



UNDERWRITING GUIDELINES

**Underwriting Guidelines as of August 2012.
Subject to change without notice.**

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AGE AND AMOUNT REQUIREMENTS

It is the responsibility of the Advisor to order the routine age and amount requirements, based on the plan of insurance.

Trial Application

If significant history is known, please complete the Preliminary Inquiry form as noted below.

Please complete the [Preliminary Inquiry](#) form 518E

- Trial applications are recommended for applicants previously declined, rated, or with a known medical disorder.
- Do not arrange for any medical examinations.
- Underwriting will advise you on how to proceed.

Completing the Preliminary Inquiry form does not constitute an offer of insurance but will provide you with the following underwriting direction:

- BMO Insurance may consider the risk subject to completion of the life application, age and amount requirements and evidence of insurability OR
- BMO Insurance is not willing to participate in the risk.

BMO® Insurance's Underwriting Department may, at its discretion, order any additional requirements deemed necessary to evaluate the application for insurance.

See appropriate Table of Age & Amount Requirements by product.

Application Forms by Plan

Plan	Form	Form Number
All Universal Life	Application for Life Insurance and Critical Illness Insurance	126E
All Critical Illness		
All Traditional Life		
All Preferred Term and EasyTerm 10		

Application and Amount

The total of all insurance pending and/or issued within the last 12 months by all companies is to be taken into consideration for the purpose of establishing the Age and Amount Requirements.

UNDERWRITING REQUIREMENTS – UNIVERSAL LIFE AND TRADITIONAL PRODUCTS

(Including Term riders. For terms riders the total face amount should be used in determining the requirements.)

Current Amount	Issue Age (Age Nearest)						
	0-15	16-44	45-50	51-55	56-59	60 -70 ³	71 & over ³
25,000 – 49,999	N	N	N	N	N1	B1	B2
50,000 - \$99,999	N	N	N	N	B1	B1	B2
\$100,000 - \$250,000	N	N1	N1	B1	B1	B3	B3+P
\$250,001 - \$500,000	N	N1	N1	B1	B2	B3+P	B3+P
\$500,001 - \$1,000,000	A	B2	B2	B3	B3	B5+P	B5+P
\$1,000,001 - \$2,000,000	B+A	B2	B3	B3	B5	B5+P+M	B5+P+M
\$2,000,001 - \$3,000,000	B+A+F	B2+F+M	B3+F	B3+F	B5+F	B5+P+I+M	B5+P+I+M
\$3,000,001 - \$5,000,000	C+A+I	B2+I+M	B3+I+M	B5+I+M	B5+I+M	C6+P+I+M	C6+P+I+M
\$5,000,001 - \$10,000,000 ¹	C+A+I	B2+A+I+M	B5+I+M	B6+I+M	B6+I+M	C6+P+I+M	C6+P+I+M
\$10,000,001 & up ²	C+A+I	C2+A+I+M	C6+I+M	C6+I+M	C6+I+M	C6+P+I+M	C6+P+I+M

LEGEND

¹ Third party confirmation of net worth is required either by the banker, accountant, lawyer or a copy of the investment portfolio. In some cases a signed or audited personal financial statement should be obtained.

² A signed or audited personal financial statement or a signed letter from the accountant, tax lawyer or other professional is needed.

³ Activities of Daily Living (ADL) Questionnaires will be completed by the Para-Medical or Medical Examiner for clients 70 & over.

Business Beneficiary Reports (BBR) is required for business insurance.

The "Current Amount" is defined as the total amount of insurance currently pending and/or issued within the last 12 months by any Company.

N	Non-Medical	1	Urine (HIV)
B	Paramedical	2	Blood Profile, Urine (HIV)
C	Medical	3	Resting EKG, Blood Profile, Urine (HIV)
A	Attending Physician's Statement	4	Stress EKG, Blood Profile, Urine (HIV)
P	Prostate Specific Antigen test for Males	5	Resting EKG, Blood Profile, Urine (HIV), A
F	Financial Questionnaire	6	Stress EKG, Blood Profile, Urine (HIV), A
I	Inspection Report		
M	Motor Vehicle Report		

APS Guidelines

- BMO Insurance reserves the right to request an APS at any time.
- Refer to APS Guidelines in the Underwriting Guidelines – Definitions section.

Medical Guidelines

- Any time an APS is a routine requirement and a Paramedical is being ordered, request a current Medical Exam instead of the Paramedical if the client has not seen their personal physician within the last 6 months.
- When offering a Critical Illness Rider on a Universal Life plan, medical requirements listed in the section Underwriting Requirements – Critical Illness Base Plan & Riders must also be considered.
- Refer to Validity of Documents in the Underwriting Guidelines – Definitions section.

UNDERWRITING REQUIREMENTS - PREFERRED TERM 10 OR EASYTERM 10

Current Amount	Issue Age (Age Nearest)								
	18-40		41-45		46-50	51 - 55	56-59	60-70 ³	71-75 ³
\$100,000 - \$250,000	B	B2 ⁴	B	B2 ⁴	B2	B2	B2	B3	B3+P
\$250,001 - \$500,000	B2		B2		B2	B2	B2	B3+P	B3+P
\$500,001 - \$1,000,000	B2		B2		B2	B2	B3	B5+P	B5+P
\$1,000,001 - \$2,000,000	B2		B2		B2	B3	B5	B5+P	B5+P
\$2,000,001 - \$3,000,000	B2+F		B2+F		B2+F	B3+F	B5+F	B5+P+I	B5+P+I
\$3,000,001 - \$5,000,000	C B2+I+M		B3+I+M		B3+I+M	B5+I+M	B5+I+M	C6+P+I+M	C6+P+I+M
\$5,000,001 - \$10,000,000 ¹	B2+A+I+M		B5+I+M		B5+I+M	B6+I+M	B6+I+M	C6+P+I+M	C6+P+I+M
Over \$10,000,000 ²	C2+A+I+M		C6+I+M		C6+I+M	C6+I+M	C6+I+M	C6+P+I+M	C6+P+I+M

UNDERWRITING REQUIREMENTS - PREFERRED TERM 20, PREFERRED TERM 30*

Current Amount	Issue Age (Age Nearest)				
	18-40	41-50	51-55	56-59	60-65
\$100,000 - \$250,000	B2	B2	B2	B2	B3
\$250,001 - \$500,000	B2	B2	B2	B2	B3+P
\$500,001 - \$1,000,000	B2	B2	B2	B3	B5+P
\$1,000,001 - \$2,000,000	B2	B2	B3	B5	B5+P
\$2,000,001 - \$3,000,000	B2+F	B2+F	B3+F	B5+F	B5+P+I
\$3,000,001 - \$5,000,000	B2+I+M	B3+I+M	B5+I+M	B5+I+M	C6+P+I+M
\$5,000,001 - \$10,000,000 ¹	B2+A+I+M	B5+I+M	B6+I+M	B6+I+M	C6+P+I+M
Over \$10,000,000 ²	C2+A+I+M	C6+I+M	C6+I+M	C6+I+M	C6+P+I+M

* Preferred Term 30 Issue ages 18-55

LEGEND

¹ Third party confirmation of the net worth is required either by the banker, accountant, lawyer or a copy of the investment portfolio. In some cases a signed or audited personal financial statement should be obtained.

² A signed or audited personal financial statement or a signed letter from the accountant, tax lawyers or other professional is needed.

³ Activities of Daily Living (ADL) Questionnaires will be completed by the Paramedical or Medical Examiner for clients 70 & over.

⁴ Underwriting requirements for Preferred Term 10

Business Beneficiary Report (BBR) is required for business insurance.

The "Current Amount" is defined as the total amount of insurance currently pending and/or issued within the last 12 months by any Company.

B	Paramedical	2	Blood Profile, Urine (HIV)
C	Medical	3	Resting EKG, Blood Profile, Urine (HIV)
A	Attending Physician's Statement	4	Stress EKG, Blood Profile, Urine (HIV)
P	Prostate Specific Antigen test for Males	5	Resting EKG, Blood Profile, Urine (HIV), APS
F	Financial Questionnaire	6	Stress EKG, Blood Profile, Urine (HIV) APS
I	Inspection Report		
M	Motor Vehicle Report		

APS Guidelines

- BMO Insurance reserves the right to request an APS at any time.
- Refer to APS Guidelines in the Underwriting Guidelines – Definitions section.

Medical Guidelines

- Anytime an APS is a routine requirement and a Paramedical is being ordered request a current Medical exam instead of the Paramedical if the client has not seen their personal physician within the last 6 months.

BMO Insurance reserves the right to request requirements other than those stated

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- Refer to Validity of Documents in the Underwriting Guidelines – Definitions section.

UNDERWRITING REQUIREMENTS – BUSINESS GUARANTEED INSURABILITY OPTION (BGIO)

Available on Life Dimensions, Preferred Term 10 and Preferred Term 20.

Age and Amount Requirements

- Based on the total of the base plan plus the maximum option amount of the BGIO Rider
- Maximum BGIO amount is \$10,000,000
- Total amount of in-force and applied for on all coverages not to exceed \$20,000,000

Eg.

M50NS

Base Plan: \$1,000,000 Life Dimensions

BGIO Maximum Option Amount: 1,500,000 (500,000 FMV)

Underwriting Requirements: Age amount requirements based on \$2,500,000 - Paramed, Resting EKG, Blood, Urine, Financial Questionnaire

Financial Requirements

- The last three (3) years audited financial statements; and
- Completion of Business Guaranteed Insurability Option (Business GIO) Worksheet 416E; and
- Articles of Incorporation confirming ownership

If you have a formal fair market value calculation completed by your accountant, please provide

UNDERWRITING REQUIREMENTS - CRITICAL ILLNESS BASE PLAN & RIDERS

<u>Current Amount</u>	<u>Issue Age (Age Nearest)</u>			
	18-40	41-50	51-60	61-65
\$0-\$99,999	N	N	B1	B1
\$100,000 - \$250,000	N1	N1	B2+ P	B5+ P
\$250,001 - \$500,000	N2	B2	B5+ P	C5+ P
\$500,001 - \$1,000,000	B2+A+F	B5+ P+F	C5+ P+F	C6+ P+F
\$1,000,001- \$2,000,000	B5+I	C5+ P+I	C5+ P+I	C6+ P+I

LEGEND	
N Non-Medical	1 Urine (HIV)
B Paramedical	2 Blood Profile, Urine (HIV)
C Medical	3 Resting EKG, Blood Profile, Urine (HIV)
A Attending Physician's Statement	4 Stress EKG, Blood Profile, Urine (HIV)
P Prostate Specific Antigen test for Males	5 Resting EKG, Blood Profile, Urine (HIV), A
F Financial Questionnaire	6 Stress EKG, Blood Profile, Urine (HIV), A
I Inspection Report	

APS Guidelines

- BMO Insurance reserves the right to request an APS at any time
- Refer to APS Guidelines in the Underwriting Guidelines – Definitions section.

Medical Guidelines

- Any time an APS is a routine requirement and a Paramedical is being ordered, request a current Medical Exam instead of the Paramedical if the client has not seen their personal physician within the last 6 months.
- When offering a Critical Illness Rider on a Universal Life plan, medical requirements will be based on the Critical Illness requirements in addition to the Universal Life requirements.
- So that duplicate requirements are not requested, order the highest applicable level of requirements and add additional tests where indicated. (i.e. If UL requires B2 and CI requires C5 + PSA, you would order C5 requirements + PSA test.)

Critical Illness Pre-Screening Checklist

Certain conditions or illnesses may exclude your client from qualifying for critical illness coverage with BMO Insurance. **Please do not submit an application for critical illness if the proposed insured has ever been diagnosed with any of the following conditions:**

<ul style="list-style-type: none"> ▪ AIDS or AIDS related diseases ▪ Multiple Sclerosis ▪ Hepatitis C ▪ Chronic Kidney Failure ▪ Positive for HIV ▪ Muscular Dystrophy ▪ Alcohol Abuse Treatment within past 2 years ▪ Coronary Artery Surgery or Angioplasty ▪ Huntington's Chorea or family history of same if applicant is under age 50 ▪ Heart Valve Replacement ▪ Alzheimer's Disease ▪ Cystic Fibrosis ▪ Insulin Dependent Diabetes 	<ul style="list-style-type: none"> ▪ Permanent Paralysis ▪ Angina ▪ Drug Abuse within past 3 years ▪ Major Organ Transplant ▪ Benign Brain Tumour ▪ Parkinson's Disease ▪ Aplastic Anaemia ▪ Bacterial Meningitis ▪ Polycystic Kidney Disease or family history of same if applicant is under age 35 ▪ Aortic Surgery ▪ Stroke ▪ Cancer ▪ Heart Attack
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Please note that this is a checklist of conditions that would definitely result in an application being declined for critical illness coverage. There may be other conditions that could result in a decline for your client. If any member of the proposed insured's immediate family (i.e. siblings and parents) has had one of the above conditions, the policy may be rated or in some cases, declined.

UNDERWRITING REQUIREMENTS – POLICY CHANGE

- For any change full re-underwriting on all lives insured may be required.
- For use with BMO Insurance policies. For all other changes/conversions, please contact BMO Insurance's Customer Service Division.

LEGEND: CF = Change Form – 165E, LFHC = Long Form Health Certificate – 167E, CTR Q = Children's Term Rider / Payor Waiver of Premium Questionnaire – 341E, CI Q = Critical Illness Questionnaire – 316E

Change	Requirements Less than \$100,000 Ages 0-65	Requirements \$100,000 to \$500,000 Ages 0-65	Requirements Over \$ 500,000 or Over Age 65
Add a new Rider <ul style="list-style-type: none"> Spouse Child T10, T20, WP, ADB, etc. (per contract min. & max.) 	New App. LFHC (insured) + CTR Q (child) LFHC	New App. + Age & Amount requirements LFHC (insured) + CTR Q (child) LFHC + Age & Amount requirements	New App. + Age & Amount requirements LFHC (insured) + CTR Q (child) LFHC + Age & Amount requirements
Add a child to existing CTR	CF	CF	CF
Review a rating <ul style="list-style-type: none"> Medical Rating Lifestyle Rating 	LFHC LFHC + Appropriate Q.	LFHC LFHC + Appropriate Q.	LFHC LFHC + Appropriate Q.
Original Age enhancement option	LFHC	LFHC + Urine HIV	LFHC + Age & Amount requirements
5/10 Year Preferred Renewal rate	LFHC	LFHC + Age & Amount requirements	LFHC + Age & Amount requirements
Change to Non-smoker <ul style="list-style-type: none"> Single Life or Joint FTD/LTD – life applying for change only Joint LTD – all lives insured 	LFHC + Urine HIV+CF LFHC	LFHC + Urine HIV + CF LFHC	LFHC + Urine HIV + CF LFHC
Cost of insurance change (YRT to Level)	CF	CF	CF
Adjustments to Sum Insured due to Exempt Testing <ul style="list-style-type: none"> Increase & Reversal to No Increase No Increase to Increase Only and Increase & Reversal Increase & Reversal to Increase Only 	CF LFHC CF	CF LFHC + Urine HIV CF	CF LFHC + Age & Amount requirements CF
Substitution of an insured	New App. + CF	New App. + CF + Age & Amount requirements	New App. + CF + Age & Amount requirements
Remove Investor Maximizer <ul style="list-style-type: none"> When face amount is lower than the initial face amount When face amount is greater than the initial face amount 	CF LFHC + Age & Amount requirements	CF LFHC + Age & Amount requirements	CF LFHC + Age & Amount requirements

UNDERWRITING REQUIREMENTS – POLICY CHANGE (CONT'D)

- For any change full re-underwriting on all lives insured may be required.
- For use with BMO Insurance policies. For all other changes/conversions, please contact BMO Insurance's Customer Service Division.

LEGEND: CF = Change Form – 165E, LFHC = Long Form Health Certificate – 167E, CTR Q = Children's Term Rider / Payor Waiver of Premium Questionnaire – 341E, CI Q = Critical Illness Questionnaire – 316E

Change	Requirements Less than \$100,000 Ages 0-65	Requirements \$100,000 to \$500,000 Ages 0-65	Requirements Over \$ 500,000 or Over Age 65
Reinstatement			
<ul style="list-style-type: none"> Lapsed for less than 3 months Critical Illness policy lapsed less than 3 months 	LFHC LFHC + CI Q	LFHC LFHC + CI Q	LFHC LFHC + CI Q
<ul style="list-style-type: none"> Lapsed for more than 3 months except Pref T10/20 NS or Pref Plus NS 	LFHC	LFHC + Urine HIV	LFHC + Age & Amount Requirements
<ul style="list-style-type: none"> Lapsed more than 3 months – Pref T10/20 Pref NS or Pref Plus NS Critical Illness policy lapsed more than 3 months 	LFHC + Age & Amount Requirements New App + Age & Amt	LFHC + Age & Amount Requirements New App + Age & Amt	LFHC + Age & Amount Requirements New App + Age & Amt Requirements
Other changes			
<ul style="list-style-type: none"> Delete/Decrease a rider Term conversion Reduce Sum Insured Joint UL policy exchange option Survivor Option on joint FTD UL 	CF CF CF CF CF	CF CF CF CF CF	CF CF CF CF CF

FINANCIAL GUIDELINES – UNIVERSAL LIFE AND TRADITIONAL PRODUCTS

The following guidelines should be used in order to assess whether the Sum Insured is appropriate.

Purpose of Insurance	Formula	Suggested Additional Requirements																																	
Key Person Insurance	5x annual income to 10x annual income (Salary and regular bonus + Employer benefits)	Financial Questionnaire - Business Coverage (146E)																																	
Buy / Sell Agreement																																			
Partnership Agreement (Active Shareholder)	% of ownership x fair market value increased by 20% + Annual income + Employer benefits	Financial Questionnaire - Business Coverage (146E) Provide Financial Statement																																	
Partnership Agreement (Non-Active Shareholder)	% of ownership x fair market value increased by 20%	Financial Questionnaire - Business Coverage (146E) Provide Financial Statement																																	
Charitable Donation	Annual Donation x (age 65 – current age)	Donation Record																																	
Juvenile	Up to 50% of parent's coverage unless part of a family investment package	Amounts over \$500,000 require a cover letter supporting insurance need and amount.																																	
Estate Tax Planning	Assets x Tax Rate	Estate Analysis Personal Balance Sheet																																	
Personal	<table> <tr> <td>Income</td> <td>x</td> <td>Age Factor:</td> </tr> <tr> <td>40 and under</td> <td></td> <td>25</td> </tr> <tr> <td>41-50</td> <td></td> <td>20</td> </tr> <tr> <td>51-55</td> <td></td> <td>15</td> </tr> <tr> <td>56-65</td> <td></td> <td>10</td> </tr> <tr> <td>66-70</td> <td></td> <td>5</td> </tr> <tr> <td>71-72</td> <td></td> <td>3.5</td> </tr> <tr> <td>73-74</td> <td></td> <td>3</td> </tr> <tr> <td>75-76</td> <td></td> <td>2</td> </tr> <tr> <td>77-78</td> <td></td> <td>1.5</td> </tr> <tr> <td>79 & up</td> <td></td> <td>1</td> </tr> </table>	Income	x	Age Factor:	40 and under		25	41-50		20	51-55		15	56-65		10	66-70		5	71-72		3.5	73-74		3	75-76		2	77-78		1.5	79 & up		1	For amounts between \$2,000,001 and \$3,000,000 Financial Questionnaires are required under age 60 and Inspection Reports are required age 60 and over. For amounts over \$3,000,000 Inspection Reports are required for all ages.
Income	x	Age Factor:																																	
40 and under		25																																	
41-50		20																																	
51-55		15																																	
56-65		10																																	
66-70		5																																	
71-72		3.5																																	
73-74		3																																	
75-76		2																																	
77-78		1.5																																	
79 & up		1																																	

Net Worth = Assets – Liabilities

Determination of Fair Market Value

1. Assets – Liabilities + 7 x net profit, or
2. Net profit divided by .07, or
3. Publicized Market Value

Coverage amounts on a Non-Working Spouse

- We will match the working spouse's coverage up to \$ 1,000,000 in force and applied for.
- For coverage over \$1,000,000, consider half of the amount of the working spouse, subject to a maximum of \$2,500,000.
- For amounts over \$2,500,000, individual consideration based upon estate planning needs.

Coverage for ages 0-17

For amounts:

- 0-\$500,000; see Age and amount Requirements.
- Parents/guardian will need to have 2x the amount being requested (unless specific needs analysis provided)
- All siblings will require equal amounts of coverage.
- \$500,001; consult the Underwriter.

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ADDITIONAL FINANCIAL GUIDELINES

BMO Insurance may consider the following to determine the maximum allowable and reasonableness of the face amount being applied for. This table is to be used in conjunction with the Financial Guidelines – Universal Life and Traditional Products:

Age	Life Expectancy	Multiplier to Current Net Worth	Income Factor
20-24	65	13.7	25
25-29	61	11.6	25
30-34	55	7.9	25
35-40	50	6.4	25
41-44	45	4.5	20
45-50	40	4	20
51-55	36	3.3	15
56-65	33	2.7	10
66-70	29	1.7	5
71-72	22	1.5	3.5
73-74	17	1.3	3
75-76	15	1.2	2
77-78	13	1.1	1.5
79	12	1	1
80-81	11	1	1
82-83	10	0.9	1
84-85	9	0.8	1
86 & up	8	0.7	1

At the Underwriters discretion we may add \$1,000,000 to the amount of coverage determined by the above formula

Please note that the above formula will only apply if the following guidelines are met:

1. The annual or single deposit should not exceed 20% of total net worth of the individual. If it does, the case will be considered on an Individual Consideration (IC) basis. Typically, premium deposits are paid over a limited period. Deposits or premiums spread over a period exceeding 10 years will be considered on an IC basis. Anything in excess of the above will also be considered individually.
2. RCA's are based on a pension calculation basis and the above formula should not be used.
3. On JLTD, if the difference in age exceeds 20 years, the net worth calculation will be based on the older life.
4. If the premium exceeds an amount payable from a regular income source, documentation on the source of the deposit amount(s) is required (i.e. loan, assets from another source, personal income, etc.).
5. If there is a loan taken out to pay a one time deposit, the loan must have been negotiated with a well known financial institution. The repayment of the loan should be manageable and in-line with the income and assets of the individual life insured.
6. Juveniles are not considered in cases where a young life is included solely to reduce the cost of insurance. Applicants must be 18 years of age in these situations. In cases where a trust is being established for the child, juvenile lives will be considered.
7. Stock options will be valued at the average price for the stock over the most recent 52-week period.

Example:

Age 50; Current Net Worth: \$500,000, Income: \$75,000

Calculation:

1. (Net Worth x Multiplier) + (Income x Income Factor) + 1,000,000
2. (\$500,000 x 4) + (\$75,000 x 20) + 1,000,000
3. \$2,000,000 + \$1,500,000 + 1,000,000
4. Total Allowable Coverage: \$4,500,000
5. Deposit(s) should not exceed \$100,000 (20% of current net worth)

BMO Insurance reserves the right to request requirements other than those stated
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FINANCIAL GUIDELINES - CRITICAL ILLNESS (BASE PLAN OR RIDER)

Generally, the maximum amount of critical illness coverage allowed on any life is \$2,000,000. (This amount would also include any existing or pending critical illness coverage with BMO Insurance or any other insurer).

Amounts over \$2,000,000 will be considered on an individual basis.

All amounts over \$2,000,000 should be discussed with Head Office before proceeding with the application.

As a guideline, the amount of critical illness coverage will be limited to the following formulas:

Personal Insurance:

Working Applicants

Maximum Limit

Up to age 55	7x Earned Income* (Canadian \$ only)
Age 56-60	5x Earned Income* (Canadian \$ only)
Age 61 and older	3x Earned Income (decreasing yearly to a minimum amount of not less than \$100,000)
Farmers	Up to 10x net income
Recent Graduates/ University Students	\$100,000
Nannies (with Permanent Resident status documentation only)	Up to \$100,000

*Earned Income consists of salary or similar remuneration (commissions, bonuses, etc.) If bonuses are irregular the average of the bonuses of the last 3 years should be added instead. When the applicant owns a company, is active in the company and is receiving dividends from the company in addition or in lieu of salary, these dividends can be added to the salary to determine true earned income.

Non-working or no Income Applicants

Maximum Limit

Non-working Spouse	50% of Working Spouse's limit to a maximum of \$250,000
Adults without justification	Up to \$100,000
Individuals on Social Assistance	Not eligible

Business Insurance:

Keyman	<ul style="list-style-type: none">3x Key person's compensationRequires justification of key person's value and similar coverage should exist on all key persons
Buy-Sell	<ul style="list-style-type: none">Amount should be proportional to the percentage ownership of each partner with a buy-sell agreement in place.Any Disability coverage should not cover the same need.

Individual consideration will be given when the critical illness coverage is being used to cover a business loan. The duration of the loan and coverage already existing on key persons will be taken into consideration.

UNDERWRITING CRITERIA - PREFERRED TERM

	Preferred Plus – Non Smoker			Preferred – Non Smoker			Preferred Smoker		
Tobacco	None in 5 years (includes no nicotine products, and no smoking cessation products)			None in 2 years (includes no nicotine products, and no smoking cessation products)			Cigars, pipes, chewing tobacco and cigarettes		
Blood Pressure	Does not exceed: <=44 130/80 45-59 135/85 60-75 140/90 Never had any medication for blood pressure			Does not exceed: <=44 140/90 45-59 150/90 60-75 150/90 Never had any medication for blood pressure			Does not exceed: <=44 140/90 45-59 150/90 60-75 150/90 Never had any medication for blood pressure		
Cholesterol	Age	Conv. Value	SI Value	Age	Conv. Value	SI Value	Age	Conv. Value	SI Value
	<=44	210/5.0	5.45/5.0	<=44	220/5.5	5.70/5.5	<=44	220/5.5	5.70/5.5
	45 - 59	220/5.5	5.70/5.5	45 - 59	240/6.0	6.20/6.0	45 - 59	240/6.0	6.20/6.0
	60 - 75	220/5.5	5.7/5.5	60 - 75	240/6.0	6.20/6.0	60 - 75	240/6.0	6.20/6.0
	Never had any medication for cholesterol								
Family History	No family history of diagnosis or death of: Heart Disease, Cancer or Stroke in parents or siblings prior to age 65.			No more than 1 family history of diagnosis or death of: Heart Disease, Cancer or Stroke in parents or siblings prior to age 60.			No more than 1 family history of diagnosis or death of: Heart Disease, Cancer or Stroke in parents or siblings prior to age 60.		
Personal History	No history of: Cancer, Diabetes, Cardiovascular disease, Coronary Artery Disease or Stroke. Standard in all other respects.			No history of: Cancer, Diabetes, Cardiovascular disease, Coronary Artery Disease or Stroke. Standard in all other respects.			No history of: Cancer, Diabetes, Cardiovascular disease, Coronary Artery Disease or Stroke. Standard in all other respects.		
Sports/Avocation/Aviation	No ratable or excludable participation in hazardous sports or avocations. No participation in aviation other than as a fare paying passenger on a scheduled airline.			No ratable or excludable participation in hazardous sports or avocations. No participation in aviation other than as a fare paying passenger on a scheduled airline.			No ratable or excludable participation in hazardous sports or avocations. No participation in aviation other than as a fare paying passenger on a scheduled airline.		
Alcohol/Drug Abuse	No treatment by physician or organization for alcohol or drug abuse in the past 10 years			No treatment by physician or organization for alcohol or drug abuse in the past 5 years			No treatment by physician or organization for alcohol or drug abuse in the past 7 years		
DWI	None in the past 10 years			None in the past 5 years			None in the past 5 years		
Resident	No ratable or excludable foreign travel or residency.			No ratable or excludable foreign travel or residency.			No ratable or excludable foreign travel or residency.		
MVR	Not convicted of more than 2 speeding violations in the past 3 years.			Not convicted of more than 3 speeding violations in the past 3 years.			Not convicted of more than 3 speeding violations in the past 3 years.		
Build	BMO Preferred Plus Table as below			BMO Preferred Table as below			BMO Preferred Table as below		

Height	4'10"	4'11"	5'0"	5'1"	5'2"	5'3"	5'4"	5'5"	5'6"	5'7"	5'8"	5'9"	5'10"	5'11"	6'0"	6'1"	6'2"	6'3"	6'4"	6'5"	6'6"	6'7"	6'8"	6'9"
Preferred Plus	134	139	146	151	156	162	167	172	178	182	188	194	199	204	210	217	223	230	236	242	249	256	262	269
Preferred	142	148	155	161	166	173	178	184	190	195	201	207	212	218	224	231	238	245	251	257	265	272	279	287

Note:

Substandard rates are available on Standard classifications only.

UNDERWRITING GUIDELINES - DEFINITIONS

APS Guidelines

BMO Insurance reserves the right to request an APS at any time including:

- at any time for cause, i.e. a potentially rateable impairment (see partial list below)
- where a doctor has been seen in the last 3 months
- **if a recent exam was done (other than a cold, flu, normal pre-natal or employment physical)**
- **where a specialist had been consulted in the last year**

Other than as noted above you can also expect an APS request when the client has seen a physician within a certain period of time as follows:

For Life Insurance:

Age	Face Amount	Reason
0-60	\$1,000,001 and over	Visit to the physician within 1 month
61-70	\$500,000 and over	Visit to the physician within 3 months
70+	\$250,000 and over	Visit to the physician within 3 months

For Critical Illness Insurance

Age	Face Amount	Reason
18-50	over \$100,000	Visit to the physician within 3 months
51-65	over \$100,000	Visit to the physician within 6 months.

BMO Insurance has internal guidelines advising when an APS is needed for cause. You can expect an APS for the following causes:

<ul style="list-style-type: none"> ▪ Abnormal cardiac test and other test ▪ Alcohol or drug treatment ▪ Aneurysm's ▪ Barrett's Esophagus ▪ Cancers and tumours (polyps) ▪ Cardiac failure ▪ Cardiomyopathys ▪ Coagulation disorders ▪ Congenital heart disease ▪ Connective tissue disorders ▪ Coronary and other similar artery disease ▪ Dementia ▪ Diabetes ▪ Eating Disorders ▪ Hemorrhage from gastrointestinal tract ▪ Liver disorders ▪ Lymph node disorder ▪ Multiple Sclerosis 	<ul style="list-style-type: none"> ▪ Muscular dystrophy ▪ Pancreatic disorders ▪ Parkinson's Disease ▪ PSA abnormalities ▪ Rheumatoid Arthritis ▪ Seizures ▪ Significant Arrhythmias ▪ Significant endocrine disorders ▪ Significant heart murmurs ▪ Significant Hypertension ▪ Significant kidney disorders ▪ Significant psychiatric illness ▪ Significant respiratory disorders ▪ Sleep Apnea ▪ Stroke and other similar disorders ▪ Suicide attempts ▪ Syncope ▪ Ulcerative colitis and other similar disorders
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Keep in mind that this list of disorders covers only some of the more common disorders seen, but does not limit the ordering of an APS for situations of concern that the underwriter might identify.

Advisor Covering Letter

The covering letter should include the following explanations regarding the sale:

- What the applicant(s) is (are) trying to achieve;
- The relationship between the advisor and the applicant(s);
- Where the deposits/premiums are coming from; and
- Any other information that will affect the outcome of the application.

Please provide information and/or an explanation for all of the following financial tests:

- Proof of the current net worth
- What is/are the applicant(s) trying to achieve? (Does it make sense?)
- Where are the deposits/premiums coming from?
- What is the concept? (Estate planning, Insured Annuity, investment purpose, etc.)

Advisor Report

It is important that the Advisor Report on the application be fully completed in all cases to expedite the underwriting and issuance of the policy. For proper payment of commissions, **please print your name and advisor code number legibly** on all applications.

Authorized Service Providers

Ordering requirements is the Advisor's responsibility. BMO Insurance will ONLY pay the cost of those tests performed by an Authorized Service Provider as listed below. Costs incurred by unauthorized Service Providers are the responsibility of the Managing General Agent and/or Advisor.

*In the event that BMO Insurance requests an Attending Physicians' Statement (APS), it will be ordered exclusively through Watermark.

Attending Physician's Statements (APS)

1. Exam *One*
2. Hooper Holmes / Portamedic
3. Medifast
4. MedAxio
5. QUS (Quality Underwriting Services)
6. Watermark*

Inspection Reports

1. Exam *One*
2. First Financial
3. Green Grass & Frank
4. Hooper Holmes / Portamedic

Laboratories

1. Gamma Dynacare Laboratories
2. Lab One

Medicals/Paramedicals

1. Exam *One*
2. Hooper Holmes / Portamedic
3. Medifast
4. MedAxio
5. QUS (Quality Underwriting Services)
6. Watermark

C.O.D. Cases

For policies with a Sum Insured above the Temporary Insurance Agreement limit, payment of first premium must be C.O.D.

Case Declined or Postponed

- A notice is sent to the Advisor and MGA and a refund cheque, if applicable, is sent to the Policy Owner with a letter from BMO Insurance.
- If the Policy Owner is other than the Insured, the reason for the decision is stated as confidential.
- Information or history that has been disclosed by the applicant can be referenced when advising the Advisor of the decision. Specific exam findings supplied from attending physicians cannot be disclosed to the Advisor.
- BMO Insurance will release information to the personal physician upon written request by the Insured.
- A request for review of an underwriting decision can be submitted in writing to the Underwriting Department.

Children

Eligibility Requirements for Child Term Riders:

- the child must be at least 15 days old but no older than 18 years old;
- he/she must be out of hospital;
- sum insured minimum is \$5,000 and maximum is \$10,000;
- an insurable interest must exist between the Policy Owner and the child to be insured; and
- in all cases, the application must be signed by the father, mother or legal guardian. If a legal guardian, this must be clearly stated on the application.

By law, an applicant must be at least 18 years of age to be designated the Policy Owner.

Credit Card Payments

The **first annual** premium up to a maximum of \$50,000 can be paid by Visa or MasterCard. Complete and sign the credit authorization form on the application. Renewal premiums cannot be paid by Credit Card.

Delivery Receipt

A policy delivery receipt is produced with every policy and should be signed and returned to BMO Insurance's New Business Department. BMO Insurance will not hold up settlement of a policy for an outstanding policy delivery receipt, however, we strongly encourage Advisors to have the Delivery Receipt signed and returned to BMO Insurance, which will help in eliminating compliance issues you and your client may have.

Foreign Travel

Due to changing geo-political environments around the world, foreign travel risks continue to change. BMO Insurance has negotiated improved competitive foreign travel guidelines with our reinsurance partners. In order to provide you with the most competitive underwriting offer, please complete the Foreign Travel Questionnaire (313E) with the application and/or contact Underwriting for individual consideration.

Prior to completing the Foreign Travel Questionnaire we encourage you to check the geo-political risk by consulting the available consular websites such as http://www.voyage.gc.ca/countries_pays/menu-eng.asp which will provide an indication regarding your client's insurability.

Ambassador

- Must reside in Canada
- Limited amount only. Maximum up to retention limit, subject to financial justification
- May require rating depending on origin of countries and travel
- May be a decline. Contact the Underwriting Department for clarification.
- Verify the Immigrant status rules and guidelines

Foreign Nationals Residing Outside of Canada

- BMO Insurance will not consider any application for a Foreign National living outside of Canada.

Illustrations

A properly completed and signed illustration must accompany all Universal Life applications submitted in order to ensure accurate issuance of policies. It is recommended but not mandatory that an illustration accompanies all applications submitted.

Insurance Age

Please refer to the illustration software for accuracy. Some products use age last birthday and other products use age nearest birthday. It is always recommended to input the date of birth when using illustration software.

BMO Insurance reserves the right to request requirements other than those stated
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Issued Business

After issue, a maximum of 45 days is allowed to obtain outstanding requirements, including outstanding premium.

Medical Fees

BMO Insurance will not pay for the following:

- any fees in excess of those established by BMO Insurance;
- cost incurred by failure of the Insured to go to the appointment set for an examination;
- medical or special evidence not necessary according to the current requirements or not requested by the Underwriting Department.

Note: Requirements ordered without submitting an application will be charged to the Advisor.

Medical Information Bureau (MIB) Pre-Notice

It is very important that the MIB Pre-Notice is always detached from the application and left with the client.

Non-Contractual Changes

For any non-contractual change full evidence of insurability will be required. A change form along with a Long Form Health Certificate is needed for the life insured or in the case of a joint case, for all the lives insured under the plan.

Permanent Residents

- Frequent or extended travel to country of origin or other countries may require ratings.
- Applicants must reside in Canada
- No minimum required period of residency in Canada, if permanent resident status is obtained.
- Confirmation of permanent resident status is required.
- Obtain a copy of Social Insurance Number or a copy of immigration status above.

Individuals Who Have Applied For Canadian Residency Status But Have Not Yet Received Landed Papers

Qualified to Apply:

- **New immigrants without permanent residency status who are married to Canadian residents.** These are applicants who are legally married to a permanent Canadian resident and who can provide proof from Immigration Canada that they have applied for permanent resident status.
- **Domestic workers or nannies.** These are individuals who have a valid work contract under the special immigration program to work as "live in caregivers" or who have been with a family of no less than one year for the purpose of employment as a caregiver or domestic worker.
- **Foreign Trained Physicians/Skilled Workers.** These are trained and licensed physicians or skilled workers/professional degrees who are working in Canada under the provincial program for federal immigration purposes. BMO Insurance will require a copy of their employment contract and photocopy of immigration status. Income and travel guidelines will need to be satisfied.

Applicants above must be at least 18 years of age and reside in Canada for a minimum of 3 consecutive months at time of application. The policy owner must be the proposed insured

Not Qualified To Apply:

- Foreign students
- Temporary Work Permit Holders
- Refugees
- Foreign Nationals

Product and Face Amounts Available To Qualified Applicants:

- Life Insurance (Term, UL, WL): up to \$2,000,000 ultimate face amount with a maximum rating of 250%.
- Critical Illness Insurance: up to \$250,000 with a maximum rating of 200%
- **For Nannies/Domestic workers, the Life Insurance maximum is limited to \$300,000 life insurance coverage and \$50,000 CI coverage.**
- Waiver of Premium and Accidental Death benefits are not available until Permanent Resident status has been obtained.

Non-Medical Underwriting Requirements:**All applications will require:**

- Explanatory cover memo from the advisor outlining purpose for residing in Canada and future intention to remain in Canada.
- Copy of permanent residency status and available documentation.
- Name of physician (in Canada) where full medical records can be obtained.*
- Foreign travel questionnaire should be obtained on all cases when applicants will be traveling outside of North America.
- For a UL policy, the "source of deposits" needs to be clearly outlined in the cover memo or application. A financial questionnaire may be required depending on the amount of coverage being requested.

Medical Underwriting Requirements:

In **addition** to the routine age/amount requirements:

- Up to age 50 – paramedical exam, blood profile with urinalysis including Hepatitis B&C screening. An Attending Physician's Statement (in Canada) will be requested on an individual consideration basis*.
- Over age 50- medical exam by a physician, blood profile with urinalysis including Hepatitis B&C screening, EKG and Attending Physician's Statement (in Canada)*.

*Individual consideration will be provided to individuals who have not yet seen a physician in Canada.

Contact the Underwriting Department if there is a question of status.

Policy Effective Date

Under the following two conditions, a policy is deemed to be effective.

1. Money (premium) has been collected by an authorized representative (contracted Advisor) of BMO Insurance, and
2. a) It is issued as applied for and no change of health, or
b) If issued not as applied for, and no change of health (settling requirements are outstanding i.e., amendments, signed illustration) then upon delivery plus receipt of outstanding requirements.

Pre-Authorized Cheque Plan (PAC)

- Complete and sign PAC authorization on the application.
- Attach specimen cheque marked "Void" for account from which PAC payments will be made.
- For non-C.O.D. applications, obtain cheque for 1 month's premium.
- The monthly PAC date will be the same date of the month as the policy effective date.

To calculate the monthly PAC withdrawal, divide the total annual premium, including policy fee and benefits, by 12 for Universal Life and multiply by 0.09 for all other life plans. Please note that the minimum PAC withdrawal is \$15.00 for a single policy or several policies combined. When a PAC deposit is returned NSF, the policy owner will be required to pay the currently due premium and all arrears before future PAC deposits are reinstated.

Initial Premium can be collected by PAC if requested on the application. *Note: No TIA is available if chosen.*

Questionnaires

Questionnaires should be completed and submitted with the application to avoid the need of an APS when there is a history of:

- Alcohol/Drug abuse
- Respiratory disorder
- Mental/Nervous disorder
- Epilepsy disorder

Appropriate questionnaires should be completed if the Insured participates in:

- Parachuting
- Ultra-Light
- Hang gliding
- Scuba Diving

- Racing
- Sky diving
- Ballooning
- Aviation
- Mountaineering

Ratings

The Underwriter will advise the Advisor of a rated offer. Confirmation of the offer from the Advisor is needed before proceeding to issue.

Armed Forces, Aviation, Hazardous Sports And Occupations

As these occupations may represent a substandard risk, refer cases to the Underwriting Department. Please complete the appropriate questionnaire.

Ratings by Product, Rider and Benefit

Universal Life

- A new rated illustration signed by the applicant is required.
- Table ratings are converted to a rated age on the Wave Illustration software and the Advisor will be advised of the additional rating in order to secure a newly signed illustration.
- BMO Insurance will require that for any rated Insured under 25, the table rating be converted to a flat extra.

Critical Illness (Living Benefit 75 and 100)

- Eligible only to a maximum rating of 250%, as advised by the Underwriter.

Return of Premium on Death

- Treated the same as the base plan.

Preferred Term

- There are five rate classifications. The rate classifications are:
 - Preferred Plus Non-smoker,
 - Standard Non-smoker
 - Preferred Non-smoker,
 - Standard Smoker
 - Preferred Smoker

Substandard Rates are available on the Standard Classifications only.

Accidental Death

- Can be rated 1 or 2 times the standard rate for certain impairments or risks. This rider cannot be offered for ratings of more than 200%.
- This rider cannot be offered if there is an avocational risk.

Child Term Rider

- This rider cannot be offered if the primary Insured is rated more than 200%.
- Any child rated more than 200% will be excluded from the rider.

Waiver of Premium and Payor Waiver

- This rider cannot be offered for ratings of more than 200%.

Review of Ratings

An extra rating can be reviewed if:

- The policy is in force for a minimum of two years
- The Long Form Health Certificate and Request for Policy Change form (165E/162E) has been completed; and
- Medical requirements as requested by the Underwriter are completed at the Insured's expense.

Review of Occupational Ratings

Upon request of the Insured, BMO Insurance will consider reviewing the occupational rating if the Insured has held a less hazardous job for at least one year. The Long Form Health Certificate and Request for Policy Change form will be required. Contact the Underwriting Department for assistance.

Reinstatement

- Application must be made within two years of the date of lapse.
- The insured must be the same risk class or a better risk class than at the time of issue.
- All unpaid premiums, including the premium due for the month of reinstatement, plus interest as determined by BMO Insurance, must be collected. *(Note: If originally a substandard risk class, or if the amount of coverage is over \$500,000, do not collect premium until Reinstatement is approved)*

Reinsurance Offers

An Underwriter must advise the reinsurer of any final facultative offer within 7 working days of the decision.

Replacements

Please complete replacement forms for internal and external replacements at the time of application.

Residency Guideline

The client must BE SOLICITED **ONLY** in Canada where BMO Life Assurance Company ('BMO Insurance') is licensed. In addition, BMO Insurance's licensed brokers and licensed advisors can solicit and sell insurance only in the jurisdictions where BMO Insurance is licensed. In those cases, the application and any other requirements must be completed and signed in Canada and the policy must be delivered in Canada.

Note that citizenship does not determine residency. BMO Insurance will issue policies only to clients who are Canadian residents for income tax purposes. If assistance is required in the determination of residency, you should visit the Canada Revenue Agency ("CRA") internet website www.cra.gc.ca

Signature (Corporate Ownership)

BMO Insurance requires 2 (two) signatures of officers of the corporation or 1 (one) officer signature and the Corporate seal. We require satisfactory evidence that the person or persons purporting to bind the company are authorized to do so.

Smoking Status

Change To Non-Smoker Status

BMO Insurance allows a change from smoker to non-smoker if the insured(s) has stopped using any form of tobacco product for the previous 12 consecutive months, or 24 consecutive months for a Preferred Product. A Request For Policy Change form (165E) along with a Long Form Health Certificate (167E) and a Urine HIV test are required for the life insured, or for a joint case all the lives insured under the coverage. BMO Insurance will re-underwrite the entire case and additional underwriting requirements will be ordered at the discretion of the underwriter.

Smoker Definition

Applicants who have used any form of tobacco within the past 12 months, including cigarette, cigarillos, cigars, pipe tobacco, chewing tobacco, snuff, marijuana, hashish, or nicotine replacement products and smoking cessation products will be assessed as a smoker.

An exemption is made for the occasional cigar smoker. An occasional cigar smoker is defined as an individual who does not smoke more than 12 cigars a year (or 1 a month). The urine test must be negative for nicotine. For the purpose of this definition, cigarillo smokers are not considered as cigar smokers. This exemption only applies to occasional cigar smokers. Occasional cigar smokers cannot be preferred class.

Applicants with any other occasional smoking habits will be assessed as a smoker.

Smoker Definition For Preferred Term

Applicants who have not used any form of tobacco products in the last 5 years, including cigarette, cigarillos, cigars, pipe tobacco, chewing tobacco, snuff, marijuana, hashish or nicotine replacement products and smoking cessation products, may be considered for Preferred Plus non-smoker rates. Applicants who have not used any form of tobacco products in the last 2 years, including cigarette, cigarillos, cigars, pipe tobacco, chewing tobacco, snuff, marijuana, hashish or nicotine replacement products and smoking cessation products, may be considered for Preferred non-smoker rates. Clients who are cigar, pipe, and cigarette smokers or chew tobacco may be considered for Preferred smoker rates.

Temporary Insurance Agreement

See Temporary Insurance Agreement on the current application form for Terms and Conditions. It is important that the receipt is left with the client.

Please ensure you understand the TIA guidelines set up in the application.

During the underwriting process, underwriting may decide to terminate the TIA coverage based on medical information received. The money received with the application will automatically be returned with a letter to the client (copy to MGA and Advisor) explaining our reason and that there is no longer coverage under the TIA.

Trial Application

Please complete the [Preliminary Inquiry](#) form 518E

- Trial applications are recommended for applicants previously declined, rated, or with a known medical disorder.
- Do not arrange for any medical examinations.
- Underwriting will advise you on how to proceed.

Completing the Preliminary Inquiry form does not constitute an offer of insurance but will provide you with the following underwriting direction:

- BMO Insurance may consider the risk subject to completion of the life application, age and amount requirements and evidence of insurability OR
- BMO Insurance is not willing to participate in the risk.

Validity of Documents

Time Frame for Requirements

Ages 0-70

- Use paramedical/medical exams for up to 6 months as long as the case is placed and paid for within this time period.
- Paramedical/medical exams older than 90 days will require a Declaration of Good Health (DOGH) on delivery
- Other requirements, (i.e., labs, EKG, IR, MVR) can be used for up to one year.
- MIB should be re-run when evidence being used is beyond 6 months.

Ages 71 +

- Use paramedical/medical exams for up to 6 months as long as the case is placed and paid for within this time period.
- Paramedical/medical exams older than 60 days will require a Declaration of Good Health (DOGH) on delivery
- Other requirements, as listed above, will be limited to use within this 6 month period
- MIB should be re-run when evidence being used is beyond 6 months.

Attending Physician's Reports (APS) may include medical requirements, which we may use in lieu of current new business requirements. Use the above rules for these requirements.

Example of APS information use:

- APS exam in conjunction with a Part B.

BMO Insurance reserves the right to request requirements other than those stated
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- APS blood profile (if it includes all of the same tests that we would normally get with our blood profile) in conjunction with a new business urine test.
- Various heart tests may be used in lieu of a needed EKG or treadmill.

Any consideration of time periods outside of these guidelines will be considered an exception and will require approval from the VP of Underwriting.

	<u>Life Product</u>	<u>CI Product</u>
Part I of application	6 months	6 months
Part II of application	6 months	6 months
EKG + X-rays	6 months	6 months
Para-medical Exam	6 months	6 months
Blood Profile	6 months	6 months
Urine HIV	6 months	6 months
Saliva	6 months	6 months

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