Canada Life announces 2022 dividend scale

Andrea Frossard and Mike Cunneen present highlights of the 2022 dividend scale announcement. (See transcript.)

May 12, 2022 – The dividend scale will increase for the Canada Life™ combined open participating (par) account, effective July 1, 2022.

These changes are the result of Canada Life's review of the par account experience for all Canada Life par life insurance policies.

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Highlights

The board of directors has approved the following recommendation of the company's actuary, to apply effective July 1, 2022.

Par policies	Dividend scale interest rate	Dividend scale [1]
Canada Life policies in the combined open account [2], issued on or after Jan. 1, 2020	Increase from 5.1% to 5.25%	Increase
Policies in the combined open account, issued before Jan. 1, 2020:		
• Policies formerly belonging to the Canada Life open account, issued on or after Nov. 5, 1999 [3]	Increase from 5.1% to 5.25%	Increase
• Policies formerly belonging to the Great-West Life account [4, 5]	Increase from 5.1% to 5.25%	Increase
• Policies formerly belonging to the London Life account [6, 7]	Increase from 4.85% to 5.25%	Increase

Notes

1. Any change in dividends for a particular policy will vary, depending on factors such as the year a policy was issued, plan type, basic risk classification, issue age and others. Past results shouldn't be considered indicative of a par account's future performance. The dividend scale interest rate (DSIR) is only one of many factors that contribute to an individual policy's performance. The actual cash value growth in any policy varies, based on a number of factors such as type of product, product features, premium-paying period, issue age, rating, dividend option, the dividend scale and others.

2. On Jan. 1, 2020, we combined the Great-West Life, London Life and Canada Life Canadian open par accounts to form the new Canada Life combined open par account.

3. Wealth Achiever and Estate Achiever policies issued after amalgamation are included with the in-force policies formerly belonging to the Canada Life open account issued on or after Nov. 5, 1999.

4. Enhanced Wealth and Enhanced Legacy policies issued after amalgamation are included with the in-force policies formerly belonging to the Great-West Life account.

5. The dividend scale interest rate for in-force policies formerly belonging to the Great-West Life account issued before Sept. 16, 1968, will increase to 5.55%. These policies contain a fixed policy loan rate provision, while policies issued on or after this date contain a variable policy loan interest rate provision.

6. Wealth Generator and Legacy Generator policies issued after amalgamation, and former Prudential policies, are included with the in-force policies formerly belonging to the London Life account.

7. The dividend scale interest rate for in-force policies formerly belonging to the London Life account issued before Sept. 16, 1968, will increase to 5.3%. These policies contain a fixed policy loan rate provision, while policies issued on or after this date contain a variable policy loan interest rate provision.

Main drivers behind changes to the dividend scales

In the Canada Life combined open account, we saw positive experience in the investment component, which is one of several components in the dividend scales. The main drivers of this positive experience were:

- Exceptional equity market performance last year.
- Changes to our investment strategy in 2021. We increased non-fixed income assets to 30% of assets backing liabilities, in the combined open account and Canada Life closed account.
- Recent increases in interest rates. While still near historic lows, rates continue to rebound from their pandemic lows in 2020.

Positive mortality experience and higher expenses were also important drivers in the non-investment component of the dividend scale for some policies formerly belonging to the London Life account.

Dividend scale Q&A

For more information see the 2022 dividend scale Q&A.

Other notes

These changes will apply to all policies, effective May 30, 2022:

- The variable policy loan interest rate will increase to 4.70%, up from 4.45%. At any time, you can find our current interest rates on Your Key Connection and advisor site.
- Maximums will generally increase for enhanced coverage. This includes the Econolife dividend option, enhancement dividend option and enhanced coverage option (ECO) on in-force policies.
- Additional deposit option (ADO) maximums may remain unchanged or decrease.

These items will remain unchanged for all policies:

- The delayed claim interest rate will remain 0.25%.
- The premium deposit account interest rate will remain 0.50%.
- The dividend accumulation rate will remain 2.25% for policies issued before Jan. 1, 2017.

Term rates for enhanced coverage:

- For policies formerly belonging to the London Life account, some one-year term rates will be updated and generally decrease.
- For all other policies, term rates for enhanced coverage will remain unchanged.

Updated illustrations

Canada Life Concourse Direct™ will also update from v4.7 to v4.8 on May 30, 2022. Stay tuned for more details.

Soon we'll be introducing a new modern insurance illustration tool for term and par life insurance, accessible through Workspace. Because the tool is web-based, all illustrated values will be current and accurate. It will also include the new dividend scale. We'll let you know as soon as the tool is available.

Updated marketing resources

See *Financial facts 2021* booklet (form 46-4758) and supporting materials on the Insurance product marketing resources page. These include updated historical investment-related performance reports for policies formerly belonging to our open par accounts prior to amalgamation.

If you have questions, contact your insurance wholesaler.

Transition rules

New business applications

If	Then
Web and SimpleProtect™ applications submitted by 11:59 p.m. CST on May 29, 2022 **Or** Paper applications received at head office before May 27, 2022	Old maximums apply for any additional deposit option (ADO) and enhanced coverage dividend option (ECO). If backdating to save age, old ADO and ECO maximums apply.
Web and SimpleProtect applications submitted after 11:59 p.m. CST on May 29, 2022 **Or** Paper applications received at head office on or after May 30, 2022	New ADO and ECO maximums apply. If backdating to save age, new ADO and ECO maximums apply.

Pending applications

If	Then
Par applications in pending status on May 30, 2022	Old ADO and ECO maximums apply. Clients may request new ADO and ECO maximums: • New maximums may be subject to additional underwriting requirements. • Advisors must submit a new illustration.

Issued cases

If	Then
Par policies issued but **not placed in force** on or before May 29, 2022	Old ADO and ECO coverage maximums apply. Clients may request new ADO and ECO maximums: • New maximums may be subject to additional underwriting requirements. • Advisors must submit a new illustration. • Policies will be current dated, unless backdating to save age.
Par policies **placed in force** on or before May 29, 2022	Clients may request new ADO and ECO maximums: • We will handle this as a policy replacement. • New maximums may be subject to additional underwriting requirements. • Advisors must submit a new illustration. • Policies will be current dated, unless backdating to save age.

Closed cases

If	Then
Policy applications re-opened on or after May 30, 2022	New ADO and ECO maximums apply.

Policy changes, including all guaranteed issues

If	Then
Quotes processed on or before May 29, 2022	Old ADO and ECO maximums apply.
Quotes processed on or after May 30, 2022	New ADO and ECO maximums apply.
Policy change applications received at head office before May 30, 2022	Old ADO and ECO maximums apply.
Policy change applications received at head office between May 30 and June 3, 2022, with app signed dates of May 29 or earlier	Old ADO and ECO maximums apply.
Policy change applications received at head office on or after May 30, 2022, with app signed dates of May 30 or later	New ADO and ECO maximums apply.
Policies backdated to save age	Regular backdating rules apply.

Notes

- **12-month exchanges** – Transition rules do not apply to 12-month exchanges. The dividend scale and the ADO and ECO maximums in effect on the original policy date will always apply for 12-month exchanges.
- **Guaranteed insurance options** – The dividend scale and the ADO and ECO maximums in effect on the conversion or option date will always apply for any guaranteed insured option (GIO), guaranteed insurability rider (GIR), guaranteed insurability benefit (GIB), guaranteed purchase option (GPO), options to purchase additional insurance (OPAI) and group conversion.

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