law.

If, because of the misstatement, we accept a Premium for a period or periods beyond the date coverage would have ceased according to the correct Insurance Age, our only liability will be limited to the refund of all Premiums paid for the period during which coverage would not have been in effect.

7.3 Misstatement of Smoking Habits

Any misrepresentation made regarding the non-use of tobacco substances in the application, application for reinstatement, or any supplement to either, shall be deemed fraudulent. The Policy shall be deemed void and no claim for benefits will be accepted. We will refund any premiums paid beyond the date of discovery of the misrepresentation.

8. Termination

The Policy will end on the earliest of the following dates:

- (a) the date we receive your request in writing to cancel the Policy;
- (b) the date the Grace Period expires;
- (c) the date on which the Policy expires, as shown in the Policy Information Page;
- (d) the Conversion Date; or
- (e) the date the Life Insured dies.

No Premium is payable for the Policy after it terminates. If any Premium is paid after termination, our only liability will be to refund that Premium.

9. General Provisions

9.1 Application

In issuing the Policy, we have relied on the statements made in the application for insurance which includes the form of application completed and submitted in connection with the Policy, and statements and answers furnished as evidence of insurability, whether in paper or electronic format.

9.2 Assignment

No assignment of the Policy will be binding on us until notice of assignment has been filed at our Head Office. We are not responsible for the validity or legal effect of any assignment or actions taken by us before receiving notice of the assignment.

9.3 Conformity with Law

The Policy is subject to all applicable laws of Canada, its provinces or territories.

9.4 Currency

All payments either to or from us will be in Canadian dollars.

9.5 Entire Contract

The entire contract consists of the Policy Information Page, the Policy, any Riders or endorsements for intended attachment to the Policy, the application, the application for reinstatement, along with any medical evidence, written statements and answers provided as evidence of insurability.

9.6 Changes to the Contract

Only an authorized officer of BMO Life Assurance Company can change, modify or waive the provisions of the Policy, and then only in writing. No agent, broker or financial advisor is authorized to change this contract.

9.7 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).

9.8 Non-participating

The Policy does not participate in our profits or surplus.

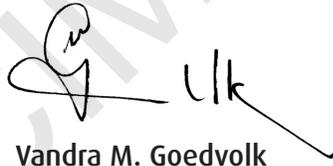
9.9 Values

The Policy has no loan, cash surrender or reduced paid-up values.

Signed for and on behalf of BMO Life Assurance Company



Peter McCarthy
President and Chief Executive Officer



Vandra M. Goedvolk
Corporate Secretary

BMO Life Assurance Company, 60 Yonge Street, Toronto, ON M5E 1H5, 1-800-387-9855