Nov. 8, 2013

Canada Life 2014 participating policyowner dividend scale announcement

A review has been completed of the participating account experience for Canada Life, former New York Life and former Crown Life policies. On Nov. 7, 2013, the board of directors approved the following recommendation of the company's actuary concerning the 2014 dividend scale.

The 2013 dividend scale will continue to apply in 2014 for:

- Canada Life participating life insurance policies, open and closed blocks[1]

The dividend scale will be reduced effective Jan. 1, 2014 for:

- former New York Life participating life insurance policies
- former Crown Life participating life insurance policies

The basic dividends for former Crown Life – Term Plus II policies will remain at zero. Policyowners will continue to receive the guaranteed $5 permanent dividend enhancement.

The Canada Life, former Crown Life and former New York Life participating accounts are managed and reviewed separately, and their experiences will differ.

Participating life insurance policies are eligible for a periodic policyowner dividend in accordance with Canada Life's participating policyowner dividend policy. The amount available for distribution to policyowners as policyowner dividends is determined at least annually following a review of the actual experience of the participating account. The dividend scale may be affected by investment returns, mortality experience, expenses, lapses, taxes and other factors associated with the participating account.

All participating life insurance policyowners will be notified of the dividend scale for 2014 on their 2014 policy anniversary statements.

Canada Life participating life insurance policies (open and closed block)

- The combined experience of all factors in the participating account that contribute to the dividend scale allowed us to maintain the dividend scale.
- Participating policyowner dividends are estimated to be $145 million in 2014, compared with the estimated distribution of $131 million in 2013.[2]
- Enhanced coverage option (ECO) term enhancement rates and maximums remain unchanged.

Markets remain volatile, and despite some positive movement in interest rates, the low interest rate environment continues to put downward pressure on the participating account's investment performance and, as a result, on the dividend scale. Canada Life's participating life insurance products continue to be competitive and demonstrate a history of strong, stable performance.

All former New York Life and Crown Life participating life insurance policies
Effective Jan. 1, 2014, the dividend scale interest rate, which is the rate used to calculate the investment component of participating policyowner dividends, is decreasing for the former New York Life and former Crown Life participating life insurance policies.

The dividend scale reduction may result in a decrease in policyowner dividends relative to the previous scale and dividends may be lower than previously illustrated.

Former New York Life participating life insurance policies
- The dividend scale interest rate will decrease 19 basis points.
- The decrease in the dividend scale interest rate, along with updates applied for changes in other experience will result in an overall 6.4 per cent reduction in the former New York Life policies on average compared to the policyowner dividends that would have been received at the 2014 policy anniversary if there had been no change.
- Enhanced coverage option term enhancement rates remain unchanged.

Former Crown life participating life insurance policies
- The dividend scale interest rate will decrease 30 basis points.
- The decrease in the dividend scale interest rate, along with updates applied for changes in other experience will result in an overall 10.0 per cent reduction[3] on average compared to the policyowner dividends that would have been received at the 2014 policy anniversary if there had been no change.
- Enhanced coverage option term enhancement rates remain unchanged.
- The guaranteed $5.00 permanent dividend enhancement received by all Crown Life policyowners remains unchanged.

More information
For information on historical average returns on Canada Life's participating account assets, refer to the *Canada life participating life insurance financial facts 2012* (form 46-4758). Copies are available from your regional marketing centre and on Canada Life™ *RepNet*. Use *this booklet* to:
- Help explain how participating life insurance works
- Reinforce the value of participating life insurance
- Provide detailed information on participating account assets
- Provide detailed information on the dividend scale interest rate and historical returns

The participating account asset mix information is updated quarterly and can be found on *RepNet*, Product & Tools > Life insurance > Participating life insurance > Participating account investment reports.

Canada Life has offered participating life insurance products for over 165 years. We believe in the important advantages and choice that participating life insurance offers as part of a client's financial security plan. To learn more about the strength and stability of participating life insurance, read Canada Life's *Unwavering commitment to participating life insurance* (form 99-2222).

If you have any questions about the dividend scale, contact your regional marketing consultant.

[1]The Canada Life open block includes all participating polices issued on or after Nov. 5, 1999, after demutualization. The Canada Life closed block includes all participating policies issued by Canada Life before demutualization.
[2]Full-year estimates at Sept. 30, 2013
[3]Includes the former Crown Life – Term Plus II participating life insurance policies