IN THE MATTER OF AN ARBITRATION PURSUANT TO SECTION 148.2(1) OF THE REVISED REGULATION 1984 UNDER THE *INSURANCE (VEHICLE) ACT*, B.C. REG 44/83 AND THE *ARBITRATION ACT*, R.S.B.C. 1996, C.55

BETWEEN:

K.P. ON HER OWN BEHALF AND AS THE LITIGATION GUARDIAN
N.P., AN INFANT

CLAIMANTS

AND:

INSURANCE CORPORATION OF BRITISH COLUMBIA

RESPONDENT

ARBITRATION AWARD

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Date of Hearing	March 12, 2019
Place of Hearing	Vancouver, British Columbia
Written Submission of the Respondent	March 19, 2019
Written Submission of the Claimants	March 25, 2019
Written Reply Submission of the Respondent	April 24, 2019
Arbitrator	Donald W. Yule, Q.C.
Date of Award	April 30, 2019

INTRODUCTION

1. In this underinsured motorist protection ("UMP") arbitration, the Claimants, KP and KP as litigation guardian for NP, an infant (collectively, the "Claimants"), seek compensation pursuant to Section 148.1(2) of the *Insurance (Vehicle) Regulation* arising out of the death on October 10, 2014 of J.P. JP was the husband of KP and the father of NP. The other motorist, who was solely responsible for the accident causing JP's death, was uninsured. Pursuant to the uninsured motorist provisions of Section 20 of the *Insurance (Vehicle) Act*, the Respondent has agreed to pay $147,051.83 to KP and $52,648.17 to NP. A family compensation action against the other motorist has been settled for $1,100,000 plus costs and disbursements. The damages have been apportioned $810,000 to KP and $290,000 to NP and this apportionment has been approved by the Public Trustee and the court.

2. From the agreed damages of KP and NP the parties have further agreed to applicable deductible amounts for Part 7 benefits, past CPP entitlement and future CPP entitlement. What remains in issue is whether two further sums should also be deducted, namely $52,500 in life and accidental death insurance benefits, and $196,000 in mortgage insurance. The issue is whether these amounts are a "deductible amount" as defined in the definition of "deductible amount" in Section 148.1(1) as

> "an amount
>
> (i) paid or payable to the insured under any benefit or right or claim to indemnity."

3. For the reasons set out below I have concluded that neither life and accidental death insurance nor the mortgage insurance is a deductible amount.

UNDERLYING FACTS

4. The parties filed an Agreed Statement of Facts ("ASF") (Exhibit 1) which is attached to these reasons as Appendix A.

5. The agreed deductible amounts from the agreed damages are set out in paragraph 8 of the ASF. From KP's agreed damages of $810,000, $340,710.83 are deducted leaving $469,289.17 owing as UMP compensation prior to consideration of the life insurance and mortgage insurance payments. From NP's agreed damages of $290,000, the agreed deductions are $104,282.17 leaving $185,717.83 owing as UMP compensation prior to consideration of the life insurance and mortgage insurance payments.

6. JP had life insurance through his employer. The policy provided $25,000 in life insurance, an additional $25,000 in life insurance for accidental death and a further $2,500 in insurance because JP was wearing a seatbelt at the time of the accident. The life insurance proceeds were paid to KP.

7. JP had Indian status. At the time of the accident JP and KP lived in a house located on the [redacted] reserve. The Band had not yet issued a certificate of possession to JP. NP also has Indian status by birth. KP does not. The intention of the Band and KP is that a trust will be created for NP allowing him to become the owner (the holder of the certificate of possession) of the land and house when he reaches the age of majority. Since May 1, 2017 KP and NP have moved to rental accommodation in Vernon and rented out the property on the reserve for more than their current rent in Vernon.

8. JP and KP borrowed money to build the house on the reserve, which debt was secured by a mortgage. JP and KP were jointly liable on the mortgage. At the date of JP's death the amount outstanding on the mortgage was $196,000. Mortgage insurance paid for by JP and KP paid off the balance of the mortgage in November 2014. Canada Life made payment of the mortgage insurance of $196,000 to RBC Royal Bank to the credit of the joint mortgage account of JP and KP at the bank. The bank subsequently registered a discharge of the mortgage in the Land Titles Office.

ISSUES TO BE DETERMINED

9. Is the life and accidental death insurance payment of $52,500 to KP a "deductible amount"?

10. Is the mortgage insurance payment of $196,000 to discharge the joint mortgage obligations of JP and KP a "deductible amount"?

11. As the issues involve the assertion by the Respondent that deductible amounts apply, the onus of proof is on the Respondent (*Hosseini-Nejad* (Arbitration Award December 21, 2000, Arbitrator Yule) at paragraph 67; *Burleigh v. Semkow* (1995) 12 BCLR (3d) 111 at paragraph 31; *Lynn v. Pearson* (1998) 5 CCLI (3d) 290 (BCCA) at paragraph 18).

STATUTORY FRAMEWORK

12. The relevant sections for the statutory framework of UMP compensation are as follows:

> "Section 148.1
>
> (2) Where the death or injury of an insured is caused by an accident that
>
> (a) arises out of the use or operation of a vehicle by an underinsured motorist; and
>
> (b) occurs in Canada or the United States of America or on a vessel travelling between Canada and the United States of America,
>
> the corporation shall, subject to subsections (1), (5) and (6) and section 148.4, compensate the insured, or a person who has a claim in respect of the death of the insured, for any amount he is entitled to recover from the underinsured motorist as damages for the injury or death.

Section 148.1

(5) The liability of the corporation under this Division for payment under an owner certificate or driver's certificate of all claims arising out of the same occurrence, including a claim for

(a) prejudgment interest under the *Court Order Interest Act* or similar legislation of another jurisdiction,

(b) post-judgment interest under the *Interest Act (Canada)* or similar legislation of another jurisdiction, and

(c) cost awarded by a court or an arbitrator,

shall not exceed

(d) the total amount of damages awarded in respect of the accident to all persons insured under the owner's certificate or driver's certificate,

(e) the amount determined under section 148.2(1), or

(f) the applicable amount set out in section 13 of Schedule 3,

whichever is least, minus the sum of the applicable deductible amounts.

Section 148.1(1) In this section:

"deductible amount" means an amount

(a) paid or payable by the corporation under section 20 or 24 of the Act, or recoverable by the insured from a similar fund in the jurisdiction in which the accident occurs,

(b) paid or payable under section 148,

(c) paid or payable under Part 7 or under legislation of another jurisdiction that provides compensation similar to benefits,

(d) paid directly by the underinsured motorist as damages,

(e) paid or payable from a cash deposit or bond given in place of proof of financial responsibility,

(f) to which the insured is entitled under the *Workers Compensation Act* or similar law of the jurisdiction in which the accident occurs, unless

(i) the insured elects not to claim compensation under section 10(2) of the *Workers Compensation Act* and the insured is not entitled to compensation under section 10(5) of that Act, or

(ii) the Workers' Compensation Board pursues its right of subrogation under section 10(6) of the *Workers' Compensation Act*,

(f.1) to which the insured is entitled under the *Employment Insurance Act* (Canada),

(f.2) to which the insured is entitled under the Canada Pension Plan,

(g) paid or payable to the insured under the certificate, policy or plan of insurance providing third party legal liability indemnity to the underinsured motorist,

(h) paid or payable under vehicle insurance, wherever issued and in effect, providing underinsured motorist protection for the same occurrence for which underinsured motorist protection is provided under this section,

(i) paid or payable to the insured under any benefit or right or claim to indemnity, or

(j) paid or able to be paid by any other person who is legally liable for the insured's damages."

SUBMISSION OF THE RESPONDENT

13. At the outset the Respondent acknowledges that there are two prior arbitration decisions apparently contrary to its position. In *Johnson v. ICBC* (Arbitration Award, November 10, 1991) Arbitrator Camp Q.C. held that registered retirement savings plan benefits payable to widows on the deaths of their husbands were not deductible amounts as the payments were not in the nature of an indemnity. The Respondent says the *Johnson* decision is distinguishable because it was based on the old wording of the former Section 110(1) which has since been changed.

14. The second prior arbitration decision is *Vezer v. ICBC* (March 23, 1999 Arbitrator Wallace Q.C.) which is directly on point because it involved life insurance payments under life insurance and accidental death policies. Arbitrator Wallace concluded that deductible amounts in Section 148.1(1)(i) should be limited to pecuniary payments of like nature to that for which the insured is claiming compensation as having been caused by the tortious conduct of the underinsured driver and which, if recovered, would result in double indemnity. The Respondent submits that this case was wrongly decided at the time and alternatively it has been overturned by the rationale in *Gurniak v. Norquist* (2003) 2 SCR 652 which held that "matching" was not required as a precondition to deductibility under the then Section 25(2) of the *Insurance (Motor Vehicle) Act*, RSBC 1996, c.231.

15. With respect to both these prior arbitration decisions the Respondent submits that neither is binding authority.

16. The Respondent submits that the following guiding principles are applicable:

   a. UMP compensation is insurance of last resort;

   b. It does not matter whether the Claimant paid for the benefit. If the amount is included in the list of deductible amounts in Section 148.1(1) it is to be deducted. Thus collateral benefits such as disability benefits, death benefits and survivor benefits have all be deducted under Subsection (i) (*Montgomery v. ICBC* (Arbitration Award November 30, 1999, Arbitrator Yule); *Johnson v. ICBC, supra*; *APS v. ICBC* (Arbitration Award February 27, 2009, Arbitrator Boskovich);

   c. "Benefit" has a very wide meaning. It is not so broad however as to render it ambiguous in law (*Cederberg v. ICBC* (Arbitration Award May 18, 1995, Arbitrator Fraser). Many legislative provisions are similarly worded. It indicates that the legislature was simply using words that would avoid the necessity of listing further exceptions. In *Lopez v. ICBC* (Vancouver Registry, CA015347, April 16, 1993) in interpreting "any benefit" in Section 106(1) of the *Insurance (Motor Vehicle) Regulation* 447/83 the Court of Appeal cited the definition of "benefit" in Black's Law Dictionary (1979) 5th Edition as including "financial assistance received in time of sickness, disability, unemployment, etc. either from insurance or public programs such as social security". The definition from the Shorter Oxford English Dictionary included "3. advantage, profit, good … d. the pecuniary assistance etc. to which an insured person is entitled". The Respondent thus submits that life insurance payments are both a benefit to the Claimant in the sense of pecuniary or financial assistance and as designated beneficiary KP had a right to compel payment of these monies to herself;

d. There must be a rational connection between payment of a benefit amount and the motor vehicle accident giving rise to a claim against an underinsured motorist. This is the only threshold or constraint on the mandatory deduction of the listed amounts in Subsection (i). The examples of inheritance or transfer under joint tenancy or lottery winnings used in some prior awards to justify a broader restriction on what are applicable deductible amounts are distinguishable because they are entitlements that would arise absent any accident. The life insurance payments in this case are rationally connected with the accident that caused the death of JP. JP was very young. The life insurance arose as a result of his employment. The policies would have ended on JP no longer working for the same employer (subject to a right of conversion to an individual plan) or at age 75. The accident and JP's resulting death was the event that triggered payment of the insurance monies;

e. No "matching" is required between the heads of damage in the tort claim against the underinsured motorist and the deductible amounts listed in Section 148.1(1). Arbitration awards prior to *Vezer* reached this conclusion. In *Montgomery v. ICBC* (Arbitration Award November 30, 1999, Arbitrator Yule) at paragraph 65 the arbitrator states:

> "UMP compensation is not measured on the same basis as tort damages are assessed against the tortfeasor. Regulation 148.1(5) mandates the subtraction of deductible amounts from the lesser of the total amount of the damages awarded or assessed against the tortfeasor or the limit of UMP coverage. There is no distinction made between heads of damages and it is irrelevant whether any particular head of damage has been paid in full, or in part, or at all."

Similarly, in a post-*Vezer* arbitration decision, *Lake v. ICBC* (Arbitration Award June 28, 2001, Arbitrator Yule) at paragraph 58 the arbitrator said:

> "Although Section 148.1(5) and (1) are not drafted so as to require any direct match between any particular deductible amount and any particular type or head of damages awarded or assessed, nevertheless I think that, when the scope of the insuring agreement in Section 148.1(2) is borne in mind, all of the deductible amounts must at least have some relationship to the accident and resulting injuries and claim against the tortfeasor."

In another pre-*Gurniak* arbitration, (*Piechotta v. Bennett*, Arbitration Award April 23, 1999, Arbitrator Boskovich), the arbitrator held that "on any ordinary, plain, literal reading of the legislation one can not read into the UMP provisions that "applicable deductible amount" and claim made should match."

The Vezer Decision

17. The Respondent's challenge to the *Vezer* decision is based on the proposition that *Vezer* incorrectly requires a "matching" of the "benefit" with a particular claim advanced against the underinsured motorist. Thus, at paragraphs 9.11 and 9.14 of his decision, Arbitrator Wallace said as follows:

"9.11 Applying these rules of interpretation, I am of the view that the legislature intended that a deductible benefit in Section 148.1(1)(i) would be limited to pecuniary payments of like nature to that for which the insured is claiming compensation as having been caused by the tortious conduct of the underinsured driver and which, if recovered, would result in double indemnity."

9.14 For the reasons stated above, I am of the opinion that a "right" to enforce a contract of insurance, or any other contract, as a result of which an amount is paid to the estate of the deceased is not, in itself, a deductible amount from UMP proceeds, unless the amount incurred would result in double recovery for specific loss sustained by the insured for which a claim is advanced under the *Family Compensation Act*."

18. This requirement for matching is not mandated by any language in Section 148.1(1)(i) nor Section 148.1(5). Moreover, in *Gurniak* the Supreme Court of Canada specifically overruled a "matching" requirement found by the British Columbia Court of Appeal to have been present in Section 25(2) of the *Insurance (Motor Vehicle) Act*.

19. In *Gurniak*, the issue was whether statutory no fault death benefits paid to Ms. Gurniak and her children pursuant to the *Quebec Automobile Insurance Act*, RSQ, Chapter A-15 were similar in kind to the accident insurance benefits described in Part 6 of the *British Columbia Insurance Act* so as to be deductible from tort damages against a motorist responsible for the death of Ms. Gurniak's husband. The court concluded that the Quebec accident benefits, while differing significantly in quantum, were of the same general nature or character as those found in Part 6 of the *British Columbia Insurance Act*. Both statutes provided for lump sum death benefits to spouses and dependents of a deceased insured. Such benefits were calculated according to a pre-determined formula or scale, and were designed to compensate, either in whole or in part, for the economic loss engendered by the death of the insured.

20. A majority of the court went on to consider the "matching" requirement in *Jang v. Jang* (1991) 54 BCLR (2nd) 121 (CA) and *Buksh v. Franco* (1997) 54 BCLR (3rd) 288 (BCCA). In *Jang*, Lambert, J.A. stated at paragraph 13:

> "The theory underlying Section 24 (now Section 25) of the *Insurance (Motor Vehicle) Act* is that there should not be double compensation for the same loss. But that does not mean that all of the benefits paid under Part 7 must be deducted one way or another from some item of damages, or from the total award of damages. It is only where the benefit corresponds with the particular heading of claim for damages that the benefit is to be deducted, and then only from the award for that particular head of damages. The requirement that the benefit match the claim is implicit in the legislative scheme as it was described in *Baart v. Kumar, supra* and is explicit in Section 24(2) which matches "a claim for damages" with "benefits respecting the claim". I do not think that the claim there referred to is the whole claim; rather, it is a claim to a particular heading of loss matched by a particular heading of benefits."

21. The Supreme Court of Canada found this reasoning to be in error. At paragraph 44 the court said:

> "With respect, I find the reading of the statute advanced by the British Columbia Court of Appeal and adopted by the Respondents problematic in several respects. First, and most importantly, it grafts onto the statutory sections something that simply is not there. I do not agree with the statement in *Jang* that "the requirement that the benefit match the claim is implicit in the legislative scheme … and is explicit in Section 24(2) (now Section 25(2)) which matches "a claim for damages" with "benefits respecting the claim".
>
> …

"Benefits respecting the claim" must in this case refer to the full panoply of accident insurance benefits received under the Quebec legislation in respect of the death of Mr. Ross. It is, in my view, a contrived reading of the statute to interpret "benefits respecting the claim" as encompassing various individual heads of damage claimed under the SAAQ scheme, and to thereafter require that these benefits be deducted only to the extent that they individually overlap with elements of the tort award. In my opinion "benefits respecting the claim" refers to the global package of benefits paid under the SAAQ regime in respect of Ms. Gurniak's claim for damages arising from Mr. Ross' death in a motor vehicle accident. There is, to my mind, nothing in the language of this provision that mandates that there be a "match" between the specific heads of damage in the tort award and the specific heads of damage under the contract or benefit scheme in question before a deduction is appropriately made."

22. The court identified two further problems with the analysis of the British Columbia Court of Appeal. First, commonsense dictated that both the death benefits under the Quebec Act and the damages awarded in the tort action were intended to compensate Mrs. Gurniak and her children for economic loss flowing from the death of Mr. Ross. To refuse to recognize this fact on the basis that the statutory accident benefit may not technically constitute a contract of indemnity is to permit the double recovery against which Section 25 was generally designed to safeguard. Second, the statutory accident benefits are not easily amenable to rigid characterization as either indemnity or non-indemnity payments.

23. The Respondent submits that the deduction of no-fault benefits from an assessment of tort damages under Section 25(2) of the *Insurance (Motor Vehicle) Act* is analogous to the deduction of "deductible amounts" from the assessment of damages in a claim for UMP compensation.

24. "Matching" is not permitted under Section 25(2); a fortiori matching should not be a requirement for deduction from UMP compensation where there is neither explicit nor

implicit requirement for matching in the statutory language and where the broad language of "benefit or right" is present. Thus, *Vezer*, which was decided at a time when matching was required under Section 25(2) of the *Insurance (Motor Vehicle) Act* by the Court of Appeal's decision in *Jang*, has been implicitly overruled by *Gurniak*.

25. With respect to the mortgage insurance, the Respondent submits that there is clearly a rational connection between the accident and the payment of the insurance proceeds. KP has received a benefit in that she has had a debt of $196,000 satisfied. Moreover, if there needs to be a rational connection between the insurance payment and a claim advanced in the tort action, the claim in the tort action was largely for loss of financial support. The mortgage insurance policy covered death, critical illness and disability. It is a product intended to cover the circumstance where JP was unable to work, provide financial support to his family and make monthly mortgage payments.

26. In summary, the Respondent submits that both the life insurance and mortgage insurance payments are benefits under Section 148.1(1)(i). The Claimants have benefited from these payments and KP had a right contractually to require the payments to be made to her. There is no requirement for any "matching" between a benefit and any particular head of damages advanced in the tort claim. Section 148.1 is a statutory form of compensation. It pays what the legislation says. If a payment falls within any of the listed items of "deductible amount" as defined, the amount must be deducted.

SUBMISSION OF THE CLAIMANTS

27. The Claimants submit that prior arbitration decisions have established that there must be some threshold or restriction imposed on the words "any benefit or right" in Subsection (i) or else the entitlement to UMP compensation will be illusory and in a claim for UMP compensation arising out of a fatal accident the whole of any estate passing from the deceased could be deductible (*Podovinkoff* at pages 9 – 10; *Johnson* at pages 44 – 45; *Vezer* at paragraph 8.2; *Lake* at paragraph 57).

28. The value of a deceased insured's estate passing on death to a surviving UMP claimant is not a deductible amount, absent specific language in the definition of "deductible

amount" (*Johnson* at page 46; *Podovinkoff* at page 10; *Vezer* at paragraph 8.2). Life insurance proceeds are analogous to the receipt of the deceased's estate.

29. The proceeds of private contracts of insurance are generally not deductible absent specific wording.

30. The Claimants submit that the proceeds of life and mortgage insurance here fail either the "rational connection" test or the "double indemnity" test. While the payments may have been triggered by the accident and resulting death, they are not rationally connected with any claim against the underinsured motorist. Moreover, the payments do not result in double recovery of any specific loss because they are payable without proof of loss.

31. The line of arbitration awards holding that life insurance proceeds are not a deductible amount from UMP compensation has been well established for almost 20 years. The legislature could have listed life or mortgage insurance proceeds as a specific deduction but did not do so when the UMP compensation scheme was first introduced, nor has the legislature amended the definition to include insurance proceeds since, although it has amended the legislation to make employment insurance benefits and Canada Pension Plan benefits specific deductible amounts. There is no justification for departing from this well established line of authority.

32. The Claimants point out several distinctions in the *Gurniak* decision. First, the case had nothing to do with UMP compensation. The legislation at issue was Section 25(2) of the *Insurance (Motor Vehicle) Act* requiring the deduction of no-fault benefits from the assessment of damages against a tortfeasor. Second, the principal issue was whether the no-fault benefits under the Quebec legislation were "similar" to the no-fault benefits under the British Columbia *Insurance Act*. Third, deductions under Section 25(2) are only from a judgment in which the quantum of various heads of damage will have been determined. A claim for UMP compensation may be advanced in the absence of any underlying judgment against the tortfeasor at all and the deductible amounts apply to both settlements and judgments.

DISCUSSION AND ANALYSIS

33. I will initially address the Respondent's submission that the *Johnson* case is distinguishable because it was based on a different wording of Sub-section (i). UMP coverage was first introduced by BC Reg. 447/83 effective January 1, 1984. The coverage was set out in Sections 110 – 112. There were eight specific deductible amounts (a) – (h). By Order in Council 2287, effective January 1, 1988, Section 110(1) was amended by adding subparagraph (i) which included as a deductible amount an amount "(i) payable to the insured under any benefit or right or claim to indemnity" (*Johnson* at page 39). Subsection (i) has remained in the same form from its introduction in January 1988 to the present. The decision in *Johnson* therefore was based upon the identical wording of Subsection (i) as in the present case. The confusion likely arises because of Arbitrator Camp's reference on page 44 to the *Arklie v. Haskell* (1986) 25 CCLI 1277 (BCCA) decision interpreting Regulation 8.02(c) of the Regulations under the *Insurance (Motor Vehicle) Act*. Regulation 8.02(c) read:

> "(c) For the purposes of this section "insured claim" without restricting the generality thereof means any right, benefit or claim to indemnity pursuant to any contract of insurance ..."

34. Section 8.02 was part of the Regulation dealing with claims by persons injured by uninsured or unidentified motorists. Section 8.02(b) provided that the corporation would not make any payment for "any insured claim". Section 8.02(c) defined "insured claim". The equivalent provision currently is Section 106(1) of the Regulation which now defines "insured claim" as, *inter alia*, "any benefit, right to indemnity or claim to indemnity ....". Notwithstanding the above clarification, I observe that *Johnson* held that CPP spousal death benefits were deductible under Subsection (i) because they were sufficiently consonant with a "right or claim to indemnity" so as to be deductible. On the other hand, *Johnson* held that benefits received from an RRSP were not deductible because it was a private savings plan. The Arbitrator's observation that he did not consider Subsection (i) was intended to capture the proceeds of an ordinary life insurance policy was dicta.

35. In Section 148.1(1)(i), in the phrase "under any benefit or right or claim to indemnity", the words "benefit" and "right" and "claim to indemnity" are to be read disjunctively so that each stands on its own (*Podovinikoff* at page 9; *Vezer* at paragraph 7.1(1)). Of the three expressions, "benefit" is the broadest.

36. It does not matter whether an insured paid a premium for the benefit. Collateral benefits, such as those paid under private disability policies are deductible as benefits (*Montgomery; Czombos v. ICBC* (Arbitration Award November 30, 1993, Arbitrator Stewart); *Ketch v. ICBC* (Arbitrator Award May 25, 1994, Arbitrator Carfra, Q.C.).

37. A "benefit", to be deductible, need not be in the nature of an indemnity.

38. There is no requirement for direct matching of a benefit with a particular or specific head of damages in the tort action. This was the conclusion in *Montgomery* prior to *Vezer*, and in *Piechotta* prior to *Gurniak.* One practical difficulty in requiring matching of deductible amounts to heads of damage in UMP compensation claims is that, unlike the deduction required by the *Insurance (Motor Vehicle) Act*, Section 25(2) (now the *Insurance (Vehicle) Act*, Section 83) deductible amounts in UMP claims apply to settlements as well as judgments. In a settlement of an underlying tort claim there may not be separately identified amounts allocated to different heads of damage; indeed in a global settlement there may not even be agreement between the settling parties as to what amounts are being paid with respect to the different heads of damage.

39. In simple terms, the Respondent's position may be summarized as follows: receiving the proceeds of life insurance is obviously a benefit or advantage to KP. The payment was caused by the death of JP as a result of the accident. Subsection (i) mandates the deduction of a "benefit". So why are life insurance proceeds not deductible?

40. Some "benefits" are not deductible. *Lake* held that a CPP retirement pension, as opposed to CPP disability benefits, was not deductible. In *Piechotta*, in dicta the arbitrator suggested that pre-accident WCB benefits that continued to be paid post-accident would not be deductible. Other awards have mentioned lottery winnings. All of these payments are a benefit or advantage to the recipient. They are not deductible benefits however

because they are not caused or triggered by the motor vehicle accident. They would have been paid, or won, if the car accident had never occurred. These examples do however demonstrate that there must be some constraint on the broad literal meaning of "benefit".

41. The value of the estate of a deceased person passing on death to a surviving insured, or the value of the transfer of property held in joint tenancy occasioned by the death of one joint tenant, are payments that are caused by the death resulting from the accident. It is obviously a benefit or advantage to the recipient. So if the value of the deceased's estate is not a deductible amount, there would have to be some additional constraint on "benefit". In *Vezer*, ICBC's counsel conceded that the words "benefit" and "right" must be construed or limited to avoid the absurdity of UMP coverage becoming largely illusory (paragraph 9.3). In the present case the Respondent does not concede that the value of a deceased's estate passing to an UMP claimant is not a deductible amount.

42. So the question becomes, in the context of UMP coverage, is there any further constraint upon the meaning of "benefit" beyond the payment being a benefit and being caused or triggered by the injury or death resulting from the accident.

43. In the past arbitration decisions, arbitrators have articulated two tests. In *Podovinkoff*, the test was the requirement for a "rational connection" between the benefit or right and the type of loss for which damages are claimed in the tort claim. The test was cited with approval in *Pham v. Sutherland* (BCSC Vancouver Registry No. B945383, November 14, 1996) which held that GAIN benefits were deductible under Subsection (i). In *Vezer* the test was whether the payment would result in double recovery for specific loss for which a claim was advanced in the tort claim. The double indemnity test incorporates the concept of matching which is at odds with other arbitration awards and is arguably inconsistent with *Gurniak*.

44. The criticism of Arbitrator Wallace that the "rational connection" test standing alone is too subjective is not without merit. Thus the starting point in determining the scope of "benefit" should be what does "benefit" mean in the context of the complete UMP compensation scheme using the recognized ordinary rules of statutory interpretation.

45. With respect to statutory interpretation, the well-established approach has been laid out in *Rizzo and Rizzo Shoes Limited (Re)* (1998) 1 SCR 27 at paragraph 21, as follows:

> "Today there is only one principle or approach, namely, the words of an Act are to be read in their entire context and in their grammatical and ordinary sense harmoniously with the scheme of the Act, the object of the Act and the intention of Parliament."

46. A plain or literal language analysis alone may be an incomplete analysis (*Rizzo* at paragraph 20).

47. Pierré Andre Côté, the Interpretation of Legislation in Canada 4th Edition at page 311 cites the following passage from the judgment of Viscount Symonds in *Attorney General v. Prince Ernest Augustus of Hanover* (1957 ac 436) as follows:

> "Words, and particularly general words, cannot be read in isolation: their colour and content are derived from their context. So it is that I conceive it to be my right and duty to examine every word in the statute in its context, and I use "context" in its widest sense, which I have already indicated as including not only other enacting provisions of the same statute, but its preamble, the existing state of the law, other statutes in pari materia, and the mischief I can, by those and other legitimate means, discern the statute was intended to remedy."

48. I am also mindful of the fact that the UMP compensation scheme in Regulation Section 148.1 to 148.4 is "benefits – conferring" legislation. As first party insurance, it provides some compensation for those insureds who cannot recover their "full compensation" from inadequately insured tortfeasors. As the Court of Appeal stated in *Symons v. ICBC* (2016 BCCA 2007 at paragraph 18) respecting no-fault Part 7 disability benefits:

> "The legislation is benefits-conferring legislation. In *Rizzo*, the court stated that benefits-conferring legislation "ought to be interpreted in a

broad and generous manner. Any doubts arising from difficulties of language should be resolved in favour of the claimant."

INTENT OF THE LEGISLATURE

49. In prior decisions arbitrators have attempted to set out their understanding of the scope and intent of the UMP compensation scheme. In *Cederberg,* at page 8 the arbitrator said as follows:

> "I am not persuaded that the policy underlying the collateral benefits rule is applicable to the determination of deductible amounts under s. 110 of the Regulations. The collateral benefits rule arises from cases where the victim/plaintiff is seeking to recover damages from the tortfeasor/defendant. In such circumstances there are sound policy grounds to limit the benefit which a tortfeasor can take from the prudent pre-accident actions of the victim: See Canadian Pacific Limited v. Gill [1973] 4 W.W.R. 594 (S.C.C.); Boarelli v. Flannigan (1973), 36 D.L.R. (3d) 4 (Ont. C.A.); Chan v. Butcher [1984] 4 W.W.R. 363 (B.C.C.A.); and Cunningham v. Wheeler (1993) 95 DLR (5^{th}) 655 (B.C.C.A.) and (1994) 113 DLR (4^{th}) 1 (S.C.C.).
>
> It is difficult, however, to incorporate those same policy considerations into the context of underinsured motorist protection. Here the insurer has not caused the injuries or loss to Mr. Cederberg. I.C.B.C. has simply agreed to indemnify him for the damages which he has sustained but is unable to recover from either the tortfeasor or other third party sources. The deductibility of amounts received from these other sources is clearly set out in the legislation (see, for example, sub-paragraphs (c), (f), (h) and (i) of the definition of "deductible amount"). Therefore, the legislature must be taken to have intended different considerations to apply in the circumstances of underinsured motorist protection than to the traditional tort damage awards."

50. In *Lake*, at paragraph 58 the arbitrator said:

> "In my view to deduct such an amount (a pre-existing WCB benefit) under ss. (f) fails to pay sufficient regard to the purpose of the overall compensation scheme, and in particular to s.148.1(2). This section, which is in effect the insuring agreement of Part 10, Division 2 provides that "the Corporation shall … compensate the insured, … for any amount he is entitled to recover for the underinsured motorist as damages for the injury or death". This insuring agreement is subject to *inter alia* ss. (5) which defines the limit of entitlement and incorporates the deductible amounts. Nevertheless, the fundamental concept is the creation of a fund to which an insured/victim may resort when an underinsured motorist cannot pay the full amount of damages for injuries or death caused by that motorist. Although s.148.1(5) and (1) are not drafted so as to require any direct match between any particular deductible amount and any particular type or head of damages awarded or assessed, nevertheless I think that, when the scope of insuring agreement in s.148.1(2) is borne in mind, all of the deductible amounts must at least have some relationship to the accident and resulting injuries and claim against the tortfeasor."

51. In *Hosseni-Najad*, (Arbitration decision December 21, 2000, Arbitrator Yule) the arbitrator said at paragraph 67 as follows:

> "… the purpose of having deductible amounts in s.148.1 may not be explicitly to avoid double compensation, which is a rationale behind the s.25 deduction. The rationale for deductible amounts in the UMP compensation scheme is to insure that a claimant exhausts all other potential sources of benefit before accessing this fund of last resort. But the fundamental rationale is the same. The deductions exist to avoid the possibility of the claimant receiving more payment than is intended, or excess recovery. In the s.25 deduction, because the claimant would

otherwise be entitled to full lump sum payment of the judgment including an assessment of future losses, and would also be entitled to receive payment for some of those future losses as no fault benefits, thus receiving double compensation, the estimated amount of the entitlement to future benefits is deducted. In the UMP scheme, because it is intended to be a fund of last resort, the claimant must obtain recovery from all other listed sources, which benefits are deducted, so that the total amount received from all sources does not exceed the limit of UMP coverage. If no deduction is made but the claimant receives additional Part 7 benefits, then although the claimant may not have received double recovery (because the total amount received could be less than an outstanding tort judgment) nevertheless the claimant will have received more than what is intended to be recoverable as UMP compensation." (This statement is in the context of the possible deduction of future Part 7 medical and rehabilitation benefits.)

52. In *Vezer,* Arbitrator Wallace in paragraph 9.5 described the intent of the legislature as follows:

> "If we resort to applying the "intent of the legislature" approach, by referring to the social policy behind the regulations, one can only conclude that the intent to be ascribed to this legislation, is an intention to require all insured persons in the province to acquire and pay for coverage against the risk of loss from sustained injury or death as a result of the negligent conduct of an uninsured (sic) motorist and that such coverage should be restricted by the provisions set forth in Section 148.1(1)(a) to (i)."

53. I would expand the intent of the legislature by adding the following points:

a. UMP compensation would not be "full" compensation as there would be if the underinsured motorist had had insurance liability limits exceeding the assessed value of a claimant's claim. Even after payment of the maximum UMP compensation available, the claimant may still have a partially unsatisfied judgment against the underinsured motorist;

b. UMP compensation is to be calculated on a different basis from tort damages;

c. UMP compensation is a fund of "last resort" in the sense that compensation is payable only after all the listed deductible amounts have been taken into account.

54. Another rule of statutory interpretation is the ejusdem generis rule. When the legislature sets out a list of items followed by a general term embracing the listed items, the scope of the general term may be limited to any class to which the specific items all belong. A class is a grouping of items based on one characteristic or set of characteristics that is shared by all other items in the class (Sullivan, Statutory Interpretation, 3rd Edition at page 141). Although subsection (i) is not now the last of the listed deductible amounts in Section 148.1(1), it was the last when it was added in January 1988 to the original list of eight specified deductible amounts. Subsection (j) was added in 2007. It is accordingly informative to look at the other specifically listed deductible amounts.

55. Deductible amounts (a) amounts payable under Section 20 or 24 of the *Act* (b) an amount payable under Section 148 (Out of Province Hit and Run or Uninsured Vehicle), (d) an amount paid directly by the underinsured motorist, and (j) an amount paid by any other person legally liable to the insured all specifically refer to the claimant's claim for "damages", drawing a direct connection between the payment and the underlying tort claim. Deductible amounts (e) payment from a cash deposit or bond in lieu of proof of financial responsibility and (g) payment under a third party liability policy are payments on behalf of the underinsured motorist towards a claimant's claim for damages, also identifying a direct link between the payments and the underlying tort claim.

56. Deductible amounts (c) payment under Part 7, (f), (f.1) and (f.2) WCB, EI and CPP payments are statutory benefits corresponding with the types of claims routinely made in personal injury tort actions for medical treatment and cost of care and income loss.

57. Deductible amount (h) is other UMP insurance and deductible amount (i) is the subsection at issue in this arbitration.

58. What all of these payments have in common is that they come from third parties. None of them come from the deceased's voluntary savings or personal assets.

59. While I agree that there is no requirement for "matching" in the sense of the deduction of a deductible amount having to come only from the head of damages in the tort action corresponding with the nature of the deductible amount payment, I continue to think that the payment has to be related in some relevant and meaningful way to the claim for damages against the underinsured motorist. As noted, six of the ten specified deductible amounts specifically refer to the Claimant's claim for damages. Two additional deductible amounts involve third party payments for losses that are typically advanced in personal injury claims. Moreover, as is indicated in *Lake* at paragraph 58, the insuring agreement in Section 148.1(2) creates the obligation to compensate the insured for any amount that insured is entitled to recover from the underinsured motorist as damages for injury or death.

60. In *Piechotta* the arbitrator held that disability benefits from CPP and from an employer disability plan were applicable deductible amounts even though no claim arose on the pleadings in the tort action for past or future income loss or loss of earning capacity. The implications from this decision must be regarded with care because it was a "gerrymandering" case where the pleadings in the tort case were found to be artificially contrived for the purpose of avoiding the deductible amounts from UMP compensation. The arbitrator found that there was still a rational connection linking the benefits to the claim arising from the accident and injury rather than the claim being "artificially" advanced in the statement of claim.

61. Setting aside the fact that *Gurniak* dealt with a completely different legislative provision, it must be remembered that in *Gurniak,* what the Supreme Court of Canada disagreed with was the statement of Lambert J.A. in the British Columbia Court of Appeal that "it is only where the benefit corresponds with the particular heading of claim for damages

that the benefit is to be deducted, and then only from the award for that particular head of damages". (emphasis added) *Gurniak* in my view does not disassociate the benefit payment from the global claim for damages. Indeed, the language of Section 25(2) requires a connection because it refers to receipt of no-fault "benefits respecting the loss on which the claims is based".

62. The Respondent argues that if the value of the deceased's estate or property held in joint tenancy is not a deductible amount, which the Respondent does not concede, then a rationale for that conclusion is that the payments would have been made in any event, even if no accident had occurred. That however is not a complete or satisfactory answer. Nothing prevents a testator from changing the terms of a will and joint tenancy can be severed by mutual agreement or otherwise. Such payment or transfers are caused or triggered by the death resulting from the motor vehicle accident and if they are not deductible amounts, it must be for some other reason, i.e. because they are not of a similar nature or kind as the other specifically listed deductible amounts.

63. None of the other listed deductible amounts have the aura of the deceased's personal assets. In this regard I would distinguish between disability policies which are intended to replace income loss and life insurance policies which are not necessarily related to any pecuniary loss of the insured. A whole life insurance policy may be a form of investment. Moreover, life insurance is not tied or linked directly to any claim that may be advanced in a family compensation action. The policy proceeds would be payable if NP died in a single vehicle accident which was either the fault of no one or his own fault. Life insurance is not necessarily a protection against loss of future earning capacity. A non-employed person may also have life insurance for other reasons. In this case the amount of life insurance is comparatively small and as in *Vezer* at paragraph 8.6, the intention of NP in acquiring life insurance is a matter of speculation.

64. I repeat what I said in *Hosseni-Najad* at paragraph 67. The purpose of the deductible amounts is to ensure that a claimant exhausts all other potential sources of benefit before accessing the UMP fund of last resort. The purpose is to avoid the possibility of a claimant receiving more payment than is intended, or excess recovery. Having in mind

the nature of the insuring agreement in Section 148.1(2) and the nature of the other listed deductible amounts, particularly the reference in six of the listed deductible amounts to the Claimant's "damages", I conclude that any "benefit" as a potential deductible amount must be connected to the Claimant's claim for damages. Death caused by the accident triggering the payment is not alone sufficient. I further conclude that the proceeds of life insurance are sufficiently dissimilar to the other listed deductible amounts and do not have the necessary connection to the tort claim arising out of the accident. For the foregoing reasons I find that the life insurance and accidental death insurance payments to KP are not a deductible amount under Subsection (i).

65. There is another basis on which I reach the same conclusion. Since the comment in dicta of Arbitrator Camp in *Johnson* in 1991 through the decision in *Vezer* of Arbitrator Wallace in 1999 that life insurance proceeds were not a deductible amount, the legislature has not taken any step to add the proceeds of life insurance as a specific deductible amount. Life insurance is an easily described product. It is held by a great many people. Its proceeds would be payable to a designated beneficiary or deceased's estate whenever an insured having such insurance was killed in a motor vehicle accident. The amount of life insurance can be significant. It would be easy for the legislature to have included proceeds of life insurance as a deductible amount when UMP coverage was first introduced or to have added life insurance proceeds as a deductible amount at any time certainly since *Vezer*. The legislature has chosen not to do so. It has added additional specified items as deductible amounts since inception, namely deductible amounts (f.1), (f.2) and (j). There is also a legitimate concern that the aggregation of applicable deductible amounts may make UMP coverage largely illusory. "Deductible amounts" must be considered in the context of the whole scheme of UMP compensation, another feature of which is the $1 million limit on mandatory UMP compensation. For accidents in British Columbia after January 1, 2018 involving serious personal injury, the deductible amounts for the tortfeasor's minimum third party liability limits ($200,000) plus the maximum Part 7 entitlement for medical and rehabilitation expense ($300,000) total $500,000, before considering any other potential applicable deductible amounts. This reduces the mandatory UMP coverage by 50%. The amount of life insurance an

individual may carry can be very large. UMP compensation pays what the regulation provides for. If the coverage is to be significantly reduced further it is for the legislature to do so. In this regard I agree with the conclusion of Arbitrator Boskovich in *APS V. ICBC* (Arbitration Award February 27, 2009 at paragraph 131; and Arbitrator Wallace in *Vezer* at paragraph 9.9).

MORTGAGE INSURANCE

66. With respect to mortgage insurance I do not find any direct connection between the satisfaction of an outstanding debt of JP and KP to the claims for damages that would be advanced in a family compensation action against the underinsured motorist. Mortgage insurance is not of a like kind to the other specified deductible amounts. I find that it is not a "benefit" within the meaning of Subsection (i). The previous observations regarding the legislature's choice not to include life insurance as a specified deductible amount apply equally to mortgage insurance.

67. In addition, there is another issue affecting the potential deductibility of the mortgage insurance payment. Subsection (i) provides for the deduction of an amount "paid or payable <u>to the insured</u>" under any benefit or right or claim to indemnity" (emphasis added). The Canada Life payment was not made to KP but to RBC Royal Bank to the credit of the JP/KP mortgage account. The question then is whether these payment circumstances satisfy the requirement that an amount be "paid or payable to the insured."

ADDITIONAL SUBMISSION OF THE RESPONDENT

68. In its initial written submission on this issue the Respondent asserted that the insurance monies were paid directly into a pre-designated bank account of KP and that such payment was sufficient to satisfy the requirement of a payment "to the insured". The money did not have to be given directly to KP in order to be deductible. Several examples were cited where monies owing and paid do not go directly into the hands of an insured but are nevertheless considered to be paid to the insured. The examples included payment of monies to a trustee or guardian of an infant; payment to other persons lacking legal competency; payment to an insured's solicitor in trust; wiring or otherwise

depositing money into an insured's bank account. If deductible amounts had to be paid directly to the insured in order to be deductible, mischief could ensue. Insureds could direct third party payors to make payments to a trust fund or credit card account with negative balance. Insurers might be unwilling to pay otherwise deductible amounts to a trustee or lawyer for the insured. The Respondent relies upon the principles of statutory interpretation that requires an interpretation that best accords with the purpose of the legislative context and avoids absurd results. A narrow technical interpretation of Subsection (i) requiring monies to go directly into the insured's hands is not in keeping with the legislative intent to pay UMP monies net of other monies received or to be received by the insured. The payment of the mortgage insurance proceeds relieved KP of the obligation to make monthly payments of $646 until the mortgage was paid off. Payment of the mortgage insurance monies also provided KP and NP with an asset.

ADDITIONAL SUBMISSIONS OF THE CLAIMANTS

69. The Claimants assert that the Canada Life payment did not go into a pre-designated bank account of KP but was paid to RBC Royal Bank. Because no amount was paid or payable to KP, the mortgage insurance proceeds cannot be a deductible amount. The Claimants submit that the Respondent seeks to have the words "to the insured" excised from subsection (i) which is inconsistent with general statutory interpretation that words are to be given their ordinary meaning; is inconsistent with prior UMP decisions; and derogates from the overall scheme of UMP legislation.

70. The Certificate of Insurance provides that in case of death the insurer Canada Life would pay the holder of the mortgage RBC Royal Bank the mortgage balance owing at the date of death.

71. The words "to the insured" create a relationship between the benefits that are payable and who must be in receipt of those benefits. The phrase "to the insured" does not appear in most of the other sub-sections defining a "deductible amount". In Subsections (f), (f.1) and (f.2) the words "to which the insured is entitled" are used. There is a difference in meaning between the two expressions which should be recognized. The examples relied

upon by the Respondent where money is paid but does not go directly into the hands of the insured are distinguishable. In each of those cases, the insured is the legal owner or has legal title to the funds. Where a legal owner directs his or her funds to be paid is irrelevant. The same logic applies to settlement proceeds paid to an insured's solicitor. The insured has the legal interest or right to the funds. In *LD v. ICBC* (Arbitration Award January 30, 2008, Arbitrator Yule) the underinsured motorist's liability insurer paid its limits of $25,000 in trust to the insured's lawyer who remitted to the insured a lesser amount after deducting his lawyer's fee. The arbitrator found that the correct deductible amount was what the motorist's liability insurer was obligated to pay and the fact that the insured received a lesser amount did not reduce the amount paid or payable to the insured from the tortfeasor's insurance. The Claimants also rely on *Koscak v. Koscak* (2005 BCSC 315) which held that mortgage insurance, unlike life insurance, could only go towards discharge of the mortgage and not into the hands of the surviving mortgagor. Thus, in the present case, KP did not have any legal right to the mortgage insurance monies and could not direct where they were paid. As nothing was "paid or payable" to her, nothing is deductible.

REPLY SUBMISSION OF THE RESPONDENT

72. In its Reply Submission the Respondent points out that monthly deposits were paid into the Paterson's joint mortgage account and that all payments, including the mortgage insurance payment went to the credit of that account, reducing their joint debt and increasing their equity in the home. The Respondent reiterates that requiring KP to receive funds directly in order to be considered a deductible benefit is too narrow an interpretation of the legislation and ignores the object of the legislation namely that UMP is intended to provide insurance of last resort. The Claimant's submission ignores the fact that KP was entitled to and received full benefit of the funds. The Claimant's submission also fails to recognize that "legal title" includes beneficial interest. The *Koscak* case merely concludes that the mortgage insurance paid off the debt in accordance with the terms of the insurance and the deceased's son would have known the other joint debtors would receive benefit from that payment. In this case the only debt

that could be paid off by the mortgage insurance monies was that of NP and KP with the result that KP received the benefit of that payment when the home became mortgage free.

DISCUSSION AND ANALYSIS

73. I find that the Canada Life payment was made to RBC Royal Bank to the credit of the KP mortgage account. This is consistent with the Certificate of Insurance issued by RBC Royal Bank (Appendix "D") to the Agreed Statement of Facts. The Home Protector Insurance provides group creditor life, critical illness and disability insurance underwritten by The Canada Life Assurance Company under a group policy issued to the Royal Bank of Canada as the policyholder. The certificate further provides that "in the event of death, the Insurer will pay RBC Royal Bank the insured mortgage balance(s) owing at your date of death, to a maximum of $750,000 for all of your insured mortgages combined". Royal Bank held the mortgage. In the event of the borrower's death RBC has an interest in having the insurance proceeds paid to itself so as to insure that the mortgage is paid off and the monies are not paid to a surviving borrower who could use them for a different purpose and be unable to make the required mortgage payments. Thus it is not a matter of convenience or indifference that the contractual obligation required Canada Life to pay RBC Royal Bank and not KP. The insurance monies were paid to a creditor of KP.

74. In the absence of specific evidence regarding the operation of a joint mortgage account, it seems to me that a payment into a mortgage account is not the same as a payment into a personal banking account. The holder of a personal banking account has ownership of funds in the account and full control over their use. The mortgage insurance funds were not payable to KP; they were not paid to her and she then deposited the equivalent sum into the mortgage account. The mortgage account is more an accounting of the status of the mortgage than a repository of funds.

75. The Respondent asserts that the Claimants' interpretation of "benefit" is an inappropriate parsing of words that results in an interpretation inconsistent with the objective of UMP compensation as a fund of last resort. However, it is another principle of statutory

interpretation that all words used in a legislative provision are assumed to have meaning. Sullivan, Statutory Interpretation, 3rd Edition, 2016 at page 43 under the heading "No Tautology (Every Word Must Be Given Meaning) says:

> "It is presumed that every feature of the legislative text has been deliberately chosen and has a particular role to play in the legislative design. The legislature does not include unnecessary or meaningless language in its statutes; it does not use words solely for rhetorical or esthetic effect; it does not make the same point twice. This is what is meant when it is said that the legislature "does not speak in vain" (*Canada Attorney General) v. JTI-McDonald Corp.*, 2007 SCC 30 at paragraph 87)."

76. There is no doubt that the payment of mortgage insurance monies was a benefit to the Claimants. It would have been easy for the legislature to have included as a deductible amount "any benefit to which the insured is entitled" or "any benefit to the insured". It has not done so. I think there is a difference between "any benefit to which insured is entitled" and an amount "paid or payable to the insured under any benefit". One requires a payment to insured; the other does not. I do not think this distinction is mere semantics.

77. The description of payment in the specified list of deductible amounts is not consistent. Only two (Subsection (g) and (i)) use "paid or payable to the insured". The rest refer to a <u>source</u> of payment using the phrases either "paid or payable" or "to which the insured is entitled". Subsection (d) refers to an amount "paid directly" but it is paid directly <u>by</u> the underinsured motorist.

78. Given the different expressions used to describe the payment of or entitlement to deductible amounts, I cannot conclude that use of the words "to the insured" in Subsection (i) is superfluous or anomalous such that the words can be ignored. I agree with the submission of the Claimants that the examples cited by the Respondent are fundamentally different in nature from a payment to KP's creditor. KP simply was not entitled to have the mortgage insurance proceeds paid to herself. The same analysis

applies to NP. In the result even though the payments were a benefit to the Claimants, I find that the mortgage insurance proceeds are not a deductible amount because they were not "paid or payable to the insured".

ANSWERS TO THE QUESTIONS FOR DETERMINATION

79. Is the life and accidental death insurance payment of $52,500 to KP a deductible amount?
Answer: No.

80. Is the mortgage insurance payment of $196,000 to discharge the joint mortgage obligations of JP and KP a deductible amount?
Answer: No.

DWYule

Arbitrator: Donald W. Yule, Q.C.

Ex. 1

IN THE MATTER OF AN ARBITRATION
PURSUANT TO S. 148.2(1) OF THE REVISED REGULATION 1984
UNDER THE *INSURANCE (VEHICLE) ACT*, B.C. REG 44/83

BETWEEN:

K.P., on her own behalf and as the litigation guardian of N.P., an infant

CLAIMANTS

AND:

INSURANCE CORPORATION OF BRITISH COLUMBIA

RESPONDENT

AGREED STATEMENT OF FACTS

1. On October 10, 2014, who was the husband of was involved in an accident that was caused by the negligence of subsequently died.

2. had stolen the vehicle that he was driving.

3. was born August 10, 1986, was born October 25, 1988, and was born on December 10, 2014. Mr. and Mrs. were both in good health and neither had any known health conditions.

<u>Family Compensation Claim (FCC)</u>

4. The FCC settled and a consent order was entered against for $1,100,000 plus costs and disbursements. The $1,100,000 in damages was apportioned as follows: $810,000 to and $290,000 to (the "Settlement").

<u>ICBC Coverage</u>

5. The claimants in the FCC met the conditions of section 20 of the *Insurance (Vehicle) Act* for an uninsured motorist claim. As a result, ICBC, pursuant to section 105 of the *Insurance (Vehicle) Regulation* paid $199,700 ($200,000 less a $300 deductible for property damage) to the claimants.

UMP

6. The claimants seek additional money from the respondent under the Underinsured Motorist Protection ("UMP") legislation. The respondent has agreed that the claimants' claims go into UMP, but the amount payable is in dispute.

7. had excess UMP coverage in the amount of $2,000,000 on a vehicle that he owned, a 1996 Toyota 4Runner.

UMP Deductions

8. The parties agree to the following UMP deductions from the Settlement:

	KP	NP
a. Section 20	$147,051.83	$52,648.17
b. Part 7	$22,580	$4,640
c. Past CPP	$25,043	$11,950
d. Future CPP	$146,036	$35,044
Total:	$340,710.83	$104,282.17

9. The respondent seeks the following additional deductions, with which the claimants do not agree:

   a. Life and AD&D $25,000+$25,000+$2,500
   b. Mortgage insurance $196,000

10. The only potential exception is that if the respondent becomes aware of any other potential deductions before the arbitration decision is finalized, the respondent intends to pursue them and the claimants intend on objecting to this.

Life Insurance Through Employment

11 has received life insurance through a contract that was paid by employer:

- $25,000 in life insurance for death; a copy of the policy terms is attached as Appendix A; and
- $25,000 in additional life insurance as death was an accident, with another $2,500 since was wearing his seatbelt at the time of the accident; a copy of the policy terms is attached as Appendix B.

<u>Mortgage Insurance</u>

12. [redacted] had Indian Status. At the time of the accident, the [redacted] ere living in a house located on the [redacted], which was built by [redacted] The land on which the house is situated is owned by the band.

13. [redacted] s Indian Status by birth, whereas [redacted] does not. As a result, [redacted] cannot be granted a certificate of possession for the land and house.

14. At the time of the accident, the band had not yet issued a certificate of possession to [redacted] for the land and house. The intention of the band and [redacted] that a trust will be created for [redacted] benefit allowing him to become the owner (the holder of the certificate of possession) of the land and house when he reaches the age of majority.

15. Since May 1, 2017, [redacted] and [redacted] e moved out of the house to Vernon, incurring a monthly rent of $1,400. The property on the reserve has been rented out for $2,600 per month since May 1, 2017. The tenants pay for all utilities. [redacted] s responsible for home owner's insurance and any extraordinary expenses or repairs.

16. [redacted] borrowed money to build the house on the Leq'á:mel First Nation reserve and the debt was secured by a mortgage.

17. After [redacted] death, mortgage insurance paid by [redacted] and [redacted] has paid off the balance of the mortgage on the [redacted] home. The mortgage insurance was with RBC Royal Bank HomeProtector and it is a "mortgage life, critical illness and disability insurance policy". The documents relating to this are attached as follows:

> Appendix C: Applications of each of [redacted] and [redacted] en
>
> Appendix D: Certificate of Insurance; and
>
> Appendix E: Letter from RBC to [redacted] confirming mortgage has been paid and copy of Mortgage Statement showing payment.

18. The mortgage was a joint mortgage with listed as borrowers. Following death, the outstanding balance of the mortgage of $196,000 was paid off by the insurance.

Agreed to this 11th day of March, 2019

Matthew Siren, counsel for the claimants

Agreed to this 8th day of March, 2019.

Mary-Helen Wright, counsel for the respondent

GROUP LIFE

Insurance Amount

The amount of employees' coverage is shown on their Certificates of Insurance. This is called the face amount.

Life insurance coverage decreases to 25% of the face amount on the Policy Anniversary (April 1) on or after an employee's 65th birthday.

Benefit

Group Life provides 24-hour coverage of death at any time or place, from any cause except from suicide while sane or insane, which is not covered until the employee's insurance has been in force for two years.

If an employee's insurance ends and the employee dies within 31 days, benefits are payable equal to the amount of life insurance the employee was entitled to under the Conversion Option.

Beneficiary

A beneficiary is the person assigned to receive the Group Life benefit in the event of an employee's death. If there is no living beneficiary when an employee dies, the life insurance proceeds are payable to the employee's estate.

Life insurance benefits are not taxable. However, the beneficiary or the estate is responsible for tax on any interest which accrues on the benefit, from the date of the employee's death to the date the funds are paid by the Insurance Company.

With regards to life insurance only and subject to legal provisions, an employee may designate or revoke, at any time, one or several beneficiaries of the insurance on written notice. The rights of a beneficiary who dies before the employee revert to the latter.

Change of Beneficiary

Employees can change the beneficiary at any time, subject to any limits set by law. To do so, they complete an Employee Change Request and mail the completed request to the Plan Administrator.

Waiver of Premium

Employees who become totally disabled before age 65 and while insured for this benefit keep this life insurance coverage as long as they remain disabled. This is subject to any reduction in face amount of age limit under Insurance Amount. After 6 months of continuous, total disability, and on approval from the Insurance Company, no further life insurance premiums are required. Partial disability does not qualify the employee for any waiver of premium.

To be considered totally disabled, the employee must be unable, as a result of sickness or injury, to engage in any gainful occupation for which he or she is or may become reasonably qualified by training, education, or experience. Proof of continuous total disability will be required periodically.

Claims

A completed claim form must be submitted to the Plan Administrator within 90 days of death. Before settling any claim, written proof of the occurrence, cause and circumstances of the death will be required. Written proof means a completed claim form accompanied by either an original funeral director's statement or original death certificate. Notarized copies of the funeral director's statement or death certificate will be accepted if originals can not be submitted.

Living Benefit

A terminally ill employee may request an advance of life insurance benefits equal to the lesser of $25,000 or 50% of the face amount. The employee must provide satisfactory evidence to the Insurance Company that death will most likely occur within 12 months, be totally disabled for at least six months and be approved for Life Waiver of Premium. The employer and any designated beneficiary must consent to the payment. At the employee's death the advanced funds plus interest are deducted from the face amount.

Termination

Insurance for the employee will terminate on the Plan Anniversary Date following the employee's 75th birthday.

Conversion Option

Life insurance ends 31 days after the date of termination of coverage. An employee under the age of 66 may apply to the Insurance Company to convert the group life coverage to an individual policy including level term to age 65, 1 year non-renewable term or ordinary life coverages. No medical evidence is required as long as written application is submitted and the first premium is paid within 31 days of the date of termination. If the employee is converting this insurance due to the firm's termination, the firm must have been insured continuously with this plan for five years prior to termination.

Extension of Benefit

If an employee dies within 31 days of the termination of the insurance under this benefit, the amount of life insurance the employee was eligible to convert will be payable.

All benefits described here are governed by the Master Contract underwritten by

Desjardins Financial Security Life/Assurance Company.

GROUP ACCIDENTAL DEATH & DISMEMBERMENT

Insurance Amount
The amount of Group Accidental Death and Dismemberment (AD&D) insurance is called the principal sum. It is equal to the Group Life face amount.

Benefit
This benefit provides coverage 24 hours a day.

A benefit is payable if an employee suffers any item on the *Schedule of Losses* as a result of bodily injury caused by an accident, and if the loss occurs within 365 days after the date of the accident. If the employee suffers multiple losses in one accident, only the largest amount in the Schedule is payable.

If the employee dies, the AD&D benefit is paid to the employee's Group Life beneficiary. If there is no living beneficiary, the benefit is paid to the employee's estate. If the employee suffers any loss other than life, the employee receives the benefit payment.

In addition to the Schedule of Losses, the Chambers Plan offers the benefits listed below. The loss sustained must appear on the Schedule of Losses before the following benefits will be considered:

- repatriation expenses up to $10,000 to cover the cost of preparing and returning a deceased employee's body.
- rehabilitation expenses up to $10,000 for retraining an employee when required as a result of an injury.
- up to $10,000 for training a previously unemployed spouse who must work outside the home as a result of the employee's accident.
- the lesser of 5% of the principal sum or $5,000 towards the education of a dependent child in grade 12 or beyond, if the employee dies.
- for employees who suffer total, permanent disability, 1% of the principle sum is payable for each month of disability up to 100 consecutive months (to a maximum of $250,000) so long as the employee is unable to engage in any occupation or employment for which he or she is fitted by the way of education, training or experience for the rest of his or her life.
- up to $10,000 for home or vehicle modification if the employee requires a wheelchair.
- an additional 5% of any benefit if the injury is sustained in a passenger vehicle in which the employee was using a seat belt.
- a daily benefit equal to 1/30th of 1% of the Principal Sum (up to $1,500 per month, for up to 12 months) for each day of continuous hospital confinement as a result of a covered accident.
- up to $3,000 to transport a family member to an insured confined in a hospital for injuries incurred while on a trip covered by this policy.

Air Travel
AD&D covers employees travelling as passengers in any civil aircraft or any transport type aircraft operated by the Transport Command of the Canadian Armed Forces. No other types of flying are covered, including flying as a crew member or flying in an aircraft which is owned or leased by or on behalf of your company. Benefits are not payable if, at the time of an accident, the aircraft is being used for aviation training, practice, experiment or test purposes. For the coverage to be valid, the aircraft must have and comply to the conditions of a valid certificate of air worthiness or a flight permit issued under the Aeronautics Act (Canada).

This Group Insurance Plan covers a maximum of $5,000,000 of benefits for any one aircraft accident involving a number of employees from one firm. If the claims of a firm's employees exceed that limit, the amounts payable will be allocated in proportion to each individual's face amount to a total of $5,000,000.

Disappearance & Exposure
If an insured employee disappears as a result of an accident involving the sinking or disappearance of a conveyance in which the employee was a passenger, and no body is recovered within 365 days of the accident, it will be presumed, without any evidence to the contrary, that the employee died as a result of

the accident. Benefits will then be payable.

If an insured employee is unavoidably exposed to the elements as a result of an accident and suffers a loss as a result, the scheduled amount will be payable.

Waiver of Premium
AD&D premiums will be waived under the same conditions as the Group Life benefit.

Claims
A claim must be submitted within 30 days of the loss or as soon as reasonably possible. At the time of a claim, please contact the Plan Administrator for the appropriate claim forms.

Exclusions
- suicide or intentionally self-inflicted injury, while sane or insane;
- commission (or attempted commission) of a crime, including driving while impaired;
- nuclear war;
- declared or undeclared war or any act thereof;
- flying, except as indicated above in Air Travel.

Termination
This benefit terminates on the Plan Anniversary Date following the employee's 75th birthday.

All benefits described here are governed by the Master Contract underwritten by RBC Insurance.

SCHEDULE OF LOSSES

200% of Principal Sum for:
Paraplegia
Quadriplegia
Hemiplegia

100% of Principal Sum for loss of:
Life
Both hands or feet or entire sight of both eyes
One hand and one foot
One hand and entire sight of one eye
One foot and entire sight of one eye
Speech and/or hearing
Use of both arms or both hands
One arm or one leg or use thereof
Use of one hand or one foot

50% of Principal Sum for loss of:
Hearing in one ear

33% of Principal Sum for loss of:
Thumb and index finger of one hand or four fingers of one hand

25% of Principal Sum for loss of:
All toes of one foot

"Loss of use of" must be total and irrecoverable and must be continuous for 12 months after which the benefit would be payable. This loss must be the direct result of an accident.

Appendix C

RBC

HomeProtector® Application

Name:

Mortgage Number:

Branch Transit Number: 01420 Date of Mortgage(mm/dd/yyyy): 03/31/2010

Product ID No: 00757833800 Amount of this Mortgage: $ 202,506.00

Client Reference Number: 45180113092 91931

Date of Birth (mm/dd/yyyy): 08/10/1986

Insurance Cost per Payment: $47.96

Regular Payment: $922.81

Please complete the following sections:

A) Type of Insurance

[X] Life & Disability

[ ] Life only (decline disability insurance)

[ ] Adding Disability (must have life insurance)

[ ] DECLINE Life & Disability

[ ] Acknowledge you are not eligible for Life & Disability insurance

For eligibility requirements, refer to page 3 "Am I Eligible?"
(Note: This form is not intended for use in cancelling insurance. Please refer to your HomeProtector Booklet for cancellation instructions.)

B) Health Questions
(If you answer "yes" to one or more health questions, Canada Life will require more information to help them assess your application. A representative of Canada Life will call you to complete a health assessment.):

1. In the past 24 months, have you been tested for, received any treatment, medical advice, consultation, diagnosis, required follow-up for or had any known indication of:
   - problems relating to heart, circulation, high blood pressure, high cholesterol, stroke, cancer, tumor, leukemia, lupus, asthma or any other lung or respiratory condition
   - diabetes, hepatitis, liver or kidney disease, stomach or intestinal condition, multiple sclerosis or any other condition affecting the central nervous system, including paralysis
   - alcohol or substance abuse, depression or other mental, nervous or psychiatric condition, or have you ever tested positive for, or been diagnosed as having any HIV virus or any other associated disease including AIDS or any other immunological disease or condition?

   YES [ ] NO [✓]

Please also answer questions 2 and 3 if you are applying for disability insurance:

2. In the past 24 months, have you received any treatment for, or consulted a physician or other health care provider for, or been diagnosed as having sprains, strains or other problems or conditions of the neck, back, shoulder, elbow or other joints, muscles, ligaments or tendons?

   YES [ ] NO [✓]

3. Are you currently receiving or have you ever received disability or workers' compensation benefits for a period longer than one month?

   YES [ ] NO [✓]

C) Please read before signing this application

By signing below, you are either applying for or have declined HomeProtector Insurance as indicated above.

If you have applied for insurance:

- you are applying for HomeProtector insurance coverage
- you acknowledge that your statements and answers above are complete and true, and that you have read page 3 of this application
- you have received and have been given the opportunity to read the HomeProtector Booklet and agree to be bound by its terms
- you authorize the insurer to obtain, provide and exchange such personal information with the Insurance Service Centre as may be required for the administration and servicing of the HomeProtector Insurance coverage
- you acknowledge that RBC Royal Bank® is not the agent of the insurer and no person has the authority to waive or modify any provisions of the application or Certificate of Insurance
- you authorize RBC Royal Bank to include the insurance premiums with your mortgage payment
- you understand concealment, misrepresentation or false declaration concerning this application could cause your insurance to be void
- for administrative purposes, you authorize the insurer and the Insurance Service Centre to provide any co-borrower or guarantor of your mortgage with the status of your insurance
- you have requested this application and all related documents to be in English. (Vous avez demandé que ce document et tous les documents y afférents soient rédigés et signés en anglais.)
- you have read and understood the explanation of the "Pre-existing Condition Exclusion" on page 3
- a true copy of this authorization is as valid as the original

Signature: ______________________

Date (mm/dd/yyyy): 05/10/2010

Daytime Telephone #: ______________________

Evening Telephone #: ______________________

Bank Copy

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RBC

HomeProtector® Application

Name:

Client Reference Number: 4519011309292012

Mortgage Number:

Date of Birth (mm/dd/yyyy): 10/25/1988

Branch Transit Number: 01420 Date of Mortgage(mm/dd/yyyy): 03/31/2010 Insurance Cost per Payment: $47.96

Product ID No: 00757833600 Amount of this Mortgage: $ 202,605.00 Regular Payment: $922.81

Please complete the following sections:

A) Type of Insurance

- [X] Life & Disability
- [ ] Life only (decline disability insurance)
- [ ] Adding Disability (must have life insurance)
- [ ] DECLINE Life & Disability
- [ ] Acknowledge you are not eligible for Life & Disability Insurance

For eligibility requirements, refer to page 3 "Am I Eligible?"
(Note: This form is not intended for use in cancelling insurance. Please refer to your HomeProtector Booklet for cancellation instructions.)

B) Health Questions
(If you answer "yes" to one or more health questions, Canada Life will require more information to help them assess your application. A representative of Canada Life will call you to complete a health assessment.):

1. In the past 24 months, have you been tested for, received any treatment, medical advice, consultation, diagnosis, required follow-up for or had any known indication of:
   - problems relating to heart, circulation, high blood pressure, high cholesterol, stroke, cancer, tumor, leukemia, lupus, asthma or any other lung or respiratory condition
   - diabetes, hepatitis, liver or kidney disease, stomach or intestinal condition, multiple sclerosis or any other condition affecting the central nervous system, including paralysis
   - alcohol or substance abuse, depression or other mental, nervous or psychiatric condition, or have you ever tested positive for, or been diagnosed as having any HIV virus or any other associated disease including AIDS or any other immunological disease or condition?

   YES [ ] NO [X]

<u>Please also answer questions 2 and 3 if you are applying for disability insurance:</u>

2. In the past 24 months, have you received any treatment for, or consulted a physician or other health care provider for, or been diagnosed as having sprains, strains or other problems or conditions of the neck, back, shoulder, elbow or other joints, muscles, ligaments or tendons? YES [ ] NO [X]
3. Are you currently receiving or have you ever received disability or workers' compensation benefits for a period longer than one month? YES [ ] NO [X]

C) Please read before signing this application

By signing below, you are either applying for or have declined HomeProtector Insurance as indicated above.

If you have applied for Insurance:

- you are applying for HomeProtector Insurance coverage
- you acknowledge that your statements and answers above are complete and true, and that you have read page 3 of this application
- you have received and have been given the opportunity to read the HomeProtector Booklet and agree to be bound by its terms
- you authorize the Insurer to obtain, provide and exchange such personal information with the Insurance Service Centre as may be required for the *administration and servicing of the HomeProtector Insurance coverage*
- you acknowledge that RBC Royal Bank® is not the agent of the Insurer and no person has the authority to waive or modify any provisions of the application or Certificate of Insurance
- you authorize RBC Royal Bank to include the insurance premiums with your mortgage payment
- you understand concealment, misrepresentation or false declaration concerning this application could cause your insurance to be void
- for administrative purposes, you authorize the Insurer and the Insurance Service Centre to provide any co-borrower or guarantor of your mortgage with the status of your insurance
- you have requested this application and all related documents to be in English. (Vous avez demandé que ce document et tous les documents y afférents soient rédigés et signés en anglais.)
- you have read and understood the explanation of the "Pre-existing Condition Exclusion" on page 3
- a true copy of this authorization is as valid as the original

Signature : ____________

Date (mm/dd/yyyy) : 05 / 10 / 2010

Daytime Telephone #: [redacted]

Evening Telephone # ____________

Bank Copy

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RBC Royal Bank®

HomeProtector

Certificate of Insurance - Mortgage life, critical illness and disability insurance

This Certificate of Insurance ("Certificate") provides important details on your insurance coverage; please keep this Certificate in a safe place. Subsequent correspondence may refer to this Certificate as the "Booklet" or the "HomeProtector booklet".

HomeProtector® insurance provides group creditor life, critical illness and disability insurance underwritten by The Canada Life Assurance Company ("Insurer" or "Canada Life"), under Group Policy ("Policy") G60100, H60200 and H60101, issued to the Royal Bank of Canada including associated companies ("RBC Royal Bank") as the policyholder. Each applicant (referred to as "you") approved by the Insurer is insured under the Policy, further to your written application or your telephone conversation with a representative of RBC Royal Bank or the Insurer in which you indicated your wish to apply ("Application") for HomeProtector life or HomeProtector life and critical illness insurance or HomeProtector life and disability insurance.

Eligibility	To be eligible to apply for HomeProtector insurance, at the date of application you must be: • for life and disability insurance, at least 18 and less than 66 years old; • for critical illness insurance, at least 18 and less than 56 years old; • a Canadian resident (living in Canada at least six months out of the year); and • an individual borrower, co-borrower or guarantor of an eligible mortgage. A maximum of two people per eligible mortgage can have coverage. You cannot be insured for both critical illness and disability insurance at the same time on the same mortgage. If applying for critical illness insurance, you must also have or be applying for HomeProtector life coverage. If applying for disability insurance, you must also have or be applying for HomeProtector life coverage and be actively working on the date of application. Actively working means you are • gainfully employed in full-time or self-employment at least 20 hours a week; or • on maternity or parental leave but capable of performing the regular duties of your employment or occupation; or • employed seasonally for at least 20 hours a week during the work season, which has a beginning and end, and you have a proven work history as a seasonal employee, you expect to return to the same occupation the next season and you are currently capable of performing the regular duties of your seasonal employment. An eligible mortgage is an RBC Royal Bank mortgage that is secured by a residential property that is: • either your own home, a rental or seasonal cottage property; or • under the On-Reserve Housing Program, the First Nation On-Reserve Program or the Chattel Loan Insurance Program (CLIP); and is <u>not</u>: • secured by a residential property that is a multiple family dwelling of more than six units; • an interest-only payment structure on a fully advanced mortgage; or • a self-directed RRSP mortgage. Note: The mortgage must be in good standing for it to be considered an eligible mortgage.
Confirmation of Coverage	If you answered No to all the health questions in the Application then your application for coverage is automatically approved. If you answered Yes to any of the health questions in the Application your application is <u>not</u> automatically approved and you must complete a separate health assessment. In this case, the Insurer will send you written notice of approval or refusal of your application.
When coverage begins	Your insurance coverage begins on the date your HomeProtector Application is approved. Note: No benefit will be paid until funds have been fully advanced by RBC Royal Bank
When coverage ends	Your insurance coverage ends on the <u>earliest</u> of the following dates: • the date the mortgage is paid in full, discharged (unless exercising your portability option without adding additional funds) or assumed in writing by some other person; • the date the principal balance of your mortgage increases; • the date the Insurance Service Centre receives your written request to cancel your life, critical illness or disability insurance; • the date that all or part of your insurance premiums are 90 days overdue; • the last day of the month in which you turn 70 years of age; please note that your mortgage will not be insured for the full duration of the amortization period if the amortization period of your mortgage extends beyond your 70th birthday; • the date you are no longer the borrower, co-borrower or guarantor of the mortgage; • the date you die; or • the date the group policy for life, critical illness or disability coverage terminates. Your critical illness or disability coverage also ends on the date your life coverage ends. Your critical illness coverage also ends on the date you are Diagnosed with a Covered Illness for which the Insurer pays a critical illness insurance claim. <u>Critical illness insurance also ends and premiums are refunded if</u> a Diagnosis of Cancer or signs, symptoms or investigations leading to a Diagnosis, occurs within 90 days of your coverage effective date.
Temporary coverage	If it is necessary for the Insurer to assess your HomeProtector application and RBC Royal Bank has approved your mortgage, HomeProtector insurance provides temporary insurance for you during the assessment period, with the following conditions: • HomeProtector insurance will only pay a life insurance benefit and only if you die as a result of an accidental injury. Accidental injury is a bodily injury resulting from an accident, directly and independently of all other causes. An accident is a sudden, violent and unforeseen external event, which does not include medical conditions or treatment for medical conditions; • the benefit is the amount that would have been paid had your HomeProtector application been accepted; • no benefit will be paid if your accidental death was the result of you committing or attempting to commit a criminal offence regardless of whether charges are laid or a conviction obtained; • no benefit will be paid if your accidental death was caused directly or indirectly by suicide or intentional self-inflicted injury;

HomeProtector

Certificate of Insurance - Mortgage life, critical illness and disability insurance

Your temporary insurance will end on the earlier of the following dates:

- the 30th day following the date of your Application; or
- the date that the Insurer reaches a final decision on your Application.

Life insurance

Provided you meet the terms and conditions of your Certificate of Insurance, in the event of death, the Insurer will pay RBC Royal Bank the insured mortgage balance(s) owing at your date of death, to a maximum of $750,000 for all of your insured mortgages combined. The insured mortgage balance consists of the unpaid principal balance(s); mortgage interest and insurance premiums in arrears from the mortgage payment due date immediately prior to death to a maximum of five years; any pre-payment charges; any overdrawn balance in your property tax account; and any "cash back option" penalty amount owing and included in the existing balance on the payout statement.

Pro-rated Coverage - If, when coverage begins, the total of all mortgages to be insured under HomeProtector insurance exceeds $750,000, premiums are only calculated on the $750,000 maximum, and the benefit paid is pro-rated.

For example: If the mortgage balance was $780,000 at the time of the insurance application and the balance owing at the date of death is $380,000, the benefit payable is $750,000 ÷ $780,000 x $380,000 = $365,384. If you are jointly insured, the Insurer will pay the insured mortgage balance upon the first death, and insurance coverage will remain in effect for the other insured borrower (if a balance is not paid in full).

Note: All life benefits paid by the Insurer are applied directly to your insured mortgage account(s).

Cost of life insurance

Your life insurance premium is based on your age and the amount of your mortgage at the time you apply for insurance. If the total of all your insured RBC Royal Bank mortgages, plus any mortgage for which you are applying for HomeProtector insurance exceeds $750,000, you will pay a premium on only amounts up to $750,000.

Monthly premium rate per $1,000 of initial insured mortgage balance	Age	18-30	31-36	37-41	42-45	46-50	51-55	56-60	61-65	66-69*
	Single	$0.09	$0.13	$0.20	$0.29	$0.40	$0.52	$0.70	$0.95	$1.63
	Joint	$0.15	$0.22	$0.34	$0.48	$0.68	$0.88	$1.19	$1.62	$2.77

Provincial sales tax will be added to your premium where applicable.

* Applicable only to clients refinancing or adding on to their existing HomeProtector insured mortgage.

The cost of joint coverage is calculated using the joint rate and the age of the older person.

For example: You and your co-borrower have a $200,000 mortgage and you want to insure it with HomeProtector life insurance. You are 35 years old and your co-borrower is 30 years old. The premium rate for the HomeProtector life insurance joint coverage will be based on the age of the older person. The premium rate will be $0.22 per $1,000 of initial insured mortgage balance. The premium will be calculated as follows: ($200,000 ÷ $1,000) x $0.22 = $44 per month + PST where applicable.

If you add on to or refinance your mortgage, you must reapply for insurance coverage, and premiums will be calculated based on your age and balance at the time of your new application for insurance (see *Refinancing and HARP*).

Critical illness insurance

Provided you meet the terms and conditions of this Certificate of Insurance, if you are Diagnosed with Cancer (Life-Threatening), Heart Attack, or Stroke (see *Covered Illnesses*) while you are insured under this Certificate, the Insurer will pay RBC Royal Bank the insured mortgage balance(s) owing at the date of Diagnosis, to a maximum of $300,000 for all of your insured mortgages combined.

The insured mortgage balance consists of the unpaid principal balance(s); mortgage interest and insurance premiums in arrears from the mortgage payment due date immediately prior to date of Diagnosis to a maximum of five years; any pre-payment charges; any overdrawn balance in your property tax account; and any "cash back option" penalty amount owing and included in the existing balance on the payout statement.

Pro-Rated Coverage - If, when coverage begins, the total of all mortgages to be insured under HomeProtector insurance exceeds $300,000, premiums are only calculated on the $300,000 maximum, and the benefit paid is pro-rated.

For example: If the mortgage balance was $400,000 at the time of the insurance application and the balance owing at the date of Diagnosis is $350,000, the benefit payable is $300,000 ÷ $400,000 x $350,000 = $262,500. If you are jointly insured, the Insurer will pay the insured mortgage balance upon the first date of Diagnosis; critical illness insurance coverage will remain in effect for the other insured borrower (if a balance is not paid in full).

Note: All critical illness benefits paid by the Insurer are applied directly to your insured mortgage account(s).

Covered Illnesses

This section contains specialized medical terms; if you have questions, please contact your medical doctor.

Diagnosis means the determination of the nature and circumstances of a medical condition, made in writing by a medical doctor who has been trained in and certified by a specialty examining board in Canada in the specific area of medicine relevant to the Covered Illness, and who is not yourself, your relative, or your business associate.

Cancer (Life-Threatening) is defined as a definite Diagnosis of a tumour, which must be characterized by the uncontrolled growth and spread of malignant cells and the invasion of tissue.

Exclusion: Cancer (Life-Threatening) does not include, and no benefit will be payable under this condition for:

- Carcinoma in-situ; Malignant melanoma skin cancer that is less than or equal to 1.0mm in thickness, unless it is ulcerated or is accompanied by lymph node or distant metastasis;
- Any non-melanoma skin cancer, without lymph node or distant metastasis;
- Prostate cancer classified as T1a or T1b, without lymph node or distant metastasis; or
- Papillary thyroid cancer or follicular thyroid cancer, or both, that is less than or equal to 2.0cm in greatest diameter and classified as T1, without lymph node or distant metastasis.

Heart Attack is defined as a definite Diagnosis of the death of heart muscle due to obstruction of blood flow, which results in the rise and fall of biochemical cardiac markers to levels considered diagnostic of myocardial infarction, with at least one of the following:

- Heart attack symptoms;
- New electrocardiogram (ECG) changes consistent with a Heart Attack; or
- Development of new Q waves during or immediately following an intra-arterial cardiac procedure including, but not limited to, coronary angiography and coronary angioplasty.

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HomeProtector

Certificate of Insurance - Mortgage life, critical illness and disability insurance

Exclusion: Heart Attack does not include, and no benefit will be payable under this condition for:

- ECG changes suggesting a prior myocardial infarction; or
- Elevated biochemical cardiac markers as a result of an intra-arterial cardiac procedure including, but not limited to, coronary angiography and coronary angioplasty in the absence of new Q waves.

Stroke is defined as a definite Diagnosis of an acute cerebrovascular event caused by intra-cranial thrombosis or haemorrhage, or embolism from an extra-cranial source, with:

- Acute onset of new neurological symptoms; and
- New objective neurological deficits on clinical examination, persisting for more than 30 days following the date of Diagnosis. These new symptoms and deficits must be corroborated by diagnostic imaging testing.

Exclusion: Stroke does not include, and no benefit will be payable under this condition for:

- Transient Ischemic Attacks, also referred to as mini stroke;
- Intracerebral vascular events due to trauma; or
- Lacunar infarcts which do not meet the definition of Stroke as described above.

Cost of critical illness insurance

Your insurance premium is based on your age and the amount of your mortgage at the time you apply for insurance. If the total of all your insured RBC Royal Bank mortgages, plus any mortgage for which you are applying for HomeProtector insurance exceeds $300,000, you will pay a premium on only amounts up to $300,000.

Monthly premium rate per $1,000 of initial insured mortgage balance	Age	18-30	31-36	37-41	42-45	46-50	51-55	56-60*	61-65*	66-69*
	Single	$0.10	$0.16	$0.24	$0.44	$0.66	$0.99	$1.89	$2.49	$2.79
	Joint	$0.17	$0.27	$0.41	$0.75	$1.12	$1.68	$2.87	$4.22	$4.74

*Applicable only to clients with Prior Coverage Recognition (see *Prior Coverage Recognition (PCR)*) on their existing HomeProtector insured mortgage.

Provincial sales tax will be added to your premium where applicable. The cost of joint coverage is calculated using the joint rate and the age of the older person.

Example: You and your co-borrower have a $200,000 mortgage and want to insure it with HomeProtector critical illness insurance. You are 36 years old and your co-borrower is 30 years old. The premium rate for the HomeProtector critical illness insurance joint coverage will be based on the age of the older person. The premium rate will be $0.27 per $1,000 of initial insured mortgage balance. The premium will be calculated as follows: ($200,000 ÷ $1,000) x $0.27 = $54 per month + PST where applicable.

If you add on to or refinance your mortgage, you must reapply for insurance coverage, and premiums will be calculated based on your age and balance at the time of your new application for insurance (see *Refinancing and HARP*).

Refinancing and HARP

If you add on to or refinance your mortgage, you must reapply for insurance coverage, and premiums will be calculated based on your age and balance at the time of your new application for insurance. You are considered to have added on to or refinanced your mortgage if the balance of your mortgage increases. If you add on to or refinance your existing HomeProtector insured mortgage, insurance coverage terminates, and you need to reapply for coverage on the new mortgage amount. However, if:

- you increase your existing mortgage balance (i.e. add on/refinance) by $100,000 or less; and
- you reapply for the same type of coverage on your new mortgage, before it is advanced; and
- for life and/or disability insurance - you are less than 70 years of age and the total of all your insured RBC Royal Bank mortgages, plus any mortgage for which you are applying for HomeProtector life and/or disability insurance is $750,000 or less; and/or
- for critical illness insurance - you are less than 56 years of age and the total of all your insured RBC Royal Bank mortgages, plus any mortgage for which you are applying for HomeProtector critical illness insurance is $300,000 or less;

then you are not required to:

- answer the application health questions; or
- be actively at work at the time of the add-on/ refinance.

This special consideration is called the HomeProtector Insurance Add-On/Refinance Program (HARP). Your answers to the health questions on your previous HomeProtector application for the mortgage prior to the Add-On/Refinance, plus any evidence of your insurability submitted with respect to that application, shall be deemed to be information relating to the application submitted under HARP. As well, to be eligible for HomeProtector insurance under HARP, you must have been eligible for HomeProtector insurance at the time you applied for coverage on your mortgage prior to the Add-On/Refinance, which includes being actively at work for disability insurance.

Prior Coverage Recognition (PCR)

If you are increasing your existing mortgage balance and reapplying for HomeProtector coverage within 30 days of your previous coverage ending, and

- your application is declined by the insurer for health reasons; or
- you are over the maximum age to be able to apply for life or critical illness coverage,

then, the insurer will recognize your prior HomeProtector life and/or critical illness insurance coverage by granting you life and/or critical illness coverage on the proportion of your new mortgage balance that equals the lesser of the closing insured balance of your previously insured mortgage or the plan maximum.

For example - Life PCR: You refinance your existing HomeProtector insured mortgage to $410,000. The closing balance, prior to refinancing, was $280,000. You reapply for coverage within 30 days of your previous coverage ending, and your application is declined for health reasons. The Prior Life Insurance Coverage Recognition feature entitles you to HomeProtector life insurance coverage of 68% of your new outstanding mortgage balance (i.e. $280,000 ÷ $410,000). In this example, your life coverage will always be 68% of your outstanding mortgage balance. Therefore, if on the date you die, your outstanding mortgage balance has declined to $200,000, the benefit payable would be 68% of $200,000, which is $136,000.

For example - Critical Illness PCR: You refinance your existing HomeProtector insured mortgage to $410,000. The closing balance, prior to refinancing, was $280,000. You reapply for coverage within 30 days of your previous coverage ending, and

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HomeProtector

Certificate of Insurance - Mortgage life, critical illness and disability insurance

your application is declined for health reasons. The Prior Critical Illness Insurance Coverage Recognition feature entitles you to HomeProtector critical illness insurance coverage of 93% of your new outstanding mortgage balance (i.e. $280,000 ÷ the plan maximum of $300,000). In this example, your critical illness coverage will always be 93% of the lesser of your outstanding mortgage balance or the plan maximum. Therefore, if on the date of Diagnosis, your outstanding mortgage balance has declined to $200,000, the benefit payable would be 93% of $200,000, which is $186,000.
The life and/or critical illness insurance premiums for Prior Coverage Recognition are based on your age at the time of your new application and your outstanding mortgage balance prior to reapplying for HomeProtector coverage.

Construction Mortgages

In the case of a construction mortgage, life and critical illness insurance is available while your home is under construction and begins once you are approved for the coverage. A benefit will only be paid when the mortgage is fully advanced. Please note that no premiums are collected until regular mortgage payments of principal, interest and insurance begin.

Disability Insurance

Provided you meet the terms and conditions of your Certificate of Insurance, in the event of disability*, the insurer will pay your regular insured mortgage payment of principal, interest and insurance premiums (excluding property tax instalments) to RBC Royal Bank for a maximum of 24 months. The insurer will not pay more than $3,000 each month for all your insured mortgages combined, including insurance premiums. There is a waiting period of 60 days before disability benefits are payable.
Disability payments will end on the <u>earliest</u> of the following dates:

1. The date your disability ends or you return to work;
2. The date you become engaged in any business, occupation or undertaking for wages or expectation of profit;

For either of the dates above, it is your responsibility to inform the insurer that either of these events has occurred. Also, in these cases, as long as the maximum benefit of 24 months of disability payments has not been paid, the insurer will make additional payment(s) depending on your regular payment schedule, as follows:

- One additional regular monthly payment, if your regular payment is made monthly; or
- 2 additional regular bi-weekly payments, if your regular payment is made bi-weekly; or
- 2 additional regular semi-monthly payments, if your regular payment is made semi-monthly; or
- 4 additional regular weekly payments, if your regular payment is made weekly.

3. The date that 24 months of disability payments have been made on your behalf;
4. The date your HomeProtector life or disability insurance coverage ends; or
5. The date you refinance or add on to your mortgage while disabled.

If you have joint coverage and both of you are disabled, payment of benefits will continue until each of you recover, to a maximum of 24 months for the person who was disabled last. However, at no time will the benefit be more than the monthly equivalent of the regular mortgage payment to a maximum of $3,000 for all your insured mortgages combined.
Note: The insurer will adjust your disability benefit to reflect any change in a mortgage payment that is the result of a change in the interest rate you are charged.
*A disability is a sickness, injury, mental illness or nervous disorder that completely prevents you from performing the regular duties of:

- the occupation(s) in which you were engaged immediately before the date you became disabled; or
- your principal occupation, if you are a seasonal employee and you become disabled between seasons; or
- if you are retired, your occupation prior to retirement.

To qualify for disability benefits, and to continue receiving these benefits, you must:

- be under the continuous care of a physician who is licensed to practice medicine in Canada or, in the case of mental illness, or nervous disorder, including anxiety, depression and behavioural disorders, under the continuous care of a psychiatrist or psychologist. The physician, psychiatrist or psychologist treating you for your disability must be someone other than yourself or a family member;
- not be engaged in any activity for wages or expectation of profit; and
- provide proof of your disability claim satisfactory to the insurer, and continue to provide proof of your disability claim whenever the insurer may request it, at your expense.

The insurer may request, at its own expense, a medical examination by a physician appointed by them or an examination at a rehabilitation facility.
Note: All disability benefits paid by the insurer are applied directly to your insured mortgage account(s).

Cost of disability insurance

Disability insurance premiums are based on your age at the time of your application for disability insurance and the amount of your current mortgage payment of principal, interest and life insurance premium.

Premium rates per $100 of mortgage payment	Age	18-30	31-36	37-41	42-45	46-50	51-55	56-60	61-65	66-69*
	Single	$1.41	$1.79	$2.24	$2.84	$3.47	$4.34	$5.48	$6.38	$6.83
	Joint	$2.68	$3.40	$4.26	$5.40	$6.59	$8.25	$10.41	$12.12	$12.98

Provincial sales tax will be added to your premium where applicable.
* Applicable only to clients refinancing or adding on to their existing HomeProtector insured mortgage.
The cost of joint coverage is calculated using the joint rate and the age of the older person. Since the disability premium is calculated based on your mortgage payment, increasing your mortgage payment will also increase your disability premium.
For example: You and your co-borrower have a mortgage on your home for which you must make a monthly payment of $1,000 (which includes principal, interest and your life insurance premium); and you want to insure your mortgage with joint HomeProtector disability insurance. You are 35 years old and your co-borrower is 30 years old. The premium rate for the HomeProtector disability insurance joint coverage will be based on the age of the older person. The premium rate will be $3.40 per $100 of mortgage payment.
The premium will be calculated as follows: ($1,000 ÷ $100) x $3.40 = $34.00 per month + PST where applicable.

Concurrent or Overlapping disabilities

In case of individual concurrent or overlapping disabilities
If your initial disability develops into another related condition, so that you are disabled from a new disability that is the direct or indirect result of the initial disability, this will be considered as one period of disability and the 24 month maximum benefit

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	period will be calculated from the occurrence of the initial disability. This is known as a concurrent disability. If you sustain a second or further unrelated disability during the benefit period of your initial disability that continues to be disabling beyond the end of the initial disability, this is known as an overlapping disability and a new claim for benefits can be submitted, subject to the following: • The medical condition causing the overlapping disability must be unrelated to the initial disability; • The overlapping disability must have commenced after the initial disability began; and • If the claim for your overlapping disability is approved and you are still disabled by it, after your initial disability has ended or the maximum benefit period has been paid, benefits for your overlapping disability will only start after benefits on your initial claim have stopped, subject to a new 60 day waiting period starting as of the date of the last benefit for the first disability. A new maximum benefit period of 24 months will begin. For example: You initially became disabled on May 1, 2009. You submit a claim and it is approved and therefore benefits commence on July 15, 2009. You sustain an overlapping disability on March 1, 2010. You then submit and are approved for that second claim. As of March 1, 2010 you are still receiving benefits from your initial claim, which then stop after the payment on April 15, 2010 (because you recovered from your initial disability on March 15, 2010). As of March 15, 2010, if you are still disabled from the second disability, you will start to receive benefits on June 15, 2010 (first payment date after the 60 day waiting period) and they will continue until the earliest of the five dates for termination set out in the *Disability Insurance* section, up to a maximum of 24 months, which will be calculated from June 15, 2010. If you recover from a disability, but your disability recurs within 21 consecutive and complete days, lasts for at least five consecutive and complete days of work, and is due to the same cause or causes, then the Insurer will still consider this to be one continuous period of disability. In such cases, the Insurer begins paying your disability benefits effective immediately after this temporary period of recovery, without any waiting period.
30 day free look and how to cancel coverage	This insurance coverage is voluntary. If you cancel your insurance coverage within 30 days of the later of the following dates: • the date your HomeProtector Application is approved; or • the date the funds are advanced or made available for use, then a full refund of your premiums will be issued, if any have been collected, provided no claim has been made. To cancel this insurance, you must send a written request signed by all borrowers and guarantors to the Insurance Service Centre (see *Contact Information*). In the event you cancel your insurance, your final premium will be adjusted to reflect insurance costs up to and including the date your request is received by the Insurance Service Centre.
Limitations and exclusions	In addition to the pre-existing condition exclusion and benefit maximums, waiting period and maximum disability benefit period, HomeProtector Insurance is subject to other limitations and exclusions, including that no benefit is payable if you commit suicide within two years of the date your insurance coverage begins, or your death, critical illness or disability is directly or indirectly the result of your committing or attempting to commit a criminal offence. If you have failed to disclose information or have given incorrect information relating to the application (or earlier HomeProtector applications if made within 2 years of the date of your death), coverage may be void and the Insurer may not pay a benefit. No disability benefit is payable if your disability is directly or indirectly the result of intentional self-inflicted injury, your pregnancy, other than physical complications of pregnancy, or your alcoholism or drug addiction, unless you maintain satisfactory participation in a rehabilitation program approved by the Insurer and your participation began during the waiting period and continues throughout the benefit period. Additionally, no critical illness benefit is payable if your claim is a result of, relates to or is associated with your use of illegal or illicit drugs or substances, your misuse of medication obtained with or without a prescription, or, within 90 days of your coverage effective date, a Diagnosis of Cancer occurs or you have signs, symptoms or investigations leading to a Diagnosis of Cancer, regardless of when the Diagnosis is made. Please also see the *Covered Illnesses* section for additional exclusions.
Pre-existing condition exclusion	The Pre-existing Condition Exclusion means that the Insurer will NOT pay a benefit if: 1. You have received treatment (meaning advice, consultation, care or service from a health care provider), taken pills, injections, or any other form of medication or consulted a health care provider, for any health condition or symptoms of a health condition, whether diagnosed or not, in the 12 months before you re-applied for life, disability or critical illness insurance due to refinancing or adding on to your mortgage under HARP, AND 2. • for a life claim, you died within the first 12 months after you re-applied for life insurance under HARP; • for a disability claim, you became disabled within 12 months after you re-applied for disability insurance under HARP; • for a critical illness claim, you were diagnosed with the critical illness within 24 months after you re-applied for critical illness insurance under HARP; AND 3. Your death, disability or critical illness for which a claim is submitted is a result of or related to a health condition referred to in (1) above.
Submitting a claim	Claim forms and more information on the claims process can be obtained from your RBC Royal Bank branch or by contacting the Insurance Service Centre at 1-800-769-2523. Life claim forms must be received by the Insurer within one (1) year from the date of death. Critical illness claim forms must be received by the Insurer within 180 days from the date of Diagnosis. Disability claim forms must be received by the Insurer within 180 days from the day the disability started. You must provide medical evidence required to support the claim at your expense. You or your authorized representative will be notified in writing of a decision to approve or deny your claim by the Insurer within 30 days of the Insurer receiving all information required upon which to make a decision. Important: You are responsible for all your regular mortgage payments until you have been advised by the Insurer that your claim has been approved.
Additional Information	• Royal Bank of Canada receives compensation from the Insurer when you enrol in this insurance. • On request, you or a claimant under the contract will be provided with a copy of your application and any evidence of your insurability provided to the Insurer, subject to limits prescribed by law. On reasonable notice, the Insurer will provide you or a claimant under the contract with a copy of the group policy. • 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 (for actions or proceedings governed by the laws of Alberta and British Columbia), The Insurance Act (for actions or proceedings governed by the laws of Manitoba), the

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HomeProtector

Certificate of Insurance - Mortgage life, critical illness and disability insurance

	Limitations Act, 2002 (for actions or proceedings governed by the laws of Ontario), or in other applicable legislation. For those actions or proceedings governed by the laws of Quebec, the prescriptive period is set out in the Quebec Civil Code. • All premiums, terms and conditions are subject to change with 60 calendar days' written notice. • Any overpayment resulting from a determination that benefits already paid were not payable under the terms of this coverage must be repaid by you or your estate within 30 days.
Electronic Agreement	If you apply for or vary the terms of your insurance coverage by way of an electronic agreement, such agreement shall be deemed to have been signed and/or delivered and to constitute a "writing" for the purpose of any law requiring the agreement to be signed. Any electronic agreement that is entered into or accepted by you, or in your name or purported to be entered into and accepted by you, will be considered to be binding upon you.
Privacy & Confidentiality	RBC Insurance Services Inc. and Canada Life recognize and respect the importance of privacy. When you apply for coverage, we establish a confidential file that contains your personal information. Information regarding the underwriting of the insurance, if any, and any claim will be held by the insurer. Information regarding the administration and servicing of the insurance including insurance forms will be held by RBC Insurance Services Inc. and the insurer. These files are kept in the offices of RBC Insurance Services Inc. and the insurer or the offices of an organization authorized by RBC Insurance Services Inc. and Canada Life. You may exercise certain rights of access and rectification with respect to the information in your file by sending a request in writing to RBC Insurance Services Inc. or Canada Life to their respective addresses (see *Contact Information*). Access to your file will be limited to employees, representatives and service providers of the insurer responsible for underwriting, servicing, administration, investigations and claims, and to employees of RBC Royal Bank and RBC Insurance Services Inc. responsible for servicing and administration, and any other person you authorize. The insurer and RBC Insurance Services Inc. may use service providers located within or outside Canada. Your personal information may be subject to disclosure to those authorized under applicable law within or outside Canada. Personal information that we collect will be used by the insurer for the purposes of determining your eligibility for coverage and administering the group benefits plan. This includes investigating and assessing claims, and creating and maintaining records concerning our relationship. For a copy of the insurer's Privacy Guidelines, or if you have questions about the insurer's personal information policies and practices (including with respect to service providers), write to Canada Life's Chief Compliance Officer at Chief_Compliance_Officer@canadalife.com or refer to www.canadalife.com.®
Contact Information	If you have any questions, call the Insurance Service Centre at 1 800 ROYAL 23 OR 1 800 769-2523, weekdays, 8:00am to 10:00pm ET. By mail, RBC Insurance Services Inc., c/o Insurance Service Centre, P.O. Box 53, Postal Station A, Mississauga ON, L5A 2Y9. You can also find information online at www.rbcroyalbank.com. You may also contact The Canada Life Assurance Company at 1-800-554-5577 or by mail, 330 University Avenue, Toronto ON, M5G 1R8.

3 HomeProtector Distribution Guide for Quebec residents.

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RBC Royal Bank®

E-FORM 4831 (09/2012)

Tel: 1-800-ROYAL 2-3
1-800-769-2523
Fax: (905) 813-4810
1-800-864-6102

RBC Insurance Services Inc.
Insurance Service Centre
P.O. Box 53, Station A
Mississauga, Ontario L5A 2Y9

November 6, 2014

Account Number:

Re:

Dear

The HomeProtector® life benefit claim fo.) has been approved for the above mortgage, by the Insurer, The Canada Life Assurance Company.

As a result, the mortgage has been paid in full. Also, a refund in the amount of $30.50 for payments made after the date of death is enclosed.

RBC Royal Bank will register a discharge of your mortgage with the appropriate land titles office on your behalf, releasing the interest of RBC Royal Bank in the property.

We are pleased to be able to assist you during this critical time. If you have any questions, or if there is anything else we can do, please contact us at 1-800-ROYAL 2-3 (1-800-769-2523). If you are an Online Banking client you can also contact us through Online Banking.

Sincerely,

Creditor Insurance Operations

Enclosure :
Draft 52035421 8-516

TOR ON-BC MORTGAGE CTR-VAN
10 YORK MILLS RD-3RD FLR
TORONTO ON M2P 0A2

Royal Bank® Mortgage Statement

For January 1, 2014 to November 6, 2014†

Mortgage Number	[redacted]
Mortgage Description	Conventional
Current Interest Option	Fixed Rate
Rate◊ as of January 1, 2014	3.690%
Rate◊ as of November 6, 2014	2.940%
Amortization Remaining	

RBCM620100_1995786_001 E 5 01420 00171

PROPERTY ADDRESS

If the above address is incorrect, please contact your local branch.

Please keep this statement for your records

For questions about your statement, please visit your branch or call us at 1-800-769-2511.

YOUR MORTGAGE AT A GLANCE

Principal paid this statement period	-$ 196,060.19
Interest paid this statement period	$ 5,588.02
Principal Balance Remaining	$ 0.00

TRANSACTION SUMMARY

Principal Balance as of January 1, 2014	$ 195,771.77
Principal payments	-$ 196,060.19
Skip-a-Payment® options used 1	$ 211.08
Other adjustments	$ 77.34
Principal Balance as of November 6, 2014	$ 0.00

INTEREST SUMMARY

Interest paid this statement period	$ 5,588.02

REGULAR PAYMENT SUMMARY

Payment frequency	Bi-weekly Accelerated
Principal & Interest Payment	$ 646.32
HomeProtector®† Insurance premium	$ 16.97
Total Regular Payment	$ 663.29

HOMEPROTECTOR®† INSURANCE SUMMARY

Your mortgage has Single Life & Disability Insurance coverage.
Any errors in the above insurance coverage must be reported to 1-800-769-2523 within the next 60 days.

JTA0154738-0000341-00171-0001-0001-00

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