

ADJUSTABLE POLICIES CHANGE CRITERIA POLICY

This Adjustable Policies Change Criteria Policy applies to all adjustable policies as defined in the Insurance Companies Act. An adjustable policy is an individual life insurance policy, other than a participating policy, that is issued by the Company and for which the Company may at its sole discretion directly or indirectly change the premium or charge for insurance, the amount of insurance or the policy's surrender value.

The criteria to be considered when making changes to adjustable policies are:

- i) All policies of the same product define a class. There should be no post-issue changes in policy classifications; however, external circumstances arising post-issue may justify or require changes. For example, post-issue changes in taxation that affect a certain class of policies. In such event, the class of policies will be identified and any change approved by Management.
- ii) Any premium or charge for insurance, expense charges, cash surrender values or death benefits changes to adjustable policies would be consistent with policy contracts, this Policy and applicable law.
- iii) Experience factors which may cause policy changes include, but are not limited to, investment returns, mortality, expenses, taxes and lapses.
- iv) When determining the change, the Company would not change policy factors to recover more than the adverse expected deviations in future experience. Recovery of losses prior to the adjustment date is not permitted unless allowed under the policy contract or as a long standing practice. Past experience, however, can be used in setting future expectations.
- v) The criteria for determining adjustments will be applied consistently both over time and as respects different classes of policyholders. Justification for adjustments would be supported, documented and free of arbitrary bias against any classes.

Where a change has been made to an adjustable policy in the preceding 12 months, the Company shall, no later than the end of the 30-day period following the policy anniversary that falls immediately after that 12-month period, send a notice to the policyholder containing a brief summary of the change.

This Policy has been established by the Board of Directors and is subject to amendment from time to time at the discretion of the Board of Directors. The principal factors that may cause the Board of Directors to review and amend this Policy include, corporate restructuring, regulatory or legislative changes, material unanticipated events, or clarifications of this Policy.