

DISABILITY INSURANCE

LOAN INSURANCE – READY TO DRIVE LOAN

IMPORTANT

The borrower must enrol in this insurance to receive disability coverage.

PARTICIPANT'S GUIDE

Loan Insurance – Ready to Drive Loan is a group credit insurance product.

YOUR FINANCIAL INSTITUTION

Fédération des caisses Desjardins du Québec
400, boul. de Maisonneuve Ouest, 10^e étage
Montréal (Québec) H3A 1L4

1-800-CAISSES (1-800-224-7737)



Desjardins
Insurance

LIFE • HEALTH • RETIREMENT



**Unfold to read before applying
for insurance coverage**



Your new or used vehicle dealer is required to describe the product it is offering you and specify the nature of the coverages. It is not authorized to perform an insurance needs analysis for you.

Enrolment in Loan Insurance – Ready to Drive Loan disability insurance is optional. You are free to choose your insurer, as other insurance products exist that may offer similar benefits.

Loan Insurance – Ready to Drive Loan is tied directly to your loan. It is a complement to your group insurance through work and any individual insurance you may already have. It is not intended as a replacement.

If you would like more information about Loan Insurance – Ready to Drive Loan, contact the *Insurer* during normal business hours at:

1-855-838-2574



Disability insurance

5 and 6

Enrolment in Loan Insurance – Ready to Drive Loan disability insurance is optional. This coverage pays the instalments while the *participant* is totally disabled.

Premium

8 and 9

The premium is equal to an additional interest rate on the loan. The premium calculation and payment terms can be found on pages 8 and 9.

Coverage start and end dates

5 and 12

The coverage starts on the later of the following two dates: the date the application for insurance is signed or the date the loan is disbursed. See pages 5 and 12 for the other conditions that determine the coverage start and end dates.

Cancelling coverage

12

Coverage can be cancelled at any time by providing written notice to your financial institution. If it is cancelled within 30 days of the start date, premiums will be reimbursed in full.

Insurability

4

Each *participant* has to satisfy the conditions of the Application for insurance. Any information that could influence the *Insurer's* decision to grant insurance must be disclosed.

False statements or omissions can result in the cancellation of the insurance or the denial of a claim.

Exclusions

10

The *Insurer* could refuse to pay benefits because of exclusions in the contract.

Restriction in case of previous illness or injury

10 and 11

Claims can be denied if the *participant* suffers from certain medical conditions and becomes disabled within the first year of coverage.

Limitations

5

Benefit amounts are subject to limits. See page 5 for details.

Claims

13

See page 13 for how to submit a claim.

Notice from the Autorité des marchés financiers du Québec (for residents of Québec)

In accordance with the provisions of An Act *respecting the distribution of financial products and services*, this document is your Distribution Guide.

The Autorité des marchés financiers does not express an opinion on the quality of the product offered in this guide. The Insurer alone is responsible for any discrepancies between the wording of the guide and the policy.

Notice for residents of other Canadian provinces

In order to comply with Quebec's *Act respecting the distribution of financial products and services*, the Insurer is required to quote the Act in certain parts of this guide. Please note that similar regulations exist to protect consumers in the other Canadian provinces, but these regulations are not named since there is no legal obligation to quote them.

Words defined in the guide appear in *italics*. For definitions, see page 17.



This Participant's Guide is intended to provide you with a clear understanding of the Loan Insurance – Ready to Drive Loan disability insurance. Information is presented in a structured manner to make it easy for you to find the information you need.

The following documents constitute your insurance contract:

- the application for insurance, duly completed and signed;
- the evidence of insurability report, if necessary;
- the Loan Insurance – Ready to Drive Loan disability insurance policy. You may examine the policy at the financial institution during business hours and have a copy made for a fee.

TABLE OF CONTENT

1. PRODUCT DESCRIPTION

Who is eligible for this insurance?	4
What is the age limit for taking out the insurance?	4
What is the application process?	4
Will there be health questions?	4
Confirmation of coverage	4
When does coverage start?	5
What coverage is available?	5
Is there an insurance maximum?	5
What is total disability?	6
When do disability benefits start?	6
When do disability benefits end?	7
Who is the beneficiary?	7
 How is the cost of insurance calculated?	8
How is the additional interest rate for the insurance determined?	9
What happens if the premium is not paid?	9
Is contract renewal guaranteed?	9
 Exclusions and restrictions	10
How can the insurance be cancelled?	12
When does coverage end?	12

2. CLAIMS

Submission of a claim	13
Insurer's reply	13
Appeal of the insurer's decision and recourse	14

3. SIMILAR PRODUCTS

Other available products	15
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4. REGULATORY AGENCIES

Autorité des marchés financiers (Quebec residents only)	16
Financial Services Commission of Ontario (Ontario residents only)	16

5. OTHER INFORMATION

Definitions.....	17
Notice of cancellation of an insurance contract	18
Excerpt from Quebec's <i>Act respecting the distribution of financial products and services</i>	20
Personal information management	22
Dissatisfied? Let us know	23

1. PRODUCT DESCRIPTION

Who is eligible for this insurance?

You are eligible if you are a *borrower*.

What is the age limit for taking out this insurance?

You must be under age 65 to enrol in Loan Insurance – Ready to Drive Loan disability insurance.

What is the application process?

For all new *Desjardins Ready-to-Drive Loans*, *borrowers* who want to insure their loans must fill out the application for insurance and satisfy the conditions in it.

Will there be health questions?

For loans under \$100,000, you are insured if you satisfy the eligibility conditions in the application for insurance (see also “When does coverage start?” on page 5).

For loans of \$100,000 or more, you must complete an evidence of insurability report and return it to the financial institution within 14 days.

Where an evidence of insurability report must be submitted, you are insured in the event of an *accident* only, for a maximum of 2 months, or until the *Insurer* approves or rejects such evidence. (See also “When does coverage start?” on page 5.)

Confirmation of coverage

For loans under \$100,000, if you satisfy the eligibility conditions in the application for insurance, the signed application for insurance is your proof of coverage.

For loans of \$100,000 or more, if you had to complete an evidence of insurability report, the *Insurer* will send you a letter informing you whether your application for insurance was approved or declined. The *Insurer* will send this letter within 30 days of receiving the application for insurance, the evidence of insurability report and any documents required to assess your application.

When does coverage start?

Your coverage begins on the later of the following dates:

- on the date the application for insurance is signed;
- on the date the loan is disbursed. However, if the *borrower* takes possession of the vehicle or the property before the loan is disbursed, the insurance begins on the date possession is taken.

What coverage is available?

In case of total disability, the *Insurer* will reimburse 100% of the *Desjardins Ready-to-Drive Loan* instalment payments.

When several *participants* are disabled at the same time, the *Insurer* processes each *participant* separately. Therefore, the *Insurer* may pay more than the instalment due.

Is there an insurance maximum?

The maximum amount is \$2,500 per month per *participant*.

The total amount of benefits paid can never exceed \$500,000. These maximum amounts apply to the total of all claims payable under all Loan Insurance – Ready to Drive Loan life insurance and disability insurance contracts issued by the *Insurer*.

What is total disability?

The definition of total disability varies depending on the number of hours worked during each of the 4 weeks prior to the onset of total disability:

- If you were gainfully employed for at least 20 hours:
 - it is a state of incapacity resulting from an illness or an *accident* that requires continuous medical care;
 - this state of incapacity must completely prevent you from performing all the usual duties of your main occupation;
 - if the state of incapacity persists for more than 24 months, it must completely prevent you from engaging in any gainful occupation.
- If you were not gainfully employed for at least 20 hours:
 - it is a state of incapacity resulting from an illness or an *accident* that requires continuous medical care;
 - this state of incapacity must prevent you from performing all the normal activities of a person of the same age.

The illness or injuries resulting from an *accident* and your state of health must be certified by a physician.

When do disability benefits start?

If your total disability occurs after the effective date of coverage, the *Insurer* will pay benefits:

- as of the 31st day, if your total disability is the immediate result of an *accident* or if it requires you to be hospitalized for at least 72 consecutive hours, or
- retroactively to the 31st day for any other total disability that persists for at least 90 consecutive days.

When do disability benefits end?

The payment of benefits terminates automatically on the earliest of the following events:

- when your condition no longer corresponds to the definition of total disability;
- when you are gainfully employed;
- when you undergo training;
- when you return to school;
- when you refuse to participate in good faith in any rehabilitation program deemed appropriate by the *Insurer*;
- when you reach age 70;
- when 12 months have elapsed since the date on which the *net debt* was reduced to zero;
- when the *net debt* is reduced to zero, by the replacement of one debt by another or otherwise;
- the date on which the *borrower* sends written notice to the financial institution requesting the termination of coverage.

Who is the beneficiary?

The *borrower* is automatically considered the beneficiary of all benefits payable under the Loan Insurance – Ready to Drive Loan contract held by the financial institution.

The benefit is paid to the financial institution, which must apply it to the *borrower's net debt*.

The financial institution may, however, reimburse the *borrower* for the instalments paid since the 31st day of total disability.



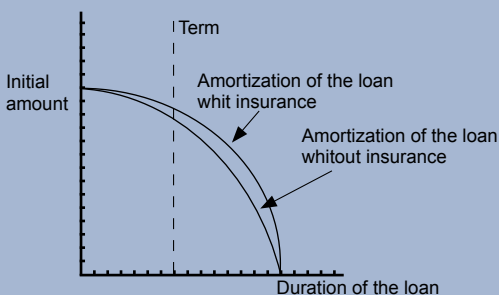
How is the cost of insurance calculated?

A *borrower* who takes out Loan Insurance – Ready to Drive Loan agrees to pay a premium corresponding to an additional interest rate on the loan. The interest rate paid by the *borrower* is then equal to the sum of the 2 following rates:

$$\begin{array}{c} \text{Basic interest rate set by} \\ \text{the financial institution} \\ + \\ \text{Additional interest rate for} \\ \text{Loan Insurance – Ready to Drive Loan} \\ \text{disability insurance (premium)} \end{array}$$

This approach:

- allows for the calculation of the instalments on the basis of your loan balance. In general, the amount will continually decrease because it will automatically reflect all the repayments of principal you have made;
- increases the instalments payable to your financial institution, since they include your premiums;
- generally changes the amortization (decrease) of the capital borrowed without extending the term of the loan.



How is the additional interest rate for the insurance determined?

The additional interest rate required for the insurance, i.e. the premium, varies depending on:

- the number of persons insured;
- the age reached for each;
- the basic interest rate set by the financial institution;
- the loan amortization period.

The rate must be revised at each loan recall or renewal, and at least once every 10 years.

What happens if the premium is not paid?

Your premiums are included in your instalments. Your insurance may terminate 6 months after you fail to make an instalment. See “When does coverage end?” on page 12.

Is contract renewal guaranteed?

With each loan recall or renewal, coverage remains in force and is adjusted to the loan balance, and premiums are revised to recognize each *participant's* attained age.



Exclusions and restrictions

Exclusions

The *Insurer* will not pay a benefit for any total disability that occurs:

- as a result of the *participant's* own deliberate actions, whether this person is sane or not;
- during a war, insurrection or riot;
- during the *participant's* involvement in a criminal act;
- as a result of corrective measures or treatments for esthetical purposes.

Restriction in case of previous illness or injury

If the *participant* becomes disabled during the first year of insurance, a restriction may apply. To determine whether the restriction applies, the following questions must be asked:

In the 6 months prior to the beginning of insurance, did the <i>participant</i> receive treatment* for the same illness or injury that caused his or her disability?		
NO	YES	
No restriction	Was there a period of 6 consecutive months ending after the beginning of insurance during which the participant received no treatment?*	
	NO	YES
	No benefit is payable	No restriction

IMPORTANT

*** A *participant* has received treatment for an injury or illness when, for the injury, for the illness or for symptoms related to the illness, he/she has:**

- a) consulted or received treatment from a physician or other health professional who is a member of a professional body,**
- b) undergone examinations,**
- c) taken medication, or**
- d) been hospitalized.**

IMPORTANT: PLEASE READ THE EXCLUSIONS AND RESTRICTIONS CLOSELY

How can the insurance be cancelled?

The insurance can be cancelled at any time.

To do so, provide your financial institution with written notice by filling out a new Application for Insurance or by using the Notice of Cancellation of an Insurance Contract, available on page 19 of this guide.

If the insurance is cancelled within 30 days, premiums will be reimbursed.

When does coverage end?

Your coverage terminates on the earliest of the following events:

- 1) the date of the first recall or term renewal which occurs at the same time or after you reach age 65;
- 2) the date on which you reach age 70;
- 3) when the loan is no longer repayable in instalments;
- 4) when the *net debt* is reduced to zero, by the replacement of one debt by another or otherwise;
- 5) at the end of a 6-month period if you fail to pay a minimum of 1/12 of the instalments required for an entire year. This period begins on the due date of an instalment;
- 6) the date on which you send written notice to the financial institution requesting the termination of coverage;
- 7) the date on which the *Insurer* sends written notice to the financial institution informing it that the submitted evidence of insurability is unsatisfactory;
- 8) when the insurance has been in effect for 2 months and the *Insurer* has not yet approved or rejected the submitted evidence of insurability;
- 9) on the termination date of the contract.

2. CLAIMS

Submission of a claim

To file a claim, call the *Insurer* at:

1-855-838-2574

You will have to send in the following documents so your claim can be assessed:

- the completed and signed claim form;
- the physician's statement;
- the employer's statement; and
- the financial institution's statement.

You must provide all documents required by the *Insurer*, even if they are not indicated on the claim form.

The *Insurer* reserves the right to request that you be examined by a physician of its choosing when you submit a claim.

The claim must be sent in writing as soon as reasonably possible. In the event of total disability, the claim must be made **within 1** year of the beginning of total disability. After this period, the *Insurer* will only consider the last year preceding the date on which the claim is received.

For example, if you submit a claim 18 months after the beginning of total disability, the *Insurer* will only pay benefits for the 12 months preceding receipt of the claim.

Insurer's reply

If the claim is approved, benefits are paid within 30 days of receipt of the supporting documents.

Appeal of the Insurer's decision and recourse

If your claim is not approved and you think you have additional information which might influence the *Insurer's* decision, you may ask for a review of your file.

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 any applicable law. The law provides for a maximum of 3 years (period of prescription) to contest the Insurer's decision in Quebec and 2 years in Ontario.

For information on your rights, contact your province's regulatory agency or your legal advisor.

3. SIMILAR PRODUCT

Other available products

Other credit insurance products are available.

However, when you chose to enrol in Loan Insurance – Ready to Drive Loan, you are choosing to do business with Desjardins Financial Security—one of Canada’s biggest life and health insurers.

4. REGULATORY AGENCIES

To find out more about the insurance product described in this guide, first contact the *Insurer* at 1-855-838-2574.

For more information on the obligations of the insurer and your financial institution towards you, contact the regulatory agency responsible for overseeing the application of insurance legislation for your province of residence.

Autorité des marchés financiers (Quebec residents only)

Autorité des marchés financiers
Place de la Cité, tour Cominar
2640, boul. Laurier, bureau 400
Québec (Québec) G1V 5C1
Phone: 418-525-0337 or (toll free) 1-877-525-0337
Fax: 418-525-9512
Email: information@lautorite.qc.ca
Website: www.lautorite.qc.ca

Financial Services Commission of Ontario (Ontario residents only)

Financial Services Commission of Ontario
5160 Yonge Street
P.O. Box 85
Toronto, Ontario M2N 6L9
Phone: 416-250-7250 or (toll free) 1-800-668-0128
Fax: 416-590-7070
Email: contactcentre@fsco.gov.on.ca
Website: www.fsco.gov.on.ca

5. OTHER INFORMATION

Definitions

Accident: A bodily injury certified by a physician, resulting directly and independently of all diseases or other causes, from a sudden and unforeseen external cause.

Borrower: Any natural person who has contracted an *eligible loan* from the financial institution. A guarantor is not considered a *borrower*. A legal entity is not considered a natural person.

Desjardins Ready-to-Drive Loan: An *eligible loan* contracted from the Fédération des caisses Desjardins du Québec, transit no. 90993-815.

Eligible loan: Any loan contracted by a *borrower*, the terms of the repayment of which are provided for in the written agreement between the financial institution and the *borrower* and for which the authorization and payment dates are no earlier than January 16, 2012.

Insurer: Desjardins Financial Security Life Assurance Company.

Net debt: The initial capital paid by the financial institution, plus accrued interest, minus the instalments made by the *borrower*.

Participant: Any person who meets the eligibility criteria set out in the section “Who is eligible for this insurance?”

Notice of cancellation of an insurance contract

Notice given by a distributor

Section 440 of *An Act respecting the distribution of financial products and services*

The Act respecting the distribution of financial products and services gives you important rights.

- The Act allows you to cancel an insurance contract you have just signed when signing another contract (credit contract). **The insurer grants you 30 days to do this with no penalty.** To cancel the contract, you must provide the financial institution notice by registered mail within that period. You may use the attached template for this purpose.
- Even if the insurance contract is cancelled, the credit contract will remain in force. Please note that you may forfeit valuable conditions that were part of this insurance contract; contact your distributor or consult your contract for more information.
- After the 30-day free look period has elapsed, you may cancel the insurance at any time without penalty.

For further information, contact the regulatory agency of your province.

The following notice can be used in every province. **This notice must be transmitted to the financial institution.**

Notice of cancellation of an insurance contract

Under section 441 of the *Act respecting the distribution of financial products and services*, I am cancelling my enrolment in the Loan Insurance – Ready to Drive disability insurance contract taken out by my financial institution with Desjardins Financial Security.

(name of client)

(signature of client)

(date of sending of notice)

The Loan Insurance – Ready-to Drive Loan disability insurance enrolment I am cancelling was taken out:

on: _____
(date Application for Insurance was signed)

at: _____
(place Application for Insurance was signed)

Fédération des caisses Desjardins du Québec

Name of financial institution

90993-815

Transit number of financial institution

Folio number

Loan number

Excerpt from Québec's *Act respecting the distribution of financial products and services*

439. A distributor may not subordinate the making of a contract to the making of an insurance contract with the insurer specified by the distributor.

The distributor may not exercise undue pressure on the client or use fraudulent tactics to induce the client to purchase a financial product or service.

440. A distributor that, at the time a contract is made, causes the client to make an insurance contract must give the client a notice, drafted in the manner prescribed by regulation, stating that the client may cancel the insurance contract within 10 days of signing it.

441. A client may cancel an insurance contract made at the same time as another contract, within 10 days of signing it, by sending notice by registered or certified mail.

Where such an insurance contract is cancelled, the first contract retains all its effects.

442. No contract may contain provisions allowing its amendment in the event of cancellation or termination by the client of an insurance contract made at the same time.

However, a contract may provide that the cancellation or termination of the insurance contract will entail, for the remainder of the term, the loss of the favourable conditions extended because more than one contract was made at the same time.

443. A distributor that offers financing for the purchase of goods or services and that requires the debtor to subscribe for insurance to guarantee the reimbursement of the loan must give the debtor a notice, drawn up in the manner prescribed by regulation, stating that the debtor may subscribe for insurance with the insurer and representative of the debtor's choice provided that the insurance is considered satisfactory by the creditor, who may not refuse it without reasonable grounds. The distributor may not subordinate the making of the contract of credit to the making of an insurance contract with the insurer specified by the distributor.

No contract of credit may stipulate that it is made subject to the condition that the insurance contract subscribed with such an insurer remains in force until the expiry of the term, or subject to the condition that the expiry of such an insurance contract will entail forfeiture of term or the reduction of the debtor's rights.

The rights of the debtor under the contract of credit shall not be forfeited when the debtor cancels, terminates or withdraws from the insurance contract, provided that the debtor has subscribed for insurance with another insurer that is considered satisfactory by the creditor, who may not refuse it without reasonable grounds.

Personal information management

Desjardins Financial Security handles personal information in a confidential manner. Desjardins Financial Security keeps this information on file so you can benefit from the Company's financial services (insurance, annuities, credit, etc.). This information is consulted solely by Desjardins Financial Security employees who need to do so in the course of their work.

You have the right to consult your file. You may also have information corrected if you show that it is inaccurate, incomplete, ambiguous or not useful. To do so, you must send a written request to the following address:

Privacy Officer
Desjardins Financial Security
200, rue des Commandeurs
Lévis (Québec) G6V 6R2

Desjardins Financial Security may send information on its promotions or offer new products to those whose names appear on its client list. Desjardins Financial Security may also give its client list to another Desjardins Group subsidiary for the same purposes. If you do not wish to receive these offers, you may have your name removed from the list. To do so, you must send a written request to the Privacy Officer at Desjardins Financial Security.

Dissatisfied? Let us know.

If you are dissatisfied with any of our products or services, please let us know by following the steps below.

1. Contact the person or the business you purchased the product from.

You can find the number in the literature you received when you purchased the product in question. Ask for an explanation. In most cases, a simple call is all it takes to get the answers you are looking for.

2. Call our Customer Service Centre.

If you are not fully satisfied with the explanations provided in step 1, contact our Customer Service Centre at 1-866-838-7585.

3. Write to our Dispute Resolution Officer.

If you are not satisfied with the explanations you receive from our Customer Service Centre, you can file a complaint with Desjardins Financial Security's Dispute Resolution Officer. This person's role is to assess the merits of the company's decisions and the soundness of its practices.

Please write to:

Dispute Resolution Officer

Desjardins Financial Security
200, rue des Commandeurs
Lévis (Québec) G6V 6R2

Or email: disputeofficer@dfs.ca

You can also call the Dispute Resolution Officer at 1-877-838-8185.

For more information on the procedure to follow in the event of a problem or complaint, please visit our website at dfs.ca/complaint, where you can also find complaint forms.

Helpful hints

- Make sure you have all the documents and information required to provide a detailed explanation of the problem (account statements, names of employees in question, dates, etc.).
- Write down the names of the people you speak with, and the dates of your conversations.
- Include your name, address and telephone number in any correspondence.

Your satisfaction is our priority!

PERSONAL NOTES

Name of financial institution:

Fédération des caisses Desjardins du Québec

Folio number:

Amount of loan:

Monthly payment:

Other:

If you would like **more information** on Loan Insurance – Ready to Drive Loan, contact the staff at your financial institution for which the contact information appears on the cover page. You can also phone the *Insurer* during normal business hours at:

1-855-838-2574

desjardins.com



Desjardins
Insurance

LIFE • HEALTH • RETIREMENT

Cooperating in building the future

Desjardins Insurance refers to Desjardins
Financial Security Life Assurance Company.

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