

Life and Disability Insurance for HSBC Mortgages, Lines of Credit, Overdrafts and Demand Loans

Product Summary

Name And Contact Information For The Insurer And Distributor

Life and disability insurance for HSBC Mortgages, Lines of Credit, Overdrafts and Demand Loans is Creditor's Group Insurance underwritten by Canadian Premier Life Insurance Company (Insurer). The Group Policyholder is HSBC Bank Canada (HSBC). Life and disability insurance benefits are provided under Group Policy 57905.

Canadian Premier Life Insurance Company
Creditor Insurance Team
25 Sheppard Ave West
Suite 1400,
Toronto ON M2N 6S6

Telephone: 1-877-736-4753
Fax: 1-866-923-8353
Email: credorteam@canadianpremier.ca
Website: www.canadianpremier.ca
AMF client number: 2000829775

The Distributor of this insurance is HSBC Bank Canada (HSBC)

HSBC Bank Canada
885 West Georgia Street
Vancouver, BC V6C 3E9

Telephone: 1-888-310-4722

HSBC Bank Canada branch contact information



Name And Type Of This Insurance Product

Insurance Product Name: Creditor Life and Disability Insurance for HSBC Mortgages, Lines of Credit, Overdrafts and Demand Loans

Insurance Product Type: The Autorité des marchés financiers classifies this insurance product as Debtor Life, Health and Employment Insurance

How To Read This Product Summary

This product summary is an overview of creditor's group life and disability insurance as it applies to insurance underwritten by the Insurer for eligible non-commercial mortgages, lines of credit, overdrafts and demand loans with HSBC. For full details of this insurance please read the Certificate of Creditor Insurance—Mortgages, Lines of Credit, Overdrafts and Demand Loans (Certificate) together with the Application for Creditor Insurance—Mortgages, Lines of Credit, Overdrafts and Demand Loan (Application) and any written confirmation of insurance from the Insurer.

You will find copies of this product summary and the Certificate online at www.canadianpremier.ca. Just type "product summary" into the search field. If you click on the link that pops up, you will be taken to the web page for product summaries and certificates of insurance and find HSBC's forms there.

Words and terms that appear in bold italic throughout this product summary are defined below:

Accident means bodily injury that occurs solely as a direct result of a violent, sudden and unexpected action from an outside source.

Credit Facility means a residential mortgage, line of credit, overdraft or demand loan with HSBC.

Eligible means that you and your ***Credit Facility*** meet all necessary criteria to apply for a given type of insurance.

Loan Amount Insured means the amount of insurance applied for under your Application, as indicated in Section C of the application form.

Pre-existing Condition means a condition or health problem for which you consulted with or received advice, treatment, care and/or service by or from a licensed medical professional or you took medications or injections during the **12 month** period before becoming insured.

Premium means the amount you must pay for insurance for a specific period.

Premium Rate means the unit cost of insurance.

Ratio Coverage means the calculation which HSBC may use to determine the ***Loan Amount Insured*** on mortgages. This calculation is done under certain circumstances to ensure that the total amount of life insurance per person for all ***Credit Facilities*** never exceeds the maximum allowed under Policy 57905.

Total Disability, Totally Disabled means:

- **For the first 60 days of *Total Disability* and the first 12 months of your disability insurance claim**, you are completely unable, due to injury or sickness, to perform the essential duties of the occupation that you were engaged in immediately prior to the date you became ***Totally Disabled***.
- **After the first 12 months of your disability insurance claim, *Total Disability* and *Totally Disabled*** mean you are completely unable, due to injury or sickness, to perform the duties of any occupation for which you are or may become reasonably qualified by education, training or experience.

How Does This Insurance Help Protect My Credit Facility?

Life insurance will reduce or pay off the balance of your ***Credit Facility*** if you die. Disability insurance will help make payments owed to HSBC under your Credit Facility if you become ***Totally Disabled***.

How Much Insurance Is Available For My Credit Facility?

Optional creditor's group insurance is available in the following amounts if your ***Credit Facility*** is ***Eligible***.

Insurance type	Benefit	Maximum Insurance Benefit
Life	Lump sum payment if you die	\$750,000 for all <i>Credit Facilities</i> insured under Policy 57905
Disability	Regularly scheduled payments if you continue to be <i>Totally Disabled</i> for longer than 60 consecutive days	\$4,000 per month for up to 24 months per insured <i>Credit Facility</i>

Which Credit Facilities Are Eligible For This Insurance?

All residential mortgages, personal lines of credit, overdrafts and demand loans are **Eligible** for life insurance.

Mortgages, lines of credit and overdrafts under the “interest only” repayment option and demand loans are NOT eligible for disability insurance.

Am I Eligible To Apply?

You are **Eligible** to apply for life insurance, if **on the date of application** you are:

- a borrower, or guarantor or covenantor of the **Credit Facility**,
- at least **18** years of age and no older than **64** years or age.

You are also **Eligible** to apply for disability insurance if **on the date of application**:

- you are applying for life insurance or, if you have life insurance, you still meet the eligibility criteria for life insurance,
- your **Credit Facility** is **Eligible**,
- you are either:
 - actively working for at least **20** hours per week; or
 - if not actively working for at least **20** hours per week because you are a seasonal worker or you are on maternity or parental leave, you are able to perform the regular duties of your job for **20** hours or more per week.

How Do I Apply?

As long as you and your **Credit Facility** are **Eligible**, you can apply for this insurance when you apply for your **Credit Facility** or any time after. You apply for this insurance by completing the Application for Creditor Insurance - Mortgages, Lines of Credit, Overdrafts and Demand Loans.

When do I need to complete the applicable health questions?

Credit Facility type	Total Amount of Insurance	Completion of Health Questions?
<ul style="list-style-type: none">• Lines of credit• Overdrafts• Demand Loans	Up to and including \$100,000	No
	Over \$100,000 up to and including \$500,000	Yes
Mortgages	Up to and including \$500,000	Yes
Any type or combination of Credit Facility types	Over \$500,000	Yes

When Does My Insurance Start?

For insurance on lines of credit, overdrafts and demand loans up to and including \$100,000, your Application will be approved automatically and insurance will start on the later of:

- the date you sign your Application; or
- the date your credit limit becomes effective.

For insurance on mortgages, all amounts up to \$500,000, and for insurance on lines of credit, overdrafts and demand loans, over \$100,000 up to and including \$500,000 that do not have to be medically underwritten by the Insurer, insurance will start on the later of:

- the date you sign your Application; or
- for mortgages, the date HSBC sets up your mortgage and issues your mortgage commitment; or
- for all other types of *Credit Facilities*, the date your credit limit becomes effective.

Insurance on any type of *Credit Facility* that requires the Insurer's written approval will start on the later of

- the date the Insurer approves your Application; or
- for mortgages, the date HSBC sets up your mortgage and issues your mortgage commitment; or
- for all other types of *Credit Facilities*, the date the credit limit becomes effective.

How Much Will My Insurance Cost?

Lines of Credit, Overdrafts and Demand Loans under \$50,000	Lines of Credit, Overdrafts and Demand Loans \$50,000 and over	Mortgages
<p>Premium Rates are based on:</p> <ul style="list-style-type: none"> • for life insurance, the number of borrowers insured under the Certificate on the first day of the month that there is a balance owing; and • for disability insurance, each insured borrower's age on the first day of the month that there is a balance owing 	<p>Premium Rates are based on:</p> <ul style="list-style-type: none"> • for life and disability insurance, the borrower's age on the date premiums are calculated • for life insurance only, the number of borrowers insured under the Certificate 	<p>Premium Rates are based on:</p> <ul style="list-style-type: none"> • for life and disability insurance, the borrower's age at time of application • for life insurance only, the number of borrowers insured under the Certificate
<p>Premiums will go up or down from month-to-month, depending on the average daily debit balance for the account statement period.</p>		<p>Premiums for life insurance don't change, but Premiums for disability insurance will change if you change your regular mortgage payment amount.</p>

Quebec sales tax is added to your premium.

See "The Cost of Your Insurance Coverage" section of the Certificate for **Premium Rates** and sample **Premium** calculations.

What Does The Insurer Pay?

If your claim is approved, the Insurer will pay a benefit to HSBC on your behalf **up to the applicable insurance maximum**. If you have an “interest only” mortgage or **Ratio Coverage** on a mortgage, you will find sample calculations in the “What We Pay” section of the Certificate.

Insurance Type	Creditor's Group Insurance Benefit
Life	<p>Fully insured “principal + interest” mortgages</p> <ul style="list-style-type: none"> your benefit is the outstanding principal balance on the date of death. <p>Fully insured “interest only” mortgages</p> <ul style="list-style-type: none"> your benefit is calculated by subtracting an amount equal to the principal payments that would have been made on your “interest only” mortgage if it was a “principal + interest” mortgage with the same opening balance, interest rate and amortization from the outstanding principal balance on your “interest only” mortgage on the date of death. <p>“Principal + interest” mortgages under Ratio Coverage</p> <ul style="list-style-type: none"> your benefit is the outstanding balance on your mortgage on the date of death multiplied by the ratio that was established on the effective date of insurance. <p>“Interest only” mortgages under Ratio Coverage</p> <ul style="list-style-type: none"> your benefit is calculated by: <ol style="list-style-type: none"> multiplying the outstanding balance on your mortgage on the date of death by the ratio that was established on the effective date of insurance, and subtracting an amount equal to the principal payments that would have been made on your “interest only” mortgage if it was a “principal + interest” mortgage with the same opening balance, interest rate and amortization from the outstanding principal balance on your “interest only” mortgage on the date of death. <p>For lines of credit, overdrafts and demand loans</p> <p>When death occurs as a result of an Accident, the lesser of:</p> <ul style="list-style-type: none"> the outstanding principal balance on the date of your death; or your Loan Amount Insured. <p>When death occurs for any other cause, the lesser of:</p> <ul style="list-style-type: none"> the outstanding balance on the date of your death; an amount equal to the average debit balance over the 12 months preceding the date of your death; or your Loan Amount Insured.

Insurance Type	Creditor's Group Insurance Benefit
Disability Insurance benefits become payable on the 61st day of Total Disability	<p>For “principal + interest” mortgages</p> <p>the lesser of:</p> <ul style="list-style-type: none"> the monthly equivalent of your regular mortgage payment on the date of Total Disability; or \$4,000. <p>For “principal + interest” lines of credit, and overdrafts</p> <p>the lesser of:</p> <ul style="list-style-type: none"> the minimum monthly payment required on the date of Total Disability as set out in the terms and conditions of your insured line of credit, overdraft or demand loan; or \$4,000.

Disability insurance benefits on all **Credit Facility** types include any insurance premiums owing for the period that disability benefits are payable under your Certificate, plus applicable taxes.

Your insurance benefit may not cover the entire amount owing on all of your insured **Credit Facilities**.

What If I Have An Insurance Claim?

You should always make an insurance claim as soon as possible, using the Insurer's claim form which you can obtain from HSBC. If you live in North America, you may also call 1- 877-736-4753.

How long do I have to make a claim?

There is no time limit for making life insurance claims. Under the Quebec Civil Code, claimants have **three years** to file a legal action.

For the prompt resolution of disability insurance claims, you should submit your claim within **12 months** of the date of **Total Disability**.

How long for the Insurer's claim decision and payment?

The Insurer will send you the claim decision in writing within **30 days** of receiving all the information required to make it.

If the Insurer approves a claim it will pay the benefit to HSBC within **30 days** of receiving all information required to make a decision.

Whenever a claim is not approved, the Insurer's written decision will include the reasons for that decision.

What if I want to appeal the Insurer's claim decision?

If the Insurer does not approve your claim, you have **90 days** from the date of the Insurer's original claim decision to file an appeal. Your appeal must be in writing and you must include new information that is pertinent to your claim.

You may consult the Autorité des marchés financiers or an independent legal advisor for assistance with your appeal.

What Exclusions And Limitations Apply To This Insurance?

As long as premiums are paid, the Insurer will only cancel insurance if the Insurer discovers that you made a misrepresentation or false declaration on your Application, medical underwriting interview (if applicable) or in connection with an insurance claim.

Life benefit

- No benefit amount will be paid if your death is directly caused or contributed to by your operation of a motorized vehicle or vessel while you are impaired by drugs or substances, or while your blood alcohol concentration is over **80** milligrams in **100** millilitres of blood (0.08).
- No benefit amount will be paid if your death is directly or indirectly caused or contributed to by:
 - suicide within **24 months** of the effective date of insurance regardless of whether you intended or understood the consequences of your actions. The Insurer's liability will be limited to a refund of premiums.
 - active participation in a civil disorder or war, whether or not war is declared, unless you are on active military duty as a member of the Canadian Armed Forces or Canadian Forces Reserve; or
 - events which occur while you participate or attempt to participate in a criminal offence.

Disability benefit

- No benefit will be paid if your **Total Disability** is directly or indirectly caused or contributed to by:
 - normal pregnancy (this exclusion does not apply to complications of pregnancy);
 - an intentionally self-inflicted injury;
 - active participation in a civil disorder or war, whether or not war is declared, unless you are on active military duty as a member of the Canadian Armed Forces or Canadian Forces Reserve; or
 - your operation of a motorized vehicle or vessel while you are impaired by drugs or substances, or your blood alcohol concentration is over **80** milligrams of alcohol in **100** millilitres of blood (0.08);
 - events which occur while you participate or attempt to participate in a criminal offence.

Is there a pre-existing condition and when does it apply?

There is a **Pre-existing Condition** that applies when:

1. you were not required to answer any health questions on your Application and
2. death or **Total Disability** occurs in the first 12 months following the effective date of your insurance.

When will the Insurer limit the benefit?

Only one life insurance benefit will be paid under your **Credit Facility**, regardless of the number of persons insured.

Only one disability insurance benefit will be paid under your **Credit Facility** for a given payment period, regardless of the number of persons insured.

When Does Insurance End?

All insurance ends on the **earliest** of the following dates:

- the date your insured mortgage or demand loan is paid in full to HSBC, or in the case of your insured line of credit, overdraft or demand loan, the date your **Credit Facility** is closed;
- the date your insured **Credit Facility** is refinanced;
- the date of your death, or where two or more persons are insured under your **Credit Facility**, on the payment of the first life insurance benefit under your **Credit Facility**;
- the date that any payment under your **Credit Facility** is 60 days in arrears or you are in default of any other contractual provision of your **Credit Facility**;
- the date you turn 70 years of age (insurance continues on younger insured, if any);
- the date your written request to cancel insurance is received by HSBC;
- the date when your premiums have not been paid for 60 days; or
- the date Policy 57905 ends.

Your disability insurance will also end on the **earliest** of the following dates:

- the date the Insurer has paid a total of 24 months of disability insurance benefits under your **Credit Facility** on your behalf;
- the date your life insurance is continued under a new **Credit Facility** with HSBC as described in the “What Happens If I Refinance My Insured Credit Facility?” section of this product summary;
- the date life insurance ends; or
- the date your **Credit Facility** stops being eligible for disability insurance.

What Happens If I Refinance My Insured Credit Facility?

When you refinance an insured **Credit Facility** and replace it with a new **Credit Facility** with HSBC, and you want to insure that new **Credit Facility**, you must complete and submit a new Application.

If your Application on the new **Credit Facility** is declined due to a medical condition or you are more than 64 years old but less than 70 years old on the date you applied, the Insurer will provide you with an amount of life insurance that is equal to what you had on your old **Credit Facility** immediately prior to the date of refinancing.

The amount of life insurance that the Insurer will allow on the new **Credit Facility** will be the **lesser** of the amount you owe HSBC under your new **Credit Facility**; or:

- **for mortgages**, the insured portion of the outstanding balance(s) under the old mortgage(s) on the date immediately prior to refinancing; or
- **for lines of credit, overdrafts and demand loans**, the insured portion of the credit limit on the old **Credit Facility** on the date immediately prior to refinancing.

For more information about insurance on refinanced **Credit Facilities** see the “Prior Coverage Recognition” section of the Certificate.

When And How Can I Cancel Insurance?

This insurance is optional and you can cancel at any time. Although the *Insurers Act* and the *Act respecting the distribution of financial products and services* allow for a **10** day period to cancel without penalty, the Insurer allows you to cancel within **30** days without penalty.

To cancel this insurance:

- Submit your written notice to HSBC.
- If cancelling within the first **10** days of signing the insurance contract you can use the notice of rescission form you were given by the Distributor when you applied for this insurance.

After the **30**-day period allowed by Canadian Premier, there will be no premium refund, except where premiums may have been collected in error.

Who Can Answer My Questions About This Insurance?

For questions about the administration of this insurance, you may contact HSBC at 1-888-310-HSBC (4722) if calling from anywhere in North America. For questions about underwriting or claims, call Canadian Premier Creditor Team at 1-877-736-4753.

For more information about the obligations of insurers and distributors, you can contact the Autorité des marchés financiers as follows:

Autorité des marchés financiers
Place de la Cité, Tour Cominar
2640, boul Laurier, 4 étage
Québec QC G1V 5C1

Tel:
Québec 418-525-0337
Montreal: 514-395-0337
Toll Free: 1-877-525-0337
Website: www.lautorite.qc.ca

Where Can I Find The Insurer's Complaint Process?

You can find the Insurer's complaints resolution process, a summary of the Insurer's complaints resolution processing policy and where complaints may be filed by going to www.canadianpremier.ca and typing "complaints" into the search field.

Sample

The purpose of this fact sheet is to inform you of your rights.
It does not relieve the insurer or the distributor of their obligations to you.

Let's Talk Insurance!

Name of distributor: HSBC Bank Canada

Name of insurer: Canadian Premier Life Insurance Company

Name of insurance product: Creditor Life and Disability Insurance for HSBC Mortgages, Lines of Credit, Overdrafts and Demand Loans



It's your choice

You are never required to purchase insurance:

- that is offered by your distributor;
- from a person who is assigned to you; or
- to obtain a better interest rate or any other benefit.

Even if you are required to be insured, **you do not have to** purchase the insurance that is being offered.
You can choose your insurance product and your insurer.



How to choose

To choose the insurance product that's right for you, we recommend that you read the summary that describes the insurance product and that must be provided to you.



Distributor Remuneration

A portion of the amount you pay for the insurance will be paid to the distributor as remuneration.

The distributor **must** tell you when the remuneration exceeds 30% of that amount.



Right to Cancel

The Act allows you to rescind an insurance contract, **at no cost**, within 10 days after the purchase of your insurance. However, the insurer may grant you a longer period of time. After that time, fees may apply if you cancel the insurance. **Ask** your distributor about the period of time granted to cancel it **at no cost**.

If the cost of the insurance is added to the financing amount and you cancel the insurance, your monthly financing payments might not change. Instead, the refund could be used to **shorten the financing period**.
Ask your distributor for details.

The *Autorité des marchés financiers* can provide you with unbiased, objective information.

Visit www.lautorite.qc.ca or call the AMF at 1-877-525-0337.

Sample

NOTICE OF RESCISSION OF AN INSURANCE CONTRACT

NOTICE GIVEN BY A DISTRIBUTOR

Section 440 of the Act respecting the distribution of financial products and services (chapter D-9.2)

THE ACT RESPECTING THE DISTRIBUTION OF FINANCIAL PRODUCTS AND SERVICES GIVES YOU IMPORTANT RIGHTS.

The *Act* allows you to rescind an insurance contract, **without penalty**, within 10 days of the date on which it is signed. However, the insurer may grant you a longer period.

To rescind the contract, you must give the insurer notice, within that time, by registered mail or any other means that allows you to obtain an acknowledgement of receipt.

Despite the rescission 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 applicable time, you may rescind the insurance contract at any time; however, penalties may apply.

For further information, contact the Autorité des marchés financiers at 1-877-525-0337 or visit www.lautorite.qc.ca.

NOTICE OF RESCISSION OF AN INSURANCE CONTRACT

To:

Canadian Premier Life Insurance Company

(name of insurer)

Creditor Team, 25 Sheppard Ave West, Suite 1400, Toronto, ON M2N 6S6

(address of insurer)

Date: _____

(date of sending of notice)

Pursuant to section 441 of the *Act respecting the distribution of financial products and services*, I hereby rescind insurance contract no.: 57905

(number of contract, if indicated)

Entered into on: _____

(date of signature of contract)

In: _____

(place of signature of contract)

(name of client)

(signature of client)