

## Equation Generation IV Universal Life Compensation Change October 12, 2010 - Transition Rules

As one of Canada's largest mutual life insurance companies, our policyholders have an ownership interest in the company and we are committed to delivering long-term financial value through strong and profitable products.

Over the past 2 years the economy has been slow to recover from the recession which is seen through continued downward pressure in fixed interest rate investments. The yield on long-term bonds remains consistently low and this is negatively impacting the profitability of life insurance products with long-term investment guarantees across the industry.

Level cost of insurance options within UL products are the most sensitive to these low bond yields because of the many guarantees built into the product pricing that are supported by these yields. This market makes it increasingly difficult to maintain competitive Level COI rates and strong guarantees; therefore:

### Effective October 12, 2010, the following changes will take effect for Equation Generation IV Universal Life coverages with Level Cost of Insurance:

- First Year Commissions (FYC) on Equation Generation IV coverages issued with Level Cost of Insurance will be lowered to 45%.
- The Equitable Sales Illustration system has not yet been updated to reflect this change. Programming changes are being made and will be included with the next release. Until then, it is important to note that the Estimated Commission report is over estimating what will be paid.

| What First Year Commission (FYC) rate is payable for Equation Generation IV with Level Cost of Insurance? |                  |   |
|---|------------------|---|
| Application received...   | New Applications | Applications for changes to in force policies |
| Before the close of business (5:00 p.m. EDT) on Friday, October 8, 2010                                   | 60%              | 60%   |
| After the close of business (5:00 p.m. EDT) on Friday, October 8, 2010                                    | 45%              | 45%   |

Application received date refers to the date the application is received at Equitable Life of Canada's Head Office location at 1 Westmount Rd. North, Waterloo, Ontario.

### Questions?

We look forward to your continued success. If you require clarification or further details about the transition rules, please contact our Customer Service Representatives at 1-800-668-4095.