

Terms and Conditions



Business Loan Insurance Plan

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Definitions

What are the definitions contained in this Policy?

The following definitions will assist the Business and Proposed Insured, in understanding the Terms and Conditions. All capitalized terms found throughout this Application and Terms and Conditions are defined as follows:

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

Accidental Dismemberment means any of the following irrecoverable losses due to Accident:

- an arm by severance through or above the elbow joint, or
- a hand by severance through or above the wrist joint, or
- a leg by severance through or above the knee joint, or
- a foot by severance through or above the ankle joint, or
- entire sight in one or both eyes.

Actively Working or Actively at Work means gainfully employed and carrying out the regular duties of the Proposed Insured’s occupation for the Business, for wages or expectation of profit at least twenty (20) hours per week based on the twenty-eight (28) days immediately prior to the Application date.

Application means a formal request for enrolment under the Group Policy, set out by the Business and the Proposed Insured and fulfilled by completing RBC form number 3460.

Authorized Signor(s) means a representative or representatives designated by the Business, whose signature represents authority to deal on the Business’ behalf.

Business means a sole proprietorship, partnership, corporation or other legal entity that provides a product or service to general consumers for the expectation of profit, while operating in Canada.

Canadian Resident means a Proposed Insured or an Insured Person who lives and works in Canada at least six (6) months out of the year.

Covered Critical Illness means only the medical conditions defined under the “What is a Covered Critical Illness?” provision.

Diagnosis or Diagnosed means a written opinion by a Physician or Specialist Physician of a Covered Critical Illness. The opinion must be supported by the Insured Person’s medical records and indicate the date the Covered Critical Illness was first established.

Disabled or Disability means bodily injury, disease, sickness, complications due to pregnancy, and any related medical conditions that require the active and continuous care of a Physician and prevents the Insured Person from:

- performing the material and substantial duties of their own occupation which they held before becoming disabled, or
- engaging in any occupation or gainful employment.

Effective Date of Coverage means the date the Insured Person’s Business Loan Insurance Plan insurance coverage begins on the Initial Amount and any Increased Portion of an Insured Loan.

Group Policy means Group Policy Number 52000 and 53000, issued by the Insurer to Royal Bank of Canada.

Hospital means an institution which has been licensed to treat patients on an in-patient, outpatient and emergency basis, and which is operated under the supervision of a staff of Physicians.

Increased Portion means:

- any subsequent increase to the principal loan amount that is originally approved by RBC Royal Bank, or
- any subsequent increase to the amount of the maximum credit limit that is originally approved by RBC Royal Bank, or
- any new loan segment that is approved by RBC Royal Bank.

Initial Amount means:

- the principal loan amount that is originally approved by RBC Royal Bank, or
- the amount of the maximum credit limit that is originally approved by RBC Royal Bank.

Insured Loan(s) means any loan for which insurance has been approved. An Insured Loan is identified by an 8-digit loan number and includes any loan segments (identified by a separate 3-digit segment number) opened under the Insured Loan.

Insured Person means an individual who is eligible for, has applied for, and has been approved for Business Loan Insurance Plan insurance coverage, and where the Business has paid the applicable insurance premium.

Multiple Dismemberment means the irrecoverable losses due to Accident of both legs, arms, hands, feet or entire sight in both eyes, or a combination of any two or more (e.g. one arm and one leg).

Non-smoker means you have not in the past 12 months, used cigarettes, e-cigarettes, vaping products, more than one large cigar per month, water pipes, betel nuts more than once a month, smoking cessation products or nicotine or tobacco in any other form.

Physician means a legally and professionally qualified medical practitioner practicing in Canada or the United States of America. The Physician providing the Diagnosis or treating the Insured Person must not be the Insured Person, a relative of the Insured Person, or a person who normally resides in the Insured Person’s household.

Pre-Existing Condition means a condition or health problem for which, in the twelve (12) months before the Effective Date of Coverage the Insured Person received Treatment.

Proof of Loss means proof, satisfactory to the Insurer that the Insured

Person sustained a loss covered under the Policy and that the loss occurred while the Insured Person's insurance was in force.

Proposed Insured means an individual who is eligible for, and has submitted an Application for Business Loan Insurance Plan insurance coverage, subject to Application approval.

Seasonal Employee or Seasonally Employed means a Proposed Insured or Insured Person whose occupation has a beginning and an end, and whose proven work history sets the expectation of returning to the same occupation when the following season begins.

Single Dismemberment means the irrecoverable loss due to Accident of a leg, arm, hand, foot or entire sight in one eye. The loss of one arm or one leg is still considered a Single Dismemberment even though the loss included the hand or foot on that limb.

Specialist Physician means a legally and professionally qualified medical practitioner who has been trained in the specific area of medicine relevant to the Covered Critical Illness condition for which a benefit is being claimed and who has been certified by a specialty examining board. In the absence or unavailability of a Specialist Physician, and as approved by the Insurer, a Covered Critical Illness may be Diagnosed by a legally and professionally qualified medical practitioner practicing in Canada or the United States of America. The Specialist Physician providing the Diagnosis or Surgery must not be the Insured Person, a relative of the Insured Person or a person who normally resides in the Insured Person's household.

Surgery means a medical operation performed on the Insured Person and recommended by a Physician or Specialist Physician.

Treatment means advice, consultation, care, Surgery, Diagnosis and/ or service provided by a Physician or other health-care provider. This includes, but is not limited to diagnostic measures, taking pills, injections or other forms of medication prescribed for a health condition.

Waiting Period means the period of time that begins with the first day of Disability and ends after an uninterrupted Disability of sixty (60) days.

General Policy Features

Who underwrites this insurance?

Business Loan Insurance Plan is underwritten and issued by RBC Life Insurance Company (the Insurer). They issue this Group Creditor Life, and Disability Insurance under Policy Number 52000 and Critical Illness Insurance under policy Number 53000 (the "Policy") to Royal Bank of Canada ("RBC Royal Bank"). The Business is considered to be contracting with the Insurer, and not with RBC Royal Bank. For more information, contact the Insurance Service Centre at: 1-800-ROYAL 2-3 or 1-800-769-2523 or RBC Life Insurance Company at 1-855-264-2173. www.rbcinsurance.com

What Businesses are eligible for this coverage?

To qualify for life, critical illness and Disability insurance coverage, the Business must:

- be domiciled and operate in Canada,
- be indebted to RBC Royal Bank under a term loan, revolving credit facility or mortgage, and
- be a sole proprietorship, partnership, corporation, holding company or other entity operating a Business/ farm.

What loans are eligible for this coverage?

The following loan types, denominated in Canadian Dollars, qualify for life, critical illness and Disability insurance coverage:

- RBC Royal Bank Fixed and/or Variable rate term loans and demand loans,
- Canada Small Business Financing Loans,
- commercial mortgages less than \$1,000,000,
- RoyFarm Mortgages®, or
- any revolving credit facilities, by way of RBC Royal Bank prime based loans.

Who is eligible for this coverage?

To qualify for life insurance coverage, the Proposed Insured must:

- be 18 years of age, but less than 65 years of age on the date of Application for life insurance,
- be a Canadian Resident, and
- be related to the Business as either
 - an owner of the Business,
 - responsible in whole or in part for the management of the Business*, or
 - a guarantor of the Insured Loan.

* If the business is domiciled in Quebec, only the owner of the business or a guarantor of the loan is eligible to apply.

To qualify for Disability insurance coverage, the Proposed Insured must:

- be 18 years of age, but less than 65 years of age on the date of Application,
- be a Canadian Resident,
- be approved for and maintain a minimum of \$25,000 in Business Loan Insurance Plan life insurance coverage, and
- be an owner of the Business, and
 - Actively Working on the date of Application, or
 - if Seasonally Employed and not working on the date of Application, be capable of performing the regular duties of their occupation.

To qualify for critical illness insurance coverage, the Proposed Insured must:

- be 18 years of age, but less than 60 years of age on the date of Application for critical illness insurance,
- be a Canadian Resident,
- be approved for and maintain a minimum of \$25,000 in Business Loan Insurance Plan life insurance coverage, and
- be related to the Business as either:
 - an owner of the Business,
 - responsible in whole or in part for the management of the Business*, or
 - a guarantor of the Insured Loan.

* If the business is domiciled in Quebec, only the owner of the business or a guarantor of the loan is eligible to apply.

Are there any basic insurability questions that must be answered?

Yes. The Business Loan Insurance Plan Application includes three (3) basic insurability questions. If applying for life insurance coverage, the Proposed Insured must answer the Life Insurance question (basic insurability question number 1). If applying for life and critical illness insurance coverage, the Proposed Insured must answer both the Life

Insurance question and the Critical Illness Insurance question (basic insurability questions numbers 1 and 2). If applying for life and Disability insurance coverage, the Proposed Insured must answer both the Life Insurance question and the Disability Insurance question (basic insurability questions numbers 1 and 3).

Any misrepresentation or false declaration (including smoking status) concerning this Application (or any subsequent Application for an increase in coverage) or any claim, may result in coverage being void.

When applying for a total of \$300,000 or less of life insurance, or when applying for \$300,000 or less of combined life and Critical Illness insurance, the Business can be automatically approved for:

- life insurance on each Proposed Insured, if they answer "No" to basic insurability question number 1,
- life and critical illness insurance on each Proposed Insured, if they answer "No" to basic insurability questions numbers 1 and 2, or
- life and Disability insurance on each Proposed Insured, if they answer "No" to basic insurability questions numbers 1 and 3.

The Proposed Insured will be contacted by the Insurer for a separate health assessment if:

- the Proposed Insured answers "Yes" to any of the required basic insurability question(s), or
- the total amount of life insurance exceeds \$300,000 or a combined total of life and critical illness insurance exceeds \$300,000.

This health assessment may include medical tests, an examination or an attending physician's statement, which the Insurer will arrange at its expense, provided the Application is still under assessment by the Insurer.

Where a separate health assessment is required, the Insurer will send the Proposed Insured written notice of acceptance or decline.

When does coverage begin?

Business Loan Insurance Plan coverage begins on the Effective Date of Coverage, which is the latest of the following dates:

- when the Application is signed,
- when the original loan amount or any increase in funds are advanced (in the case of revolving credit facilities, the date of the first draw on funds), or
- where applicable, when the coverage is approved in writing by the Insurer.

When does coverage end?

An Insured Person's coverage under this Policy ends on the earliest of the following dates:

- when the Business is no longer domiciled or ceases to operate in Canada,
- when the Insured Person is no longer a Canadian Resident,
- when the Business or the Insured Person is no longer eligible for coverage,
- when the Insurance Service Centre receives a request from an authorized representative of the Business to cancel this insurance,
- when the Insured Loan is closed,
- when the Insured Loan is assumed in writing by another person and/or Business,
- when all or part of the insurance premium is more than ninety (90)

days overdue,

- when the Group Policy terminates,
- the last day of the month in which the Insured Person turns age seventy (70)*, or
- when the Insured Person dies.

An Insured Person's critical illness insurance coverage also ends on the earliest of the following dates:

- when life insurance coverage ends,
- the last day of the month in which the Insured Person turns age sixty-five (65)*, or
- when the Insured Person's critical illness insurance coverage claim is approved.

An Insured Person's Disability insurance coverage also ends on the earliest of the following dates:

- when life insurance coverage ends,
- the last day of the month in which the Insured Person turns age seventy (70)*, or
- when the Insured Person has received a total of forty-eight (48) months of Disability insurance benefit payments.

* For revolving credit facilities, if the last day of the month falls on a Friday, Saturday, Sunday or a statutory holiday and a financial transaction on the account occurs between the last day of the month and the next business day, the insured person's coverage on the revolving credit facilities only will end on the next business day.

How is coverage allocated within multiple segments?

Business Loan Insurance Plan is designed to cover multiple eligible business credit segments with one insurance amount. When an Application is approved to protect a specific 8-digit loan account, all current and future segments associated with that 8-digit loan account become an Insured Loan. Any coverage that is added to or removed from one Insured Loan segment will automatically be added to or removed from all Insured Loan segments. Coverage that currently exists on an insured 8-digit loan account number will be applied to all eligible future borrowings that share the same 8-digit loan account number, up to the approved amount of coverage unless otherwise directed in writing by way of a completed and signed Business Loan Insurance Plan Application.

Premiums will only be calculated based on the outstanding balances of each eligible Insured Loan segment and will be collected from each segment in the following order:

- All fixed and/or variable rate term loans, RoyFarm® Mortgage and commercial mortgages less than \$1,000,000,
- Demand loans, then
- Revolving credit facilities by way of RBC Royal Bank prime based loans.

If the Business has more than one of the same type of loan (i.e. more than one fixed or variable rate term loan, demand loan, mortgage or revolving credit facility), approved life, Accidental Dismemberment and critical illness coverage will be allocated in the order above, starting with the most recently advanced loan segment. Approved Disability coverage will be allocated in the order above, starting with the oldest loan segment advanced.

As outstanding insured segment balances fluctuate, any available coverage is automatically applied to the next eligible Insured Loan segment.

Insurance Premium Information

What is the cost of this insurance?

Life and critical illness insurance premiums are based on the Insured Person's:

- gender,
- smoking status at time of Application,
- age at the time the premium is due, and
- daily outstanding insured balance of all Insured Loans.

To calculate the monthly life or critical illness insurance cost, take the lesser of the total outstanding balance of all eligible Insured Loans, or the total amount of coverage for which the Insured Person has been approved, multiply by the premium rate, then divide by 1,000.

Example: For an Insured Person who is a 35 year old female Non-smoker, monthly life premiums for an Insured Loan of \$50,000 would be \$5.50, ($\$50,000 \times 0.11 \div 1,000 = \5.50) (plus any applicable taxes).

Example: If the Business wanted to insure the same 35 year old female Non-smoker for critical illness, monthly premiums for an Insured Loan

of \$50,000 would be \$8.00 ($\$50,000 \times 0.16 \div 1,000 = \8.00) (plus any applicable taxes).

For loan payment frequencies other than monthly, divide the monthly premiums for life insurance and critical illness insurance by the number of days in the month in which the premiums are calculated, then multiply by the number of days in the payment period.

Example: $(\$5.50 + \$8.00) \div 31(\text{days in December}) \times 7(\text{weekly payment}) = \3.05 weekly (plus any applicable taxes).

Disability insurance premiums are based on the Insured Person's:

- age at the time the Insured Loan interest payment is due, and
- benefit payment amount.

To calculate the premium cost per payment, multiply the benefit payment amount by the Disability insurance premium rate, then divide by 100.

Example: For an Insured Person who is 35 years old, with a benefit amount of \$500 bi-weekly the premium would be \$9.45 bi-weekly ($\$500 \times \$1.89 \div 100 = \9.45 (plus any applicable taxes)).

Monthly Premium Rates for Business Loan Insurance Plan Life, Critical Illness and Disability Insurance Coverage

Life [‡]					
Critical Illness [‡]					
Age	Male		Female		Disability [◊]
	Smoker	Non-Smoker	Smoker	Non-Smoker	
18-29	\$ 0.14	\$ 0.10	\$ 0.10	\$ 0.09	\$ 1.40
	\$ 0.14	\$ 0.12	\$ 0.11	\$ 0.09	
30-32	\$ 0.15	\$ 0.11	\$ 0.12	\$ 0.10	\$ 1.70
	\$ 0.16	\$ 0.15	\$ 0.21	\$ 0.15	
33-35	\$ 0.17	\$ 0.12	\$ 0.13	\$ 0.11	\$ 1.89
	\$ 0.21	\$ 0.15	\$ 0.33	\$ 0.16	
36-38	\$ 0.20	\$ 0.14	\$ 0.16	\$ 0.12	\$ 2.12
	\$ 0.29	\$ 0.15	\$ 0.47	\$ 0.21	
39-40	\$ 0.25	\$ 0.16	\$ 0.19	\$ 0.13	\$ 2.43
	\$ 0.43	\$ 0.19	\$ 0.62	\$ 0.28	
41-42	\$ 0.29	\$ 0.19	\$ 0.22	\$ 0.15	\$ 2.64
	\$ 0.48	\$ 0.25	\$ 0.75	\$ 0.37	
43-44	\$ 0.34	\$ 0.22	\$ 0.25	\$ 0.17	\$ 2.87
	\$ 0.68	\$ 0.32	\$ 0.92	\$ 0.42	
45-46	\$ 0.39	\$ 0.27	\$ 0.28	\$ 0.20	\$ 3.12
	\$ 0.91	\$ 0.43	\$ 1.18	\$ 0.49	
47-48	\$ 0.45	\$ 0.32	\$ 0.32	\$ 0.23	\$ 3.40
	\$ 1.24	\$ 0.54	\$ 1.39	\$ 0.59	

Life‡					
Critical Illness‡					
Age	Male		Female		Disability [∅]
	Smoker	Non-Smoker	Smoker	Non-Smoker	
49-50	\$ 0.56	\$ 0.37	\$ 0.36	\$ 0.27	\$ 3.72
	\$ 1.62	\$ 0.67	\$ 1.52	\$ 0.62	
51-52	\$ 0.66	\$ 0.42	\$ 0.42	\$ 0.31	\$ 3.89
	\$ 1.99	\$ 0.78	\$ 1.68	\$ 0.67	
53-54	\$ 0.76	\$ 0.48	\$ 0.48	\$ 0.35	\$ 4.25
	\$ 2.44	\$ 0.95	\$ 1.76	\$ 0.72	
55	\$ 0.85	\$ 0.52	\$ 0.54	\$ 0.38	\$ 4.66
	\$ 2.92	\$ 1.11	\$ 1.92	\$ 0.77	
56	\$ 0.93	\$ 0.57	\$ 0.61	\$ 0.41	\$ 4.88
	\$ 3.25	\$ 1.20	\$ 2.01	\$ 0.84	
57	\$ 1.00	\$ 0.62	\$ 0.66	\$ 0.45	\$ 5.11
	\$ 3.55	\$ 1.31	\$ 2.15	\$ 0.90	
58	\$ 1.07	\$ 0.68	\$ 0.72	\$ 0.49	\$ 5.35
	\$ 3.97	\$ 1.49	\$ 2.20	\$ 0.93	
59	\$ 1.14	\$ 0.75	\$ 0.78	\$ 0.53	\$ 5.60
	\$ 4.52	\$ 1.67	\$ 2.31	\$ 0.99	
60	\$ 1.22	\$ 0.83	\$ 0.84	\$ 0.58	\$ 5.85
	\$ 4.97 [□]	\$ 1.83 [□]	\$ 2.37 [□]	\$ 1.04 [□]	
61	\$ 1.34	\$ 0.93	\$ 0.90	\$ 0.62	\$ 6.10
	\$ 5.33 [□]	\$ 1.98 [□]	\$ 2.40 [□]	\$ 1.09 [□]	
62	\$ 1.48	\$ 1.03	\$ 0.96	\$ 0.67	\$ 6.36
	\$ 5.90 [□]	\$ 2.21 [□]	\$ 2.53 [□]	\$ 1.15 [□]	
63	\$ 1.63	\$ 1.13	\$ 1.02	\$ 0.74	\$ 6.62
	\$ 6.49 [□]	\$ 2.49 [□]	\$ 2.67 [□]	\$ 1.24 [□]	
64	\$ 1.81	\$ 1.24	\$ 1.08	\$ 0.82	\$ 6.92
	\$ 7.10 [□]	\$ 2.78 [□]	\$ 2.80 [□]	\$ 1.33 [□]	
65	\$ 2.00	\$ 1.34	\$ 1.14	\$ 0.91	\$ 7.27
66	\$ 2.19	\$ 1.47	\$ 1.20	\$ 1.01	\$ 7.66
67	\$ 2.38	\$ 1.62	\$ 1.30	\$ 1.10	\$ 8.08
68	\$ 2.60	\$ 1.78	\$ 1.44	\$ 1.18	\$ 8.52
69	\$ 2.84	\$ 1.94	\$ 1.60	\$ 1.28	\$ 8.98

‡ Monthly life and critical illness premium rates shown above are for each \$1,000 of insurance (plus any applicable taxes).
[∅] Monthly Disability premium rates shown above are for each \$100 of Disability benefit payment (plus any applicable taxes).
[□] Applicable only to clients with existing Business Loan Insurance Plan coverage.

The insurance premium for the Insured Loan(s) is due and payable at the same frequency and schedule as the regular loan payment.

Smoking status is determined by the Insured Person's most recent approved Application for Insurance. For example, if the Insured Person was a Non-smoker when applying for coverage, the premiums will be based on Non-smoker rates. If the Insured Person has since become a smoker and there is an Application for an increase in coverage and that increase in coverage is approved, premiums for all coverage on that Insured Person will change to smoker rates. This same process applies if the Insured Person's smoking status changes from smoker to Non-smoker.

IMPORTANT: As the premium rates under the Business Loan Insurance Plan are determined by the Insured Person's age on the date the premium is due, the cost of Business Loan Insurance Plan coverage may increase during the term of the loan.*

* For revolving credit facilities, if the Insured Person's birthday falls on a weekend or statutory holiday and the premium rate is expected to change per table above, the new premium rate will become effective on the 2nd business day following the Insured Person's birthday.

Life Insurance Coverage

How much life insurance coverage can the Proposed Insured apply for?

A Business may have up to twenty-five (25) Insured Persons on any Insured Loan, and can apply for life insurance coverage up to a maximum \$1,000,000 on each Proposed Insured under this Policy, even if coverage exceeds the authorized credit amount. While the coverage amount may be greater than the total authorized credit, premiums will only be calculated and collected based on the outstanding balance of the Insured Loan(s).

What is the life insurance benefit amount?

If the Insured Person dies, on approval of the claim, the Insurer will pay to RBC Royal Bank a life insurance benefit that will be applied to the outstanding balance of the Insured Loan(s). The life insurance benefit payable may be less than the outstanding debt. The maximum life insurance benefit under the Policy for any one Insured Person is \$1,000,000 for all loans.

For all loans other than revolving credit facilities, the life insurance benefit will be:

The outstanding insured balance of the Insured Loan(s) as of the date of death, plus interest calculated at the loan interest rate(s), to a maximum of one year from the date of death to the date of payment by the Insurer.

For revolving credit facilities, the life insurance benefit will be the lesser of:

- the outstanding insured balance as of the date of death, or
- the average monthly insured balance, (based on the outstanding Insured Loan balance for the twelve (12) month period immediately prior to the month in which death occurs),

plus interest calculated at the loan interest rate(s) to a maximum of one year from the date of death to the date of payment by the Insurer.

Life Insurance Coverage Limitations

If two or more Insured Persons insured under the same Insured Loan die as a result of a common accident, the maximum life benefit will, in aggregate, not exceed \$1,000,000. In no case will the Insurer pay more than the Business' outstanding Insured Loan balance(s) owing at date of death, to a maximum of \$1,000,000.

In no event will the amount paid by the Insurer exceed the amount owed to RBC Royal Bank.

Life Insurance Coverage Exclusions

No benefit will be paid if the Insured Person dies and:

- was not eligible to apply for life insurance coverage,
- death is a result of suicide within two (2) years from the Effective Date of Coverage. In this case, the Insurer's liability will be limited to a refund of premiums. In the case of an Increased Portion of an Insured Loan, liability will be limited to a refund of premiums that apply to that increase,
- their death is directly or indirectly caused or contributed by the Insured Person's:
 - participation or attempted participation in a criminal offence,
 - impairment by drugs or substances or the Insured Person's blood alcohol concentration exceeds 80 milligrams of alcohol in 100 millilitres of blood (0.08), or
 - operating a motorized vehicle or vessel while the Insured Person is impaired by drugs or substances or the Insured Person's blood alcohol concentration exceeds 80 milligrams of alcohol in 100 millilitres of blood (0.08).

No benefit will be paid for death resulting from a Pre-Existing Condition occurring within twelve (12) months of the Effective Date of Coverage on any Increased Portion of an Insured Loan if the Insured Person did not answer the applicable basic insurability question when the Business applied for coverage on that Increased Portion.

Accidental Dismemberment Insurance Coverage

How much Accidental Dismemberment insurance coverage can the Proposed Insured apply for?

An Insured Person who is approved for life insurance coverage is automatically covered for Accidental Dismemberment insurance coverage at no additional cost.

What is the Accidental Dismemberment insurance benefit amount?

If the Insured Person suffers an Accidental Dismemberment within three hundred and sixty-five (365) days of an Accident, on approval of the claim, the Insurer will pay to RBC Royal Bank an Accidental Dismemberment insurance benefit that will be applied to the outstanding balance of the Insured Loan(s).

For a Single Dismemberment, the insurance benefit will be:

50% of the outstanding insured balance of the Insured Loan(s) as of the date of the irrecoverable loss, plus interest calculated at the loan interest rate(s), to a maximum of one (1) year from the date of loss to the date of payment by the Insurer. The maximum Single Dismemberment benefit for any one accident of any Insured Person is \$25,000.

For a Multiple Dismemberment, the insurance benefit will be: The outstanding insured balance of the Insured Loan(s) as of the date of the irrecoverable loss, plus interest calculated at the loan interest rate(s), to a maximum of 1 year from the date of loss to the date of the payment by the Insurer. The maximum Multiple Dismemberment benefit for any one accident of any Insured Person is \$50,000.

Accidental Dismemberment Coverage Limitation

If an Insured Person dies as a result of an Accident, then only the life insurance benefit will apply and the Accidental Dismemberment insurance benefit will not be payable.

In no event will the amount paid by the Insurer exceed the amount owed to RBC Royal Bank.

Accidental Dismemberment Coverage Exclusions

No benefit will be paid for an Accidental Dismemberment if the Insured Person suffers a loss and:

- was not eligible to apply for life insurance coverage,
- the loss is the result of intentional self-inflicted injuries,
- the Accidental Dismemberment is directly or indirectly caused or contributed by the Insured Person's:
 - participation or attempted participation in a criminal offence,
 - impairment by drugs or substances or the Insured Person's blood alcohol concentration exceeds 80 milligrams of alcohol in 100 millilitres of blood (0.08), or
 - operating a motorized vehicle or vessel while the Insured Person is impaired by drugs or substances or the Insured Person's blood alcohol concentration exceeds 80 milligrams of alcohol in 100 millilitres of blood (0.08),
- the Insured Person's injury fails to meet the definition of an Accidental Dismemberment within three hundred sixty-five (365) days following the date of the Accident.

Critical Illness Insurance Coverage

How much critical illness insurance coverage can the Proposed Insured apply for?

A Business may have up to twenty-five (25) Insured Persons on any Insured Loan, and can apply for critical illness insurance coverage up to a maximum of \$500,000 on each Proposed Insured under this Policy, even if coverage exceeds the authorized credit amount. While the coverage amount may be greater than the total authorized credit, premiums will only be calculated and collected based on the outstanding balance of the Insured Loan(s).

What is a Covered Critical Illness?

The following medical conditions are considered a Covered Critical Illness under the terms of this Policy:

1. Cancer means a definite Diagnosis of a tumour characterized by the uncontrolled growth and spread of malignant cells and the invasion of tissue. The Diagnosis of Cancer must be made by a Specialist Physician.

2. Heart Attack means a definite Diagnosis of the death of heart muscle due to obstruction of blood flow that results in a rise and fall of biochemical cardiac markers to levels considered diagnostic of myocardial infarction, with at least one of the following:

- heart attack symptoms,
- new electrocardiogram (ECG) changes consistent with a heart attack, or
- development of new Q waves during or immediately following an intra-arterial cardiac procedure including, but not limited to, coronary angiography and coronary angioplasty.

The Diagnosis of Heart Attack must be made by a Specialist Physician.

3. Stroke (cerebrovascular accident) means a definite Diagnosis of an acute cerebrovascular event caused by intra-cranial thrombosis or haemorrhage, or embolism from an extra-cranial source, with:

- acute onset of new neurological symptoms, and
- new objective neurological deficits on clinical examination,

persisting for more than 30 days following the date of Diagnosis.

These new symptoms and deficits must be corroborated by diagnostic imaging testing.

The Diagnosis of Stroke must be made by a Specialist Physician.

What is the critical illness insurance benefit amount?

If the Insured Person is Diagnosed with or has Surgery for a Covered Critical Illness, on approval of the claim, the Insurer will pay to RBC Royal Bank one (1) critical illness insurance benefit that will be applied to the outstanding balance of the Insured Loan(s) owing at the date of Diagnosis or Surgery, to a maximum of \$500,000 per Insured Person. The critical illness insurance benefit payable may be less than the outstanding debt.

For all loans other than revolving credit facilities, the critical illness insurance benefit will be:

The outstanding insured balance of the Insured Loan(s) as of the date of Diagnosis or Surgery, plus interest calculated at the loan interest rate(s) and any discharge fees or early payout penalties, to a maximum of one (1) year from the date of Diagnosis or Surgery to the date of payment by the Insurer.

For revolving credit facilities, the critical illness insurance benefit will be the lesser of:

- the outstanding insured balance as of the date of Diagnosis or Surgery, or
- the average monthly insured balance, (based on the outstanding Insured Loan balance for the twelve (12) month period immediately prior to the month in which Diagnosis or Surgery occurs).

plus interest calculated at the loan interest rate(s) and any discharge fees or early payout penalties, to a maximum of one (1) year from the date of Diagnosis or Surgery to the date of payment by the Insurer.

What happens if the critical illness insurance benefit is less than the outstanding debt?

If the Insurer pays a critical illness insurance benefit that does not fully pay out the outstanding debt on the Insured Loan at the time of Diagnosis or Surgery, the remaining amount of the Insured Loan can qualify for life insurance coverage provided all eligibility requirements under the Policy have been met. The premium for life insurance coverage will be recalculated based on the Insured Person's current age and new outstanding insured balance multiplied by the monthly premium rate as shown in the table under section "What is the cost of this insurance?" on page 7.

If there are two (2) or more Insured Persons under the same Insured Loan and the Insurer pays a critical illness insurance benefit that does not fully pay out the outstanding debt at the time of Diagnosis or Surgery, the other Insured Person(s) can maintain their life insurance coverage and critical illness insurance coverage if applicable, provided all eligibility requirements under this Policy have been met. The premium for the life or critical illness insurance coverage will be recalculated based on the Insured Person's current age and new outstanding insured balance multiplied by the monthly premium rate as shown in the table under section "What is the cost of this insurance?" on page 7.

Critical Illness Insurance Coverage Exclusions

No benefit will be paid if the Insured Person is Diagnosed with or has Surgery for a Covered Critical Illness and:

- was not eligible to apply for critical illness insurance coverage;
- the critical illness is directly or indirectly as a result of the intentional taking of drugs, except where prescribed by a Physician or Specialist Physician; or
- the Covered Critical Illness is directly or indirectly caused or contributed by the Insured Person's:
 - participation or attempted participation in a criminal offence,
 - impairment by drugs or substances or the Insured Person's blood alcohol concentration exceeds 80 milligrams of alcohol in 100 millilitres of blood (0.08), or
 - operating a motorized vehicle or vessel while the Insured Person is impaired by drugs or substances or the Insured Person's blood alcohol concentration exceeds 80 milligrams of alcohol in 100 millilitres of blood (0.08).

No benefit will be paid for a Covered Critical Illness resulting from a Pre-Existing Condition occurring within twelve (12) months of the Effective Date of Coverage on any Increased Portion of an Insured Loan if the Insured Person did not answer the applicable basic insurability questions when the Business applied for coverage on that Increased Portion.

Cancer

No benefit will be payable for a recurrence or metastasis of an original Cancer which was Diagnosed prior to the Effective

Date of Coverage. No benefit will be payable under this condition for the following non-life threatening cancers:

- carcinoma in situ,
- stage 1A malignant melanoma (melanoma less than or equal to 1.0 mm in thickness, not ulcerated and without Clark level IV or

- level V invasion),
- any non-melanoma skin cancer that has not become metastasized, or,
- stage A (T1a or T1b) prostate cancer.

90-day Exclusion Period for Cancer:

No benefit will be payable for Cancer and the Insured Person's Cancer coverage will terminate, if the Insured Person has any of the following, within ninety (90) days of the Effective Date of Coverage:

- signs, symptoms or investigations, that lead to Diagnosis of Cancer (covered or excluded under this coverage), regardless of when the Diagnosis is made, or
- a Diagnosis of cancer (covered or excluded under this coverage).

While your coverage for Cancer terminates, coverage for all other Covered Critical Illness conditions remains in force.

Confirmation of the Diagnosis of Cancer must be reported to the Insurer within six (6) months of the date of the Diagnosis. If this information is not provided, the Insurer has the right to deny any claim for Cancer or, any Critical Illness caused by any Cancer or its treatment.

Heart Attack

Heart Attack does not include:

- elevated biochemical cardiac markers as a result of an intra-arterial cardiac procedure including, but not limited to, coronary angiography and coronary angioplasty, in the absence of new Q waves, or
- ECG changes suggesting a prior myocardial infarction, which do not meet the Heart Attack definition as described above.

Stroke

No benefit will be payable under this condition for:

- transient ischaemic attacks,
- intracerebral vascular events due to trauma, or
- lacunar infarcts which do not meet the definition of Stroke as described above.

Disability Insurance Coverage

How much Disability coverage can the Proposed Insured apply for?

A Business may have up to three (3) Insured Persons on any Insured Loan, and the maximum monthly benefit amount for each Insured Person under this Policy is \$7,000.

What is the Disability insurance benefit amount?

If the Insured Person becomes Disabled, on approval of the claim, the Insurer will pay RBC Royal Bank on a monthly basis a Disability insurance benefit that will be applied to the Insured Loan(s) as a loan payment. Disability insurance benefit payments are payable for a maximum of twenty-four (24) months per claim and coverage under the Policy is limited to a maximum of forty-eight (48) months of benefit payments per Insured Person.

For all loans other than revolving credit facilities that have a blended payment of principal and interest, the Disability insurance benefit (as of the date of Disability) will be:

- the regular loan payment amount, plus
- the insurance premium (plus applicable taxes).

For all loans other than revolving credit facilities that have a fixed principal payment amount plus interest, the Disability insurance benefit (as of the date of Disability) will be:

- the regular principal loan payment amount, plus 1% of the average insured balance for the twelve (12) months prior to the month in which the Disability occurs, plus
- the insurance premium (plus applicable taxes).

For revolving credit facilities, the Disability insurance benefit will be:

- 1% of the average insured balance based on the outstanding balance for the twelve (12) months prior to the month in which the Disability occurs, plus
- the insurance premium (plus applicable taxes) on the date of Disability.

If the Business reduces its regular loan payment while a Disability claim is active, the benefit will be adjusted accordingly. If the Business increases its regular loan payment while a Disability claim is active, the Insurer will not increase the benefit amount, unless the increased payment is the result of higher interest rates for which the business is being charged.

When do Disability insurance benefit payments begin?

Once the Waiting Period has been satisfied and the Insurer has approved the claim, Disability insurance benefits will begin on the next regularly scheduled loan payment. During the Waiting Period, the Business will continue to be responsible for regularly scheduled loan payments and insurance premiums (plus applicable taxes).

If more than one Insured Person is Disabled at the same time, Disability insurance benefits will be paid for the first claimant to be approved. If the second Insured Person is still Disabled when the Disability insurance benefits end for the first Insured Person, payments will commence for the second Insured Person. The Waiting Period for the second Insured Person can be satisfied during the payment of the first claim, when applicable.

If the Insured Person recovers from a Disability, but the Disability recurs within twenty-one (21) consecutive and complete days, lasts for at least five (5) consecutive and complete working days, and is due to the same cause or causes, then the Insurer will still consider this to be one continuous period of Disability. In such cases, the Insurer will begin paying the Disability benefits immediately after this temporary period of recovery, without any Waiting Period.

When do Disability insurance benefit payments end?

Disability insurance benefit payments will end on the earliest of the following dates:

- when the Disability ends or the Insured Person returns to work,
- when the Insured Person becomes engaged in any Business or gainful occupation,
- when a total of twenty-four (24) months of Disability payments have

been made for the Insured Person per Disability claim,

- when a total of forty-eight (48) months of Disability benefits have been made under the Policy on behalf of the Insured Person,
- the last day of the month in which the Insured Person reaches age seventy (70),*
- when the Insured Person dies,
- when the Insured Person is no longer under the active and continuous care of a Physician, or is not following the Treatment prescribed by their Physician,
- when the Insured Person refuses to submit to a medical examination by an appointed Physician or health-care practitioner at the Insurer's request,
- when the Insured Person fails to provide proof of continuing Disability to the Insurer, or
- when life coverage ends (see 'When does coverage end?'), or
- when the Insured Loan is paid in full.

* For revolving credit facilities, if the last day of the month falls on a Friday, Saturday, Sunday or a statutory holiday and a financial transaction on the account occurs between the last day of the month and the next business day, the insured person's coverage on the revolving credit facilities only will end on the next business day.

Disability Insurance Coverage Limitations

There are Policy limits applicable to Disability Insurance coverage including the following benefit payment maximums:

- the maximum Disability benefit payable for any one Insured Person is \$7,000 per month,
- the maximum Disability benefit period is twenty-four (24) months per claim, and for each Insured Person, coverage under the Policy is limited to a maximum of 48 month of Disability payments.

The Waiting Period must be satisfied before Disability Insurance benefits are payable.

When more than one Insured Person is Disabled at the same time, the Insurer will pay one Disability claim at a time.

In no event will the amount paid by the Insurer exceed the amount owed to RBC Royal Bank.

Disability Insurance Coverage Exclusions

No benefit will be paid if the Insured Person is Diagnosed with a Disability and:

- was not eligible to apply for Disability insurance coverage,
- is a result of intentional self-inflicted injuries,
- is not under the active and continuous care of a Physician, or is not following the appropriate Treatment prescribed by their Physician,
- the Disability is directly or indirectly, caused or contributed by the Insured Person's:
 - participation or attempted participation in a criminal offence, or
 - impairment by drugs or substances or the Insured Person's blood alcohol concentration exceeds 80 milligrams of alcohol in 100 millilitres of blood (0.08), or
 - operating a motorized vehicle or vessel while the Insured Person is impaired by drugs or substances or the Insured

Person's blood alcohol concentration exceeds 80 milligrams of alcohol in 100 millilitres of blood (0.08).

No benefit will be paid for any Disability resulting from a Pre-Existing Condition occurring within twelve (12) months of the Effective Date of Coverage on any Increased Portion of an Insured Loan for a Disability insurance claim if the Insured Person has not answered the applicable basic insurability questions and becomes Disabled as a result of a Pre-Existing Condition.

Additional Information

How to make a claim

When calling the Insurance Service Centre, the claimant will be asked to provide the Business Client Card Number, Branch Transit and the Loan Account Number(s) along with some general claim information over the telephone.

Notifying and providing the Insurance Service Centre with Proof of Loss as quickly as possible will help to avoid an unnecessary delay in the payment of benefits. The Business is responsible for regular business loan payments until the claim is approved by the Insurer.

Please note the following limitation periods to submit claims to the Insurance Service Centre:

- Life claims – should be submitted within one (1) year of the date of death, except for residents of Quebec, in which case life insurance claims should be submitted as soon as possible,
- Accidental Dismemberment claims – within ninety (90) days of the date of loss,
- Disability claims – within one hundred fifty (150) days of the date of Disability,
- Critical illness claims – within one hundred eighty (180) days of the date of Diagnosis or Surgery.

IMPORTANT: Contact your Account Manager or the Insurance Service Centre at 1-800-ROYAL-2-3 (1-800-769-2523) to submit a claim.

How to cancel the insurance coverage

Business Loan Insurance Plan insurance coverage is optional and can be cancelled at any time. To cancel this insurance, the Authorized Signor(s) of the Business must contact the Insurance Service Centre at 1-800-ROYAL 2-3 (1-800-769-2523) to complete a cancellation request. When calling the Insurance Service Centre, please have the Business Client Card Number, Branch Transit and the Loan Account Number(s) available. In the event this insurance is cancelled, the final premium will be adjusted to reflect insurance premiums up to and including the date the completed cancellation request is received by the Insurance Service Centre. Coverage may only be cancelled by an authorized signor for the Business.

There is a 30-day review period

If within thirty (30) days of the Effective Date of Coverage the Business cancels coverage, a full refund of any premiums paid will be issued to the Business, provided that no claim has been made. After the 30-day review period, there will be no premium refund, except where premiums may have been collected in error.

How is coverage under the Policy documented?

You will receive the following documents, which set out the terms and conditions of coverage provided under the Policy. Please keep them in a safe place:

- your Application,
- this Certificate.

Requesting copies of documents

On request, an Insured Person under the contract, or a claimant on their behalf, will be provided with a copy of the Certificate of Insurance or the Policy, as required by legislation. The first copy will be provided at no cost, but a fee may be charged for subsequent copies.

Legal actions/Limitations period

Limitation period for Ontario: 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 Limitations Act, 2002.

Limitation period in any other province: 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 other applicable legislation of your province or territory.

Collection, use and disclosure of personal information

The personal information which is given when the Proposed Insured applies for Business Loan Insurance Plan coverage is collected and used for the purpose of underwriting, administration, and adjudicating claims under the Policy. The Insurer, its agents and service providers can share and disclose this information with any person or organization who has relevant information about the Proposed Insured in connection with this Application. Such persons or organizations may include health professionals, institutions, Hospitals, pharmacies, investigative agencies, other insurers and reinsurers.

How to make a complaint

If you have a complaint regarding underwriting decisions or insurance claims, please call 1-855-264-2173. Please reference Policy 52000 for life insurance, accidental dismemberment insurance and disability insurance and Policy 53000 for critical illness insurance.

For complaints regarding the administration of the Business Loan Insurance Plan please call the Insurance Service Centre at 1-800-ROYAL 2-3 or 1-800-769-2523.

Changes

With sixty (60) calendar days written notice to the Business, all Terms and Conditions are subject to change.

Privacy Statements

A message from Royal Bank of Canada:

RBC Royal Bank administers this insurance on behalf of the Insurer through its subsidiary, RBC Insurance Services Inc. (the Insurance Service Centre). RBC Insurance Services Inc. will also establish files concerning Business Loan Insurance Plan insurance. Information regarding the administration and servicing of the insurance coverage including the insurance application will be held by RBC Insurance Services Inc. RBC Insurance Services Inc. may use service providers located within or outside Canada. In the event the service provider is located outside of Canada, the service provider is bound by, and the information may be disclosed in accordance with, the laws of the jurisdiction in which the service provider is located. Access to your file is restricted to only those employees, representatives and service providers of RBC Royal Bank and RBC Insurance Services Inc. who are responsible for servicing and administering your Business Loan Insurance Plan coverage. In addition, your file will be accessible to any other person whom you have authorized. Your file will be kept in the offices of RBC Insurance Services Inc. and its service providers. You have certain rights of access to the personal information in your file. If we have information that is not correct, you can request to have it rectified by writing to RBC Insurance Services Inc. at the address provided.

For more information about the Business Loan Insurance Plan, please contact your RBC Royal Bank Account Manager, or the Insurance Service Centre at: [1-800-ROYAL 2-3](tel:1-800-ROYAL-2-3) or [1-800-769-2523](tel:1-800-769-2523)

RBC Insurance Services Inc.
Insurance Service Centre
P.O. Box 53, Postal Station A
Mississauga, Ontario L5A 2Y9

A message from RBC Life insurance Company – the Insurer:

We (RBC Life Insurance Company) may from time to time collect information about you such as:

- information establishing your identity (for example, name, address, phone number, date of birth, etc.) and your personal background;
- information related to or arising from your relationship with and through us;
- information you provide through the application and claim process for any of our insurance products and services; and
- information for the provision of products and services.

We may collect information from you, either directly or through third parties. We may collect and confirm this information during the course of our relationship. We may also obtain this information from a variety of sources including hospitals, doctors, other health care providers, other insurers and reinsurers.

Using your personal information

This information may be used from time to time for the following purposes:

- to verify your identity and investigate your personal background;
- to issue and maintain insurance products and services you may request;
- to evaluate insurance risk and manage claims;
- to help us better understand the current and future needs of our clients;
- to communicate to you any benefit, feature and other information about products and services you have with us;
- to help us better manage our business and your relationship with us; and
- as required or permitted by law.

For these purposes, we may make this information available to our employees, our agents and service providers, and third parties, who are required to maintain the confidentiality of this information. In the event our service provider is located outside of Canada, the service provider is bound by, and the information may be disclosed in accordance with, the laws of the jurisdiction in which the service provider is located.

We may also use this information and share it in order to comply with valid requests for information about you from regulators, government agencies, public bodies or other entities who have a right to issue such requests.

Your right to access your personal information

You may obtain access to the information we hold about you at any time and review its content and accuracy, and have it amended as appropriate; however, access may be restricted as permitted or required by law. To request access to such information, to ask questions about our privacy policies you may do so now or at any time in the future by contacting us at:

You may also contact the Insurer at:

RBC Life Insurance Company
P.O. Box 515, Station A,
Mississauga, Ontario
L5A 4M3
Telephone: 1-800-663-0417

www.rbcinsurance.com

Our privacy policies

You may obtain more information about our privacy policies by visiting our web site at www.rbc.com/privacysecurity