Appendix 1
Fund Facts for mutual funds

XYZ Mutual Funds

FUND FACTS

XYZ Canadian Equity Fund
June 30, 2006

Quick facts

Date fund created:	January 1, 1996	**Portfolio manager:**	Capital Asset Management Ltd.
Total value on June 30, 2006:	$1 billion	**Distributions:**	Annually, on December 15
Annual expenses, as a % of the fund's total value (also called the MER):	2.25%		

What does the fund invest in?

The fund invests in Canadian companies. They can be of any size and from any industry. The charts below give you a snapshot of the fund's investments on June 30, 2006. The fund's investments will change.

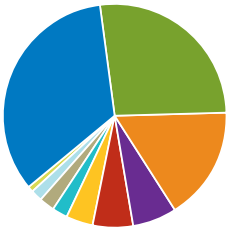
Top 10 investments (June 30, 2006)

1. Royal Bank of Canada
2. Encana Corp.
3. Petro-Canada
4. Alcan Inc.
5. Canadian National Railway Company
6. Goldcorp Inc.
7. Extendicare Inc.
8. Husky Energy
9. Open Text
10. Thomson Corp.

Total investments	**126**

The top 10 investments make up 32% of the fund.

Investment mix (June 30, 2006)



Industry	
Financial services	34.0%
Energy	26.6%
Industrial goods	16.5%
Business services	6.4%
Telecommunication	5.9%
Hardware	3.7%
Healthcare services	2.3%
Consumer services	2.1%
Media	1.9%
Consumer goods	0.6%

How has the fund performed?

This section tells you how the fund has performed over the past 10 years. Returns are after the annual expenses have been deducted. These expenses reduce the returns you get on your investment.

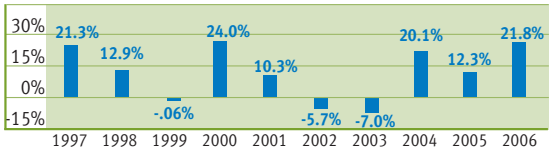
It's important to note that this doesn't tell you how the fund will perform in the future.

Average return

A person who invested $1,000 in the fund 10 years ago now has $2,682. This works out to an average of 10% a year.

Year-by-year returns

This chart shows how the fund has performed in each of the past 10 years. There were three years when people who owned this fund lost some of the money they had at the start of the year.



How risky is it?

When you invest in a fund, the value of your investment can go down as well as up. This fund has moderate risk.

Very low	Low	Low to moderate	**Moderate**	Moderate to high	High

Are there any guarantees?

Mutual funds don't have any guarantees. You may not get back the amount of money you invest.

Who is this fund for?

Investors who:

- are looking for a long-term investment
- want to invest in a broad range of Canadian companies
- can handle the ups and downs of the stock market.

! Don't buy this fund if you need a steady source of income from your investment.

How much does it cost to buy?

You may have to pay a sales charge. The table below outlines your options. Ask your adviser to explain the pros and cons of each option. Your adviser can also tell you about other sales charge options available on similar funds.

Your sales charge options (✓ Choose one)	What you pay		What else you should know
	(In per cent %)	**(In dollars $)**	
☐ Initial sales charge	0 to 4% when you buy	0 to $40 on every $1,000 you buy	• You and your adviser negotiate the rate. • The initial sales charge is deducted from the amount you buy. That means less of your money is invested in the fund. • Ask your adviser to tell you the sales charge on the amount you're buying.
☐ Deferred sales charge	**If you sell within:** 1 year of buying 6.0% 2 years of buying 5.0% 3 years of buying 4.0% 4 years of buying 3.0% 5 years of buying 2.0% 6 years of buying 1.0% After 6 years none	0 to $60 on every $1,000 you sell	• This is a set schedule. • The deferred sales charge is deducted from the amount you sell. That means you get less of your money back.

How does my adviser get paid?

- Your adviser gets a commission when you buy the fund, unless they choose to waive it.
- Your adviser also gets an ongoing commission for as long as you hold the fund. This is called a "trailing commission".
- The commission rates depend on the sales charge option you choose. Your adviser can tell you the commission rates for this fund, and how they compare with similar funds.
- XYZ Mutual Funds pays the commissions to the company your adviser works for. The company pays your adviser some or all of these commissions.
- The commissions are part of the fund's annual expenses.

What if I change my mind?

- You can cancel your purchase by notifying your adviser in writing within two business days after you buy.
- You'll get back the amount you invested or less if the value of the fund has gone down.
- You'll also get back any sales charges you paid.

For more information

For more information about this fund or for a copy of the simplified prospectus, speak to your adviser or contact:

XYZ Mutual Funds
123 Asset Allocation St.
Toronto, ON M1A 2B3

Phone: (416) 555-5555
Toll-free: 1-800-555-5556

Email: investing@xyzfunds.com
www.xyzfunds.com

XYZ Mutual Funds

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Appendix 2
Fund Facts for segregated funds

GIANT FINANCIAL

FUND FACTS

Choice® Insurance Contract
XYZ Canadian Equity Fund (Combined Guarantee)
June 30, 2006

Quick facts

Date fund created:	January 1, 1996
Total value on June 30, 2006:	$1 billion
Portfolio manager:	Capital Asset Management Ltd
Distributions:	Annually, on December 15

Annual expenses, as a % of the fund's total value:	3.10%
Made up of:	
Fund expenses (also called the MER)	2.25%
Insurance costs	0.85%

What does the fund invest in?

The fund invests in Canadian companies. They can be of any size and from any industry. The charts below give you a snapshot of the fund's investments on June 30, 2006. The fund's investments will change.

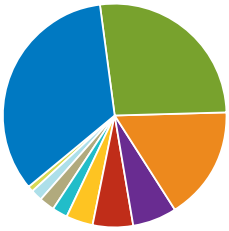
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2. Encana Corp.
3. Petro-Canada
4. Alcan Inc.
5. Canadian National Railway Company
6. Goldcorp Inc.
7. Extendicare Inc.
8. Husky Energy
9. Open Text
10. Thomson Corp.

Total investments	**126**

The top 10 investments make up 32% of the fund.

Investment mix (June 30, 2006)



Industry	
Financial services	34.0%
Energy	26.6%
Industrial goods	16.5%
Business services	6.4%
Telecommunication	5.9%
Hardware	3.7%
Healthcare services	2.3%
Consumer services	2.1%
Media	1.9%
Consumer goods	0.6%

How has the fund performed?

This section tells you how the fund has performed over the past 10 years. Returns are after the annual expenses have been deducted. These expenses reduce the returns you get on your investment.

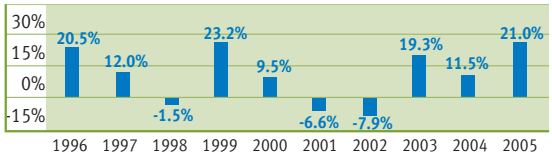
It's important to note that this doesn't tell you how the fund will perform in the future.

Average return

A person who invested $1,000 in the fund 10 years ago now has $2,482. This works out to an average of 9.3% a year.

Year-by-year returns

This chart shows how the fund has performed in each of the past 10 years. There were three years when people who held this fund lost some of the money they had at the start of the year.



How risky is it?

When you invest in a fund, the value of your investment can go down as well as up. This fund has moderate risk.

Very low	Low	Low to moderate	**Moderate**	Moderate to high	High

Are there any guarantees?

The contract comes with guarantees that protect your investment if the markets go down. You pay annual insurance costs to get these guarantees. For more details, ask your adviser or see the insurance contract *Key Facts* sheet.

Who is this fund for?

Investors who:

- are looking for a long-term investment
- want to invest in a broad range of Canadian companies
- can handle the ups and downs of the stock market.

! Don't buy this fund if you need a steady source of income from your investment.

How much does it cost to buy?

You may have to pay a sales charge. The table below outlines your options. Ask your adviser to explain the pros and cons of each option. Your adviser can also tell you about other sales charge options available on similar funds.

Your sales charge options (✓ Choose one)	What you pay		What else you should know
	(In per cent %)	**(In dollars $)**	
☐ Initial sales charge	0 to 4% when you buy	0 to $40 on every $1,000 you buy	• You and your adviser negotiate the rate. • The initial sales charge is deducted from the amount you buy. That means less of your money is invested in the fund. • Ask your adviser to tell you the sales charge on the amount you're buying.
☐ Deferred sales charge	**If you sell within:** 1 year of buying 6.0% 2 years of buying 5.0% 3 years of buying 4.0% 4 years of buying 3.0% 5 years of buying 2.0% 6 years of buying 1.0% After 6 years none	0 to $60 on every $1,000 you sell	• This is a set schedule. • The deferred sales charge is deducted from the amount you sell. That means you get less of your money back.

How does my adviser get paid?

- Your adviser gets a commission when you buy the fund, unless they choose to waive it.
- Your adviser also gets an ongoing commission for as long as you hold the fund. This is called a "trailing commission".
- The commission rates depend on the sales charge option you choose. Your adviser can tell you the commission rates for this fund, and how they compare with similar funds.
- XYZ Mutual Funds pays the commissions to the company your adviser works for. The company pays your adviser some or all of these commissions.
- The commissions are part of the fund's annual expenses.

What if I change my mind?

- You can cancel your purchase by notifying your adviser in writing within two business days after you buy.
- You'll get back the amount you invested or less if the value of the fund has gone down.
- You'll also get back any sales charges you paid.

For more information

For more information about this fund, speak to your adviser or contact:

Giant Financial
10010–101 St. NW
Edmonton AB T5J 3G8

Phone: (780) 555-1212
Toll-free: 1-800-GIANTFI
E-mail: Choice@giantfin.com
Website: www.giantfin.com

For more information about your insurance contract, speak to your adviser or see the insurance contract *Key Facts* sheet.



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Appendix 3
Key Facts for segregated funds

Individual Variable Insurance Contracts (IVICs)

IVICs are insurance contracts that provide guarantees and other features. Segregated funds are investment options available under IVICs. This appendix describes the proposed point of sale disclosure framework that the CCIR has developed for IVICs.

Key Facts

The CCIR has separately developed an additional two-page summary document prototype called "Key Facts" for IVICs. This document summarizes the key features of the IVIC. Insurers will be required give the Key Facts to investors before or at the point of sale, together with the Fund Facts for each fund that an investor selects on the application. You will find the prototype of the Key Facts at the end of this Appendix.

The Key Facts helps inform investors about the IVIC they enter into and under which segregated funds are offered. It is designed using a question-and-answer format that makes it easy for an investor to find information.

The first page includes sections on:

- why buy this product
- investment options
- guarantees

The second page includes sections on:

- choosing beneficiaries
- making withdrawals
- how to cancel the contract
- list of the segregated funds available under the contract
- where to get more information

Document testing

In the fall of 2006, the CCIR tested the Key Facts with investors and advisers, in English and in French. They wanted to evaluate the documents for:

- clarity
- readability
- organization
- usefulness
- gaps in content
- overall appeal

You will find the *Insurance Contract Document Research Report for the CCIR* prepared by Allen Research Corporation at the end of this Appendix.

The research report says that the Key Facts was appreciated by the investors and many of the advisers who we tested. They described it as an important document and much needed by industry. The report says that the Key Facts helps inform investors about segregated funds, provides a template to ensure advisers

cover the most important points and introduces a mechanism to create consistency across the industry for presentation of segregated funds.

The research report also includes suggestions for changes to the Key Facts. After reviewing the research report, the CCIR made a number of the suggested changes. The Key Facts document at the end of this Appendix reflects these changes.

Delivering the Key Facts

The delivery requirement under the proposed IVIC framework will consist of two obligations:

- The insurer will have to deliver the Key Facts to the investor before or at the time that the investor signs the application.
- Once delivered, the insurer will have to bring the Key Facts to the attention of the investor.

These obligations are designed to give investors an opportunity to review the information and ask questions before they sign the application.

If the Key Facts is delivered before the application is signed, it may be delivered by hand, by mail, by fax or electronically.

If the Key Facts is delivered when the application is signed, it will have to be delivered by hand.

Insurers will have to include a signature line on the insurance contract application for an investor to acknowledge that they have received the Key Facts.

If the insurer does not deliver the Key Facts, the existing insurance laws will apply. Where applicable, it will be an unfair or deceptive act or practice for an insurer to accept an application from an investor before delivering the information folder consisting of the Key Facts and Fund Facts for the funds selected on the application.

IVIC cooling-off right

Under the proposed IVIC framework, investors will have a cooling-off right that allows them to cancel the IVIC. This right is in addition to the cooling-off right for segregated funds described in the investor rights section of this document.

The two-day “IVIC level” cooling-off right starts on the later of:

- the day the investors signs the application to enter into the IVIC and
- the day that the policy is delivered

The investor will get back the lesser of:

- the amount initially contributed to the segregated funds offered under the IVIC
- the value of their investments in those segregated funds on the date they exercise the cooling-off right

The investor will also receive any sales charges or other fees paid. The investor will not pay any cancellation fees.

The investor will have to give written notice to the insurer if they want to exercise their cooling-off right.

Right for misrepresentation

Under the proposed framework, the Key Facts will be incorporated by reference into the IVIC. This means that if there is a misrepresentation in the Key Facts, the existing laws will apply and the investor will have the right to take action against the insurer for breach of contract.

Question about misrepresentation in Key Facts

12. Are there other ways to ensure investors have a meaningful remedy for any breach of contract?

Changes to the information folder

Under the proposed IVIC framework, the information folder will consist of the Key Facts and the Fund Facts for each segregated fund that an investor selects on the application.

Regulatory requirements

The Key Facts will be subject to the requirements described below under the proposed IVIC framework.

Preparing the Key Facts

The CCIR recognizes that insurers need some flexibility to accommodate different kinds of IVICs. They also know that investors want to be able to compare different kinds of IVICs and that they want a document that is easy to read and understand.

Accordingly, some aspects of the Key Facts will be mandated, including:

- a length limit of two pages if the document is printed on the front only or one page if the document is printed on the front and back
- the items and their order
- the section headings
- the wording of some sections such as the introduction, if you change your mind and for more information
- specific components of other elements

Insurers will have flexibility within certain sections to describe features of the IVIC, for example, the reasons why an investor might enter into an IVIC and the ability to make withdrawals.

Filing the Key Facts

The insurer will have to file the Key Facts with insurance regulators annually in provinces where filing is required.

Insurers will have to update and file a new or revised Key Facts in provinces where filing is required if there is a material change to the segregated funds offered under the IVIC or to the IVIC itself. If the material change requires an amendment to the IVIC, the insurer will have to obtain a receipt for the amendment in provinces where receipting occurs before using the amended Key Facts.

Regulatory review

The Key Facts will form part of the information folder that insurance regulators will review according to their current practices.

When the review has been completed, the insurance regulator will issue a receipt in provinces where receipting occurs.

Regulators will review updates to the Key Facts that result from material changes according to their current practices and will receipt them in provinces where receipting occurs.

Changes to IVIC contracts

There will be the following changes to IVIC contracts under the proposed IVIC framework:

- The Key Facts and the Fund Facts for all segregated funds offered under the IVIC will form part of contract or be attached to the contract. Alternatively, the contract may state that the Key Facts and Fund Facts form part of the contract when they are delivered to the investor.
- The contract will have to include a statement that the insurer has to deliver the Key Facts and the Fund Facts for the segregated funds the investor selects on the application.
- The contract will have to describe the cooling-off rights available to investors.

GIANT FINANCIAL

KEY FACTS

Choice Segregated Funds



Here are the basic things you should know before you enter into a *Choice Segregated Funds* policy.

When you enter into a Choice policy, the money you put into the policy is invested in the segregated funds you choose. Your advisor will also be giving you a Fund Facts sheet with basic facts about each segregated fund that you choose.

Your advisor will go over both this sheet and the Fund Facts sheets with you.

Why buy this product?

When you invest in *Choice Segregated Funds*, you combine the growth potential of mutual funds with:

- a guarantee to protect your investment if the markets go down
- a death benefit guarantee
- an option that lets you reset your guarantee to a higher amount if your investment goes up
- possible creditor protection and tax savings.

The death benefits are available immediately, but you will have to hold the policy for 10 years or longer to get some of the other benefits. You should consider this a long-term investment.

You pay an annual insurance cost to get these benefits.

Your investment options

You can choose from the 39 segregated funds listed on the back of this page. Your adviser will help you choose the funds that are right for you.

You can change funds at any time, however:
- changing funds may affect your guarantees
- you may have to pay a sales charge when you change funds.

You'll find information about each segregated fund, including details on sales charges, in its Fund Facts document.

Choosing a guarantee

You choose the guarantee for each fund.

Guarantee option	Guarantee (as a % of amount paid in)		Annual insurance cost (as a % of the fund's total value)
	If you hold the policy for 10 years	On death	
Full	100%	100%	1.20%
Combined	75%	100%	0.85%
Basic	75%	75%	0.60%

The 100% guarantees cost more than the 75% guarantees. The insurance cost is added to the fund expenses (MER) to come to the total charge you will pay each year.

The full guarantee is not available on some higher risk funds.

If you hold the policy for 10 years or if you die, you or your beneficiaries will get the market value of your investment or the guarantee amount, whichever is **higher**. That means if the market has gone down, you or your beneficiaries will get 75% or 100% of what you paid in (depending on the guarantee you've chosen), less any fees or withdrawals you have made.

The full and combined guarantees let you reset your guarantee amount when there are gains on your investment and base the guarantee on the higher amount. Some restrictions apply.

Key Facts revised September 2006

KEY FACTS

Choosing beneficiaries	You can choose beneficiaries to inherit the guaranteed death benefit. Ask your adviser for details.
Making withdrawals	You can take out some or all of your money at any time: • sales charges and withdrawal fees may apply • withdrawals reduce the amount you get under the guarantee.
If you change your mind	You can cancel your policy by notifying Giant Financial in writing within two business days of signing an application. • you'll get back the amount you invested or less if the value of your investments has gone down • you'll also get back any sales charges you paid.

Investment fund options at September 30, 2006

Fixed income and cash equivalent funds

Money Market (XYZ)
Fixed-Income Portfolio Fund
Mortgage (XYZ)
Canadian Bond (XYZ)
Global Income (AGF)

Balanced funds

Income (XYZ)
Diversified (XYZ)
Equity/Bond
Income (Mackenzie)
Growth & Income (Mackenzie)
Balanced (Mackenzie)
Growth & Income (AGF)

Canadian equity funds

Dividend (XYZ)
Equity Index (XYZ)
Mid-Cap Canada (XYZ)
Canadian Equity (XYZ)
Dividend Growth (Mackenzie)
Larger Company (Mackenzie)
Equity (Mackenzie)
Smaller Company (Mackenzie)
Eclipse Canadian Growth

Canadian specialty funds

Real Estate (XYZ)
Canadian Opportunity (Mackenzie)
Canadian Resources (AGF)
Canadian Science and Technology (XYZ)

Foreign equity funds

U.S. Equity (XYZ)
American Growth (AGF)
International Equity (Putnam)
U.S. Mid Cap (XYZ)
Millennia III European Equity Fund

Foreign specialty funds

Asian Growth (AGF)
European Equity (Sceptre)
Emerging Markets (Mackenzie)
Japan Equity (Mackenzie)

Asset allocation funds

Conservative Portfolio Fund
Moderate Portfolio Fund
Balanced Portfolio Fund
Advanced Portfolio Fund
Aggressive Portfolio Fund

For more information

You'll find the full details about this product in your policy and application. If you have any questions, or if you would like the Fund Facts documents for any of the investment options, ask your advisor or contact:

Giant Financial
10010–101 St. NW
Edmonton AB T5J 3G8

Phone: (780) 555-1212
Toll-free: 1-800-GIANTFI
E-mail: Choice@giantfin.com
Website: www.giantfin.com

Insurance policies are regulated products. For general information about funds and insurance policies, visit the Canadian Council of Insurance Regulators website at **www.ccir-ccrra.ca**.

If you have a concern with your policy that you have not been able to resolve with your insurer, contact the Canadian Life and Health Insurance OmbudService at 1-888-295-8112 or on the web at **www.clhio.ca** .

GIANT FINANCIAL

Key Facts revised September 2006

Insurance Contract Document Research Report

For

CCIR/CCRRA

By

Allen Research Corporation

(November, 2006)

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Background & Objectives

- The Canadian Council of Insurance Regulators, the Joint Forum Project Office and their members have developed a two-page insurance contract Key Facts sheet to be used as summary information for investors in segregated funds at point of sale.
- Key Facts is intended to provide a concise, plain language summary to help consumers understand the insurance component of segregated funds. The content areas and headings will be mandated for the industry, but the exact language will not be.
- Document research was conducted to examine the clarity, readability, organization, and usefulness of the Key Facts sheet, to identify any gaps in content, and to explore the appeal of the document. It also examined how and when consumers prefer to receive Key Facts.
- Secondly, the research examined the language in some detail. Although language will not be mandated, the research will provide background information to insurance companies when customizing Key Facts.

Method

- A total of 20 one-on-one, one-hour interviews were held distributed as follows:

	Total	Toronto	Montreal (Fr)
Consumers	13	8	5
Advisers	7	4	3
Total	20	12	8

- Consumers, 6 women and 7 men, aged 28 to 72 and from a variety of occupations, were recruited by ARC as the financial decision maker or equal influencer in their households for insurance and investment products, and as using a professional adviser and holding segregated funds.
- Advisors were screened as holding an insurance license and as having sold segregated funds in the past 6 months.
- Canadian insurance regulators were named as the sponsor of the research.
- Interview dates: October 30 to November 2, 2006

Approach

- Because Key Facts is intended to work in combination with Fund Facts, consumers and advisers were shown both documents, but the order of presentation was rotated between interviews. Half the sample saw Key Facts first and half saw Fund Facts first.
- To deepen understanding of how the two documents relate to one another, some participants who had participated in the research on Fund Facts were invited back for this research:
  - In Montreal - 3 repeat consumers; 1 repeat adviser
  - In Toronto – 3 repeat consumers; 2 repeat advisers
- Both segments were invited to read or reread Fund Facts quickly but were not invited to comment on it.
- At the end of each interview, participants were asked to describe the ideal sales process using both documents.

Conclusions & Recommendations

Conclusions & Recommendations

- Key Facts is much appreciated by consumers and by many, but not all, advisers.
- It is an important document and much needed by the industry. Key Facts helps to inform consumers about segregated funds, provides a template to ensure advisers cover the most important points, and introduces a mechanism to create consistency across the industry for presentation of these products. Its use may also help to ensure that the product is only sold to those who can benefit from it.
- Key Facts as currently developed establishes an excellent foundation to meet these goals. Based on consumer and adviser feedback --

  - ✓ 'Key Facts' is a good heading, though its French translation should be confirmed.
  - ✓ One sheet back and front is the preferred length and should be retained.
  - ✓ The question-and-answer format in boxed sections is very effective allowing consumers to scan quickly and encouraging them to read.
  - ✓ The guarantee table is very helpful and fairly clear.
  - ✓ The contact information including the references to CCIR and CLHIO should be maintained for the reassurance and confidence they bring to consumers.

Conclusions & Recommendations cont'd

- Although there are a number of strengths to Key Facts, several changes should be considered to clarify the information it contains and improve its usefulness.
- The most important recommendations are given below. Other more minor comments for consideration can be found within the detailed findings. French language issues are minor and discussed in the appropriate section.

Improving Key Facts

Title

✓ 'Insurance Contract' is not meaningful to consumers. A more useful phrase would speak to segregated funds, fund guarantee, or fund insurance guarantee.

Blue Box

- The blue box is important real estate on the page which is currently not only wasted, but in fact confusing and frightening to consumers.

✓ Many of the issues with Key Facts would disappear if the blue box were used to provide a simple definition of a segregated fund and the relationship to the Fund Facts sheet.

✓ The reference to legal documents should be moved, perhaps ideally to the contact information box which is clearly headed 'For more information'. These documents will continue to be given to clients to meet compliance requirements. Very few advisers go over these with their clients and do not want to be asked to do so.

Conclusions & Recommendations cont'd

Page 1

Why buy this product?

- Along with 'Choosing a guarantee', this is the most important section in Key Facts and accordingly it should be marginally expanded. The current two-page limit for the entire document should not be exceeded.
- ✓ Rewrite 'When you invest through an insurance contract…' in the context of the new product definition.
- ✓ Consider changing 'protect your investment' to 'protect the insured part of your investment'
- ✓ Add a brief note on the reset benefit including that it changes the time line.
- ✓ Expand briefly 'creditor protection' and 'tax savings'.
- ✓ 'You are comfortable paying…' - revise to indicate the idea of 'will pay' and make it clear that insurance costs are in addition to fund costs.

Conclusions & Recommendations cont'd

Your investment options

- Understood for the most part. Advisers like that this ties Key Facts to Fund Facts.
- ✓ It would be helpful to add that fund changes must be within the fund family.
- ✓ Fund Facts should be introduced in the blue box so that the reference here is not puzzling.

Choosing a guarantee

- The table is critical information and usually fairly well understood.
- ✓ Because of its important role and ease of understanding, the table should be moved to the top of this section.
- ✓ 'You choose the guarantee' or 'You may be able to choose the level of guarantee on your fund' should immediately precede and introduce the table.
- ✓ It is important to add a statement that total cost includes the annual insurance cost plus the fund costs immediately below the table and preceding the statement, 'The greater the guarantee, the higher the annual insurance cost.'

Conclusions & Recommendations cont'd

Choosing a guarantee cont'd

- ✓ The reset option should be mentioned here as well as above at 'Why buy this product.' The change in time line if a reset is done should also be mentioned. The phrase 'lock in' should be avoided since it is 'owned' by pensions.
- ✓ Because of the importance of this section it should be given more room. Ideally an example to explain the reset better should be given.
- ✓ Replace 'combined' if a clearer word can be found.

Naming a beneficiary

- Usually understood by consumers as well as advisers and appreciated.
- ✓ Consider adding to the title 'or beneficiaries'.
- ✓ If it is legally necessary then the words 'contingent' or 'preferred' should be added, but this language will be confusing to consumers.
- ✓ The first sentence might benefit from rewriting to improve the tone of 'will get your money when you die.'
- ✓ Depending on what is added to 'Why buy this product?' it may be possible to expand or leave unchanged 'tax advantages' and creditor protection.

Conclusions & Recommendations cont'd

Page 2

- ✓ Management may want to consider whether to keep or drop
  - Making withdrawals
  - When your contract matures
  - Changes to your contract

Making withdrawals

- Some advisers do not think consumers should be encouraged to make withdrawals from segregated funds. Consumers were surprised to learn they could do this.
- ✓ Consumers and advisers find 'unless you have pension money in your contract' confusing. It may be clearer to develop this idea in the context of an RRSP or RRIF. Both abbreviations are also more familiar than 'registered plan'.
- ✓ There is some confusion about whether sales charges include deferred as well as initial sales charges. In French the language makes this more difficult. If the section is retained this issue should be reviewed.

When your contract matures

- ✓ This section is confusing to both consumers and advisers. Both confuse the maturity of the contract with the maturity of the guarantee. This first introduction of the word 'annuity' is also difficult. Again it may be clearer to speak in terms of converting to a RRIF at age 69.

Conclusions & Recommendations cont'd

Changes to your contract

- The idea of changes to a product even before it is purchased is alarming. Neither advisers nor consumers are clear what these changes other than to cost might be.
- ✓ Ideally this section should be dropped. If retained, then it needs to be emphasized that change is allowed only within the family of funds.

If you change your mind

- A much liked and well understood section.
- ✓ Both advisers and consumers want a longer period than two business days.
- ✓ Advisers want consumers to write to the company rather than to them or at least in addition to writing to them.

Investment fund options

- The section is understood and much liked.
- ✓ Although some advisers and consumers would like to see the list moved to Fund Facts, having it here ties the two together and makes very clear which funds this particular insurance contract covers. Unless there is a clear reason for moving it, the list should remain here.
- ✓ Consumers would like to see a reference to more information on the individual funds, especially online. This should be added.

Conclusions & Recommendations cont'd

Other

- ✓ Management should review the font chosen and enlarge it if possible or ensure that there is a strong dark/ light contrast used.
- Many consumers and advisers said, when asked, that they wanted to see page references to the legal contract incorporated in Key Facts under the title to each section.
- ✓ It is not at all clear, however, that these would in fact be used. They would introduce clutter to Key Facts -- which is admired for its clean look – and should not be necessary once changes are carried out.
- ✓ Some advisers and consumers find Key Facts less visually interesting than Fund Facts. Management might consider reviewing ways of improving the visual presence of Fund Facts as suggestions to pass on to insurance companies when customizing the sheet.

Improving the Sales Process

- Almost all of the consumers, even if they still did not fully understand segregated funds, said they would be more comfortable buying these investments if they had Key Facts as a source of information about them. They described the document as informative, easy to read and short. The contact information increased their trust. It was described as the rule book.

Conclusions & Recommendations cont'd

- Consumers wanted to see Key Facts before they see Fund Facts and before making a decision to purchase. Many consumers even said that they would like to have Key Facts sent to them prior to meeting with their advisers.
- Although a few advisers prefer to continue to use their own materials when selling segregated funds, many advisers like the conciseness of Key Facts, its format and plain language presentation. They see it as a handy reminder of what to cover and also as a stimulus to discussion with their clients. In this context, they report that they will go over Key Facts with clients, but most will do so after reviewing Fund Facts. Advisers, for the most part, see selling the fund as their primary job and then the insurance contract.
- ✓ Canadian regulators need to draft their description of compliance for Key Facts carefully, but the main emphasis should be that consumers see Key Facts prior to making a segregated fund investment decision, regardless of whether it is seen before Fund Facts or afterwards.

Detailed Findings

1.0 Consumer Understanding of Segregated Funds

1.1 Consumer Understanding of Segregated Funds

1.2 Advisers' Presentation of Segregated Funds

1.1 Consumer Understanding of Segregated Funds

- Canadian consumers do not understand what a 'segregated fund' is and are, for the most part, not familiar with this term. To overcome this lack of knowledge respondents were recruited as (1) holding mutual funds and (2) holding these mutual funds within an insurance product.
- During the interviews it became clear that all but one of the respondents did indeed have segregated funds, but very few understood the features of this product.
  - Many consumers knew their money was guaranteed in some way, but seldom knew what the guarantee applied to or what level of guarantee they had.
  - Very few were aware of the possible opportunity to reset their guarantee. Some had purchased segregated funds when young – teens to 20s – and had not looked at their policies since, in one case for 40 years. Some were no longer with the same insurance representative.
  - Consumers did not use the word 'annuity' and only one or two had heard the term and with one exception were unable to define it.
  - With the exception of a very few small business owners, none understood the creditor protection the product offers.
  - Only one consumer had any idea of possible tax advantages.

Understanding of Segregated Funds cont'd

- When consumers were asked why they had purchased segregated funds, they reported a variety of reasons:
  - To diversify my portfolio
  - Less risk because managed by an insurance company
  - To get a lump sum at age 50
  - Life insurance but a better return than just with life insurance
  - Flexible life insurance, could cash out at 65
  - Told I could borrow against it
  - Got a statement every month and a dividend
  - As an annuity with a regular payment schedule
  - For bankruptcy protection
- The reason given most often, however, was trust in the adviser's recommendation, followed by diversifying portfolio and less risk.

  "We did it because they said so. We trust them, I've been with them a long time…a bank."

  "My adviser is a personal friend. I trust him."

Understanding of Segregated Funds cont'd

- Consumers reported a variety of discussions with their advisers, but in several cases the sale of segregated funds had happened several years before and they could not fully remember what was said to them.
- In some cases, it was clear that several advisers made every effort to inform the consumer fully, but consumers often did not understand or did not remember.

> *"I was comfortable with what I was told. I usually research my investments, but then I had no time."*
>
> *"He showed me with a pad and pen how it works, but mainly I was trusting the insurance broker."*
>
> *"I didn't listen…He went over it… a detailed insurance program…But I just did it. I was in the middle of a divorce. I didn't know it was a segregated fund, but he said it would be available later."*

Understanding of Segregated Funds cont'd

- Many consumers also admitted that they had received print materials after the sale – a substantial amount – which they did not read.

> *"It takes too much time and energy to read [all that]. They give you too much, it's too thick and too complicated for people with no experience in the financial area."*
>
> *"I listened to him…After I bought he sent [something] to me, but it was thick and I didn't' read it. I had enough information."*
>
> *"Print stuff? Yes. Did I read it? No."*

- Usually they received this material after they had made the decision to buy. During the sale, several said they were not shown any printed materials.

1.2 Advisers' Presentation of Segregated Funds cont'd

- Advisers vary substantially in their approach to selling segregated funds and also seem to vary widely in their own knowledge.
- Advisers reported a variety of reasons for selling segregated funds after they determine the objectives and risk profile of their clients --
- Several said they sold segregated funds to clients who --
  - Have low risk tolerance or
  - Want to diversity their portfolios
- A few sell to older clients with 'specific needs on death' – estate planning or estate conservation.
- Only a few who have several small business owners as clients talked about
  - creditor protection and
  - even fewer talked tax advantages.
- Very few reported telling their clients about reset options. Those who did, however, stressed that this is an important feature.

Advisers' Presentation cont'd

- Advisers also vary in the language they use to describe this product with only a few using the term 'segregated funds' –
  - A mutual fund
  - Guaranteed investment fund
  - A mutual fund with a tool for guarantees
  - A mutual fund with a death benefit guarantee
  - An investment with a guaranteed component
  - Similar to a mutual fund but with different layers of protection
  - A segregated fund

  "The name means diddly…they [clients] want to know risk and reward."
- Almost none of the advisers reported talking about an annuity, and a few deny that a segregated fund is an annuity.
- For many advisers the investment portion of this product is primary in their discussions with their clients; the insurance is secondary.
- While some advisers do use email to send information to their clients, segregated fund materials are usually given during or more often at the end of a face-to-face meeting.
- This product seems to be presented in person, often in the client's home. One agent noted how difficult it is to get clients to concentrate with the children screaming and the television blaring in the background.

Advisers' Presentation cont'd

- Some advisers try very hard to explain segregated funds to their clients. They provide their own summaries usually of the fund [not the insurance contract], use existing fund summaries from the manufacturers, or use the pen and pad approach to outline the features. A very few go over the contract or prospectus with a yellow highlighter prior to sale.
- Many advisers, however, take a more reserved position. They do not really believe clients want to hear all the details and do not believe they can understand them in any case. For this reason, they try to explain only the major points focusing mainly on the mutual fund and talking about a guarantee with little emphasis on insurance.
- At the other extreme are the few advisers who reported –

  "We don't have to provide details to the client…no print information prior to sale."
- As a compliance issue, many advisers report giving the prospectus and contract to clients after they buy. They do not believe that clients read this material.
- When asked, advisers reported that they do not know of any good online segregated fund material with the exception of manufacturer's information. A few mentioned Manulife's brochure as a good document.
- Some advisers mentioned that print materials for segregated funds, for the most part, are poor or absent.

2.0 Initial Reactions to Key Facts - Consumers and Advisers

Initial Reactions to Key Facts

- Consumers' initial impressions of Key Facts were positive. They described it as
  - Clear and uncluttered
  - Containing a lot information and
  - Easy to read.
- They particularly liked the question-and-answer structure with its left to right columns, the use of bolded headings, and the guarantee table.

  "It looks good. It's not too cluttered, clear…a lot of information."

  "I like this in colour. Fund statements are black and white. I like the titles. If I'm not interested I can skip."

  "It's inviting to read…well divided. I can find what I'm looking for.

  "It gives me important information at a glance."

  "There's no mumbo jumbo. It's pretty clear English."
- At the same time, especially in Toronto, some consumers wanted more colour, finding Key Facts a little bland particularly in comparison to Fund Facts.
- A few described the font as too small, though several were comfortable with it. In part, these comments may reflect the choice of colours which did not stand out as well as other colours may.

Initial Reactions cont'd

- More importantly, while advisers immediately understood that Key Facts is about segregated funds, many consumers were not initially sure what the product is.
- In Toronto consumers were allowed to interact with the document without an explanation from the moderator.
- Many did not read the title or see the date. Their eyes were drawn instead immediately to the blue box, which they scanned only briefly. A few read most of the first page and then asked what product Key Facts is about – Why buy what?

  "It's about insurance but I'm not sure what kind."

  "I see the beneficiary so I guess it's about life insurance."
- Even among those who read the title, however, there was still confusion. The term 'insurance contract' means very little to consumers.
- In Montreal when told that Key Facts is about a mutual fund with an insurance guarantee, consumers were much more comfortable.
- Advisers understood the product covered by Key Facts, but were often not sure whether it is intended as a marketing or education piece.

Initial Reactions cont'd

- Visually advisers also described Key Facts as clearly laid out and easy to read. They liked the question-and-answer format and the bolded headings. Several said they thought their clients would read it.

  "It's very nicely presented and compelling to read."

  "It's very legible and the layout is simple."

  "I like this. It's concise. When I look for something I don't want to hunt. I can see the headlines on the left and the detail on the right."

  "It's simple enough to sift through."

  "The colour catches the eye and the illustration."

- Much more than the consumers, however, advisers were concerned that their elderly clients would have trouble reading the font and wanted it larger and darker.
- A few also noted that compared to Fund Facts visually, Key Facts is 'boring'.

3.0 Detailed Reactions to Key Facts

3.1 Consumers' Detailed Reactions

3.2 Advisers' Detailed Reactions

3.1 Consumers' Reactions

- The comments in the following section reflect the opinions of both French and English respondents.
- Both segments liked Key Facts, but French respondents questioned specific areas of the text less, especially 'Why Buy this product?', because they were provided with an explanation prior to seeing the document –
  - They were told that Key Facts is about a mutual fund with an insurance guarantee.
- Respondents in Toronto were deliberately asked to react to Key Facts without an explanation.
- Once Key Facts is in use by the industry, it is assumed that financial advisers will provide some introduction prior to giving Key Facts to clients, but insofar as possible, the document should be clear as stand-alone information. Consumers may receive Key Facts prior to meeting with an adviser or may be asked to take it home to read alone.
- Specific French language issues are treated in the next section.

Consumers' Reactions - Masthead



- Consumers seldom read the subtitle 'Insurance Contract' or the date. When read, neither was understood. Consumers think of policies, but not of contracts. 'Contract' does, however, signal a 'binding' agreement to them.
- When asked, consumers thought the date important; but related it to the fund not the contract.
- Consumers saw but seldom commented on the logo of Giant Financial.
- Instead the blue box was the initial focal point of the document. Consumers looked at it, but read or scanned it only quickly. They saw it as introductory, but not critical.
- Consumers who read the text understood it, but did not know where the application, insurance contract and information folder are or why Key Facts is not mentioned or its relationship to the other documents.
- This text made the product seem complicated and a few found the reference to legal documents 'scary'.

Consumers' Reactions – Page 1

Why buy this product?	When you invest through an insurance contract, you combine the growth potential of mutual funds with: • guarantees that protect your investment if the markets go down • death benefit guarantees • possible creditor protection and tax savings. This product might be right for you if: • you plan to keep the contract until it matures (usually 10 years) • you are comfortable paying annual insurance costs for the guarantees.

- Consumers liked the initial question, but had more trouble with this section than any other because they do not understand the product. Nowhere is it defined.
- The first sentence is difficult for consumers, especially the use of 'through'. They do not understand the relationship between the mutual fund and the insurance contract. It also reverses the expected order putting insurance before the fund.
- They understood that their investment was somehow protected, but did not know what part of it or how.

  "Is this true? If I'm losing money how do they top it up?"
- 'Death benefit guarantees' was also difficult though usually worked out.
- Only a few consumers, usually small business owners, had any idea what 'creditor protection' means.
- Even fewer understood what tax savings might be involved or how substantial they might be – *"Is it like an RSP?" "Is it a tax shelter?"*

Consumers' Reactions – Page 1

Why buy this product? cont'd

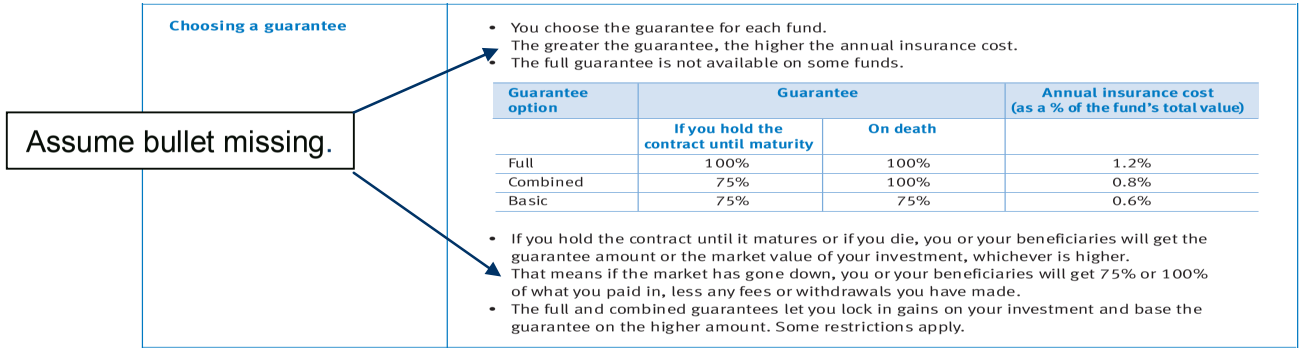
- The second part of this section was easier to understand.
- Several liked the use of 'if' to introduce the next two bullets.
- 'usually 10 years' informed consumers well that this is a long-term product.
- 'You are comfortable' was clear but seemed a strange way of saying the product carries insurance costs. Importantly, few understood that these costs are additional to the fund costs.
- The green bolding was helpful, but not always as strong a highlight as some consumers wanted.
- Consumers see all the points in this section as very important and several complained that they are too understated or too brief.
- Although consumers did not understand fully this section, many were glad to see it and assumed that their adviser would explain it to them. It at least gives them an idea of the questions to ask.

Consumers' Reactions – Page 1 cont'd

Your investment options	• You can choose from the 39 investment funds listed on the back of this page. Your adviser will help you choose the funds that are right for you. • You can change funds at any time. Changing funds may change your guarantee. • You may have to pay a sales charge when you buy or change funds. You'll find details on sales charges and other information about each fund in its *Fund Facts* document.

- This section was well understood.
- A few were initially puzzled by 'Changing funds may change your guarantee', but then worked through this.
- The phrase 'the greater the guarantee' was also often puzzling because they had not yet read the table and still do not know what the guarantee is or to what it is applied. A clearer presentation of the phrase - if not relocated - might be similar to 'the larger [the amount of/the percentage of] your money you guarantee'. Once understood some thought this statement should be emphasized more.
- When asked, all said they understood that they would be limited to the 39 funds listed on the back page when changing funds.
- Consumers who had not yet seen Fund Facts wondered what it was and where to find it. Several also asked why it was not included in the document list given in the blue box.
- Because of the way the section is blocked several consumers thought that a bullet was missing in front of 'Your adviser will help…'

Consumers' Reactions – Page 1 cont'd



Guarantee option	Guarantee		Annual insurance cost (as a % of the fund's total value)
	If you hold the contract until maturity	On death	
Full	100%	100%	1.2%
Combined	75%	100%	0.8%
Basic	75%	75%	0.6%

- Consumers particularly liked this section, but did not always find it easy to understand. They liked the simple table, but the key idea that the guarantee applies to the money or principal they pay in has not yet been explained – *"100% of what?"*
- A few said the first bullet is not true. They could not choose the guarantee; it was set with the fund.
- 'The greater the guarantee…' not immediately understood, but usually worked out. It may work better following the chart instead of preceding it.
- The chart works well, although it is doubtful if consumers understand what 'maturity' means or what it applies to.
  - The word 'combined' is confusing.
- Importantly, many consumers did not understand that the insurance costs are in addition to fund costs. They assume the formal column outlines total costs.

Consumers' Reactions – Page 1 cont'd

Choosing a guarantee cont'd

- 'If you hold the contract until it matures…' was difficult for consumers because they do not know what 'guarantee amount' means. They read 'guaranteed'
- The second sentence, 'That means if the market has gone down…', is very helpful, but the two sentences need to be revised together.
- 'less any fees or withdrawals' is usually understood, but some are confused because they think this investment works like a pension or RSP and they are not allowed to withdraw.
- 'The full and combined guarantees let you lock in gains…' – seldom understood.
- Many consumers were unaware of any reset features and did not know what 'lock in' means. Often their reference point is pensions which are 'locked in'. Once understood, some then wondered if resetting the guarantee changes the time line.
- 'Some restrictions apply' – understood. 'The full guarantee is not available on some funds' may be better placed here too. A few suggested 'not available on some *higher risk* funds'. Some would also substitute '100% guarantee' for 'full guarantee' throughout.
- In this section, consumers found it easier to understand when given examples, especially of the reset option.

Consumers' Reactions – Page 1 cont'd

Naming a beneficiary Add 'or beneficiaries'	• You can choose a beneficiary who will get your money if you die. There are tax advantages to this. • Naming a beneficiary may also help protect the contract from creditors. Ask your adviser for details.

- Consumers read through this section quickly.
  - They know what a beneficiary is.
  - A few thought the phrase 'get your money if you die', too blunt and a little funny.
  - They do not know what the tax advantages are, but understand the sentence.
  - They do not understand 'protect the contract from creditors' – but, for the most part, assume it won't apply to them. Some wondered why the 'contract' instead of their investment or fund would be protected.
  - A few consumers asked for an example of the tax advantages and of the creditor protection.

Consumers' Reactions – Page 2

KEY FACTS ← Seen

Choice Insurance Contract cont'd

Making withdrawals	
Understood → {	• You can take out some or all of your money at any time, unless you have pension money in your contract. In this case, special withdrawal rules apply. • Sales charges and withdrawal fees may apply. • If the contract is held in a registered plan, withholding tax may apply. • Withdrawals reduce the amount you get under the guarantee.

- Some consumers were surprised by this section since they were reluctant to believe that they could take funds out of this type of investment.
- Consumers understood most of this section except the first bullet.
- Consumers did not understand 'unless you have pension money in your contract'. A few also stumbled momentarily over 'registered plan' [3rd bullet] although when asked they understood well the abbreviations 'RRSP' and 'RRIF'. This section needs to be rewritten in the context consumers understand.
- A very few consumers wondered if 'sales charge' includes 'deferred sales charge'?

Consumers' Reactions – Page 2 cont'd

When your contract matures	• You will automatically get monthly annuity payments when your contract matures. • You can choose to start the annuity at any time before maturity or to receive a lump sum payment instead. • Some restrictions apply. Ask your adviser for details.

- Consumers do not understand the concept behind this section and are especially confused by the first bullet.
  - Consumers find the phrase 'monthly annuity payments' difficult. Although they have a rough idea of what an annuity is, they do not understand how it applies here. More importantly, they do not know the difference between maturity of the guarantee and maturity of the contract. They believe the annuity will apply in 10 years.
  - A few asked if beneficiaries would get the annuity if they die.
  - Some asked if this was like a RRIF which they understand better.
- 'You can choose to start the annuity…' consumers understand this sentence; a few add that if you start the annuity earlier then the amount of payment would be less.
- If the first sentence is accepted or just passed over then the next two bullets are understood.

Consumers' Reactions – Page 2 cont'd

Changes to your contract

Revised in the interviews to 'If as a result of these changes, you decide…'

- If there are important changes to how much your insurance contract costs or how your investment funds work, we will tell you 60 days before we make the change.
- If you decide to move to a different investment fund, you can do so without charge.

- Several consumers were surprised by this information, and some were somewhat alarmed. They do not think signed contracts should be arbitrarily changed by one party. A few thought that if the product is working well for them that the company will then step in and change it.
- Consumers have trouble understanding how or what changes there could be to 'how your investment funds work'.
- None objected to the 60 days.
- The second bullet when revised helped to allay concerns.

Consumers' Reactions – Page 2 cont'd

If you change your mind	• You can cancel your contract by notifying your adviser in writing **within two business days** of signing the contract. • You'll get back the amount you invested or less if the value of your investments has gone down. • You'll also get back any sales charges you paid.

- Consumers understood this section and were reassured by it.
- Several, however, argued that two business days is too short a period of time. They suggested 10 days or 2 weeks.
- Consumers understood '…if the value of your investments has gone down', but often read it more than once to be sure they understood correctly. It is an important warning, since few think about this possibility within a short space of time.
- No one asked what happened if the value of the investment goes up.

Consumers' Reactions – Page 2 cont'd



Investment fund options at September 30, 2006

Fixed income and cash equivalent funds
- Money Market (XYZ)
- Fixed-Income Portfolio Fund
- Mortgage (XYZ)
- Canadian Bond (XYZ)
- Global Income (AGF)

Balanced funds
- Income (XYZ)
- Diversified (XYZ)
- Equity/Bond
- Income (Mackenzie)
- Growth & Income (Mackenzie)
- Balanced (Mackenzie)
- Growth & Income (AGF)

Canadian equity funds
- Dividend (XYZ)
- Equity Index (XYZ)
- Mid-Cap Canada (XYZ)
- Canadian Equity (XYZ)
- Dividend Growth (Mackenzie)
- Larger Company (Mackenzie)
- Equity (Mackenzie)
- Smaller Company (Mackenzie)
- Eclipse Canadian Growth

Canadian specialty funds
- Real Estate (XYZ)
- Canadian Opportunity (Mackenzie)
- Canadian Resources (AGF)
- Canadian Science and Technology (XYZ)

Foreign equity funds
- U.S. Equity (XYZ)
- American Growth (AGF)
- International Equity (Putnam)
- U.S. Mid Cap (XYZ)
- Millennia III European Equity Fund

Foreign specialty funds
- Asian Growth (AGF)
- European Equity (Sceptre)
- Emerging Markets (Mackenzie)
- Japan Equity (Mackenzie)

Asset allocation funds
- Conservative Portfolio Fund
- Moderate Portfolio Fund
- Balanced Portfolio Fund
- Advanced Portfolio Fund
- Aggressive Portfolio Fund

- Consumers liked this section and that the funds are organized by categories – though they did not always understand the categories, especially 'Foreign specialty funds' and 'Asset allocation funds'.
- Some welcomed the list so that they could check out the funds on the Internet. Some asked for a reference for more information to be provided. A few wanted more information about the funds on the Key Facts document, including an explanation of the categories.
- Consumers readily connected this list with the reference to 39 funds on page 1.
- Some consumers, however, wanted a sharp distinction between the Key Facts insurance document and the Fund Facts document. Because of this they wanted the fund list to be in the Fund Facts document and not to appear here at all.

Consumers' Reactions – Page 2 cont'd



For more information

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10010–101 St. NW
Edmonton AB T5J 3G8

Phone: (780) 555-1212
Toll-free: 1-800-GIANTFI
E-mail: Choice@giantfin.com
Website: www.giantfin.com

Insurance contracts are regulated products. For general information about funds and insurance contracts, visit the Canadian Council of Insurance Regulators website at **www.ccir-ccrra.org**.

If you have a concern with your contract that you have not been able to resolve with your insurer, contact the Canadian Life and Health Insurance OmbudService at **1-888-295-8112** or on the web at **www.clhio.ca**.

GIANT FINANCIAL

- Consumers welcomed the contact information and regarded it as complete. No one asked for a fax number.
- Consumers were particularly interested in the information about CCIR and CLHIO. It was described as 'reassuring' and as reflecting well on the company Giant.

  "I've never seen this. It's a major step forward."

  "It's a good closing comment. It's reassuring that Giant is meeting the standards and is aware of them."

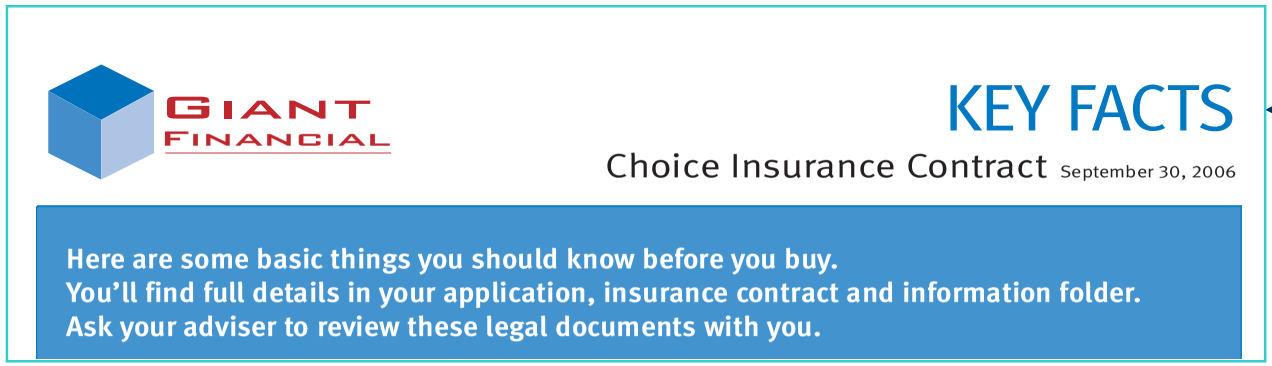
  "It makes the insurance company more credible."

  "Giant has to adhere to some kind of standard. It makes me feel good."

3.2 Advisers' Reactions

- Advisers had a much broader range of reactions to their detailed inspection of Key Facts than did consumers. Since they know so much more about segregated funds they were much more aware of what had been included and what omitted.
- For some the document represents an opportunity to educate their clients about the product. For these advisers, Key Facts contains about the right amount of detail since it gives them room to hold a discussion with clients.
- For others, especially those who prefer to talk about the funds, Key Facts raises unnecessary questions – some of which they are not always comfortable about answering – or do not believe are important. They think to provide this information will simply confuse clients. Some would prefer to give much less information or only the information their clients need based on the direction the adviser has recommended.
- Still other advisers, especially in Toronto, suggested that Key Facts be expanded to 3 or 4 pages to ensure that consumers have enough information. These advisers were very much aware of the length of the legal contract and how much has been omitted. They welcomed the shorter version, but thought it might be too short.

3.2 Advisers' Reactions - Masthead



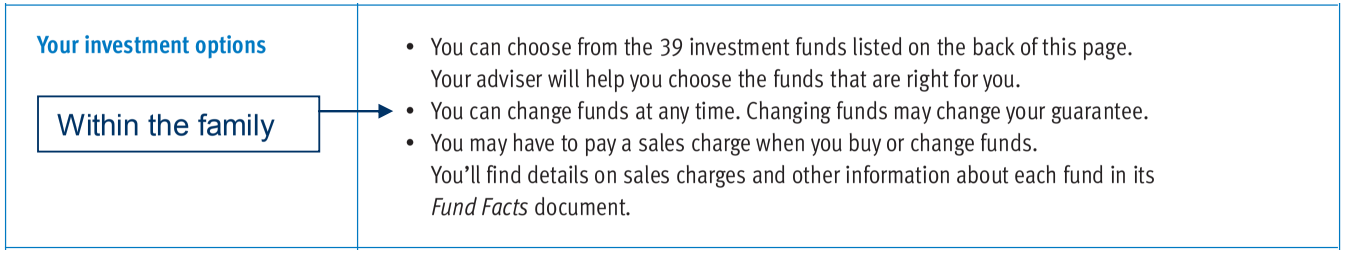
- Some advisers noted that consumers do not understand the word 'contract'. A very few described 'contract' and 'folder' as 'jargon'.
- Some also did not want to emphasize the insurance component of segregated funds and instead want a title focused on 'guarantee'.
- Some also noted that advising clients to read 'legal documents' is an unnecessarily negative way to begin talking about a new product. It makes it sound risky.
- Some said they had never been asked to review 'the legal documents' by customers though they give them to them after the sale. Only a few advisers review these legal documents with clients.

Advisers' Reactions – Page 1

Why buy this product?	When you invest through an insurance contract, you combine the growth potential of mutual funds with: • guarantees that protect your investment if the markets go down • death benefit guarantees • possible creditor protection and tax savings. This product might be right for you if: • you plan to keep the contract until it matures (usually 10 years) • you are comfortable paying annual insurance costs for the guarantees.

- Advisers welcomed the initial question as the right starting place. Some then liked the points listed, as a place to start a conversation.
- A few stated, 'I don't go this far', in explaining benefits of the product.
- Others thought more detail required. Possible additions included a better explanation of the nature of the guarantee, reference to probate court and protection for beneficiaries.
- A few argued strongly that resets should be included at this point as a major benefit for consumers.
- A few described 'death benefit guarantees' as jargon.
- Some advisers also objected to 'are comfortable paying annual insurance costs' since the statement would be more accurate as, 'You will pay annual insurance costs in addition to fund fees'.
- Some advisers liked the mention of fees upfront and argued that there is a need for more disclosure.

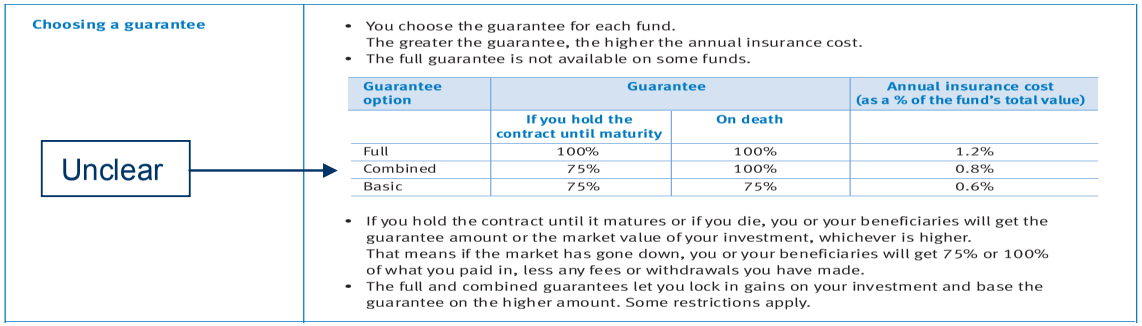
Advisers' Reactions – Page 1 cont'd



- This section seemed clear to the advisers and seemed to be fairly well liked –

  "This answers to what we do. It's clear and leads to interesting points."
- A few questioned the second bullet, especially 'Changing funds may change your guarantee'. They believe it will lead to many questions.
- Advisers wanted it made clear that consumers can change only within the fund family.

Advisers' Reactions – Page 1 cont'd



Choosing a guarantee

- You choose the guarantee for each fund.
  The greater the guarantee, the higher the annual insurance cost.
- The full guarantee is not available on some funds.

Guarantee option	Guarantee		Annual insurance cost (as a % of the fund's total value)
	If you hold the contract until maturity	On death	
Full	100%	100%	1.2%
Combined	75%	100%	0.8%
Basic	75%	75%	0.6%

- If you hold the contract until it matures or if you die, you or your beneficiaries will get the guarantee amount or the market value of your investment, whichever is higher.
  That means if the market has gone down, you or your beneficiaries will get 75% or 100% of what you paid in, less any fees or withdrawals you have made.
- The full and combined guarantees let you lock in gains on your investment and base the guarantee on the higher amount. Some restrictions apply.

Unclear

- Advisers found the table clear and helpful.
- Some very much liked the column of annual insurance costs, although a few objected strongly as raising too many questions.
- Several advisers pointed out that the section should make clear that the insurance cost is in addition to fund costs.
- Some advisers did not think consumers would understand 'lock in gains' and thought more detail or an example was required. Several said they use the word 'reset'. Some said more detail on the reset – when, frequency, etc. -- would be helpful to advisers since every fund is different and they cannot remember the details.
- A very few advisers did not seem to understand what 'lock in gains' means or do not talk about it with their clients.
- Some wanted the phrase 'Ask your adviser' added to the section on resets.
- A few wanted more information about the fees and the restrictions.

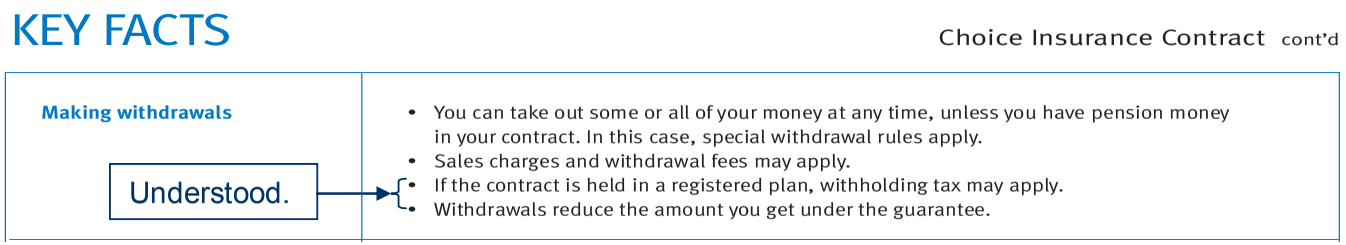
Advisers' Reactions – Page 1 cont'd

Naming a beneficiary	• You can choose a beneficiary who will get your money if you die. There are tax advantages to this. • Naming a beneficiary may also help protect the contract from creditors. Ask your adviser for details.

- Some advisers noted that there 'may be' tax advantages, not that there always are.
- Several also wanted more detail on what the tax advantages are –

  "It may be a tax disadvantage unless they have named a contingent beneficiary. They can't roll over to spouses."
- Others insert the language 'preferred beneficiary'.
- For some the creditor protection is important and needs more emphasis. They also said it is the fund, not the contract that is protected.

Advisers' Reactions – Page 2



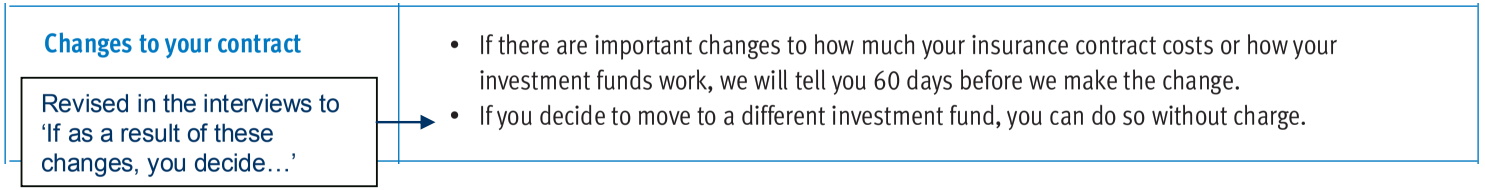
- Several advisers argued that the reference to pension money is not clear. They wondered why the statement was not about an RRSP instead.
- A few wanted to drop this section on the grounds that if investors want to make withdrawals they should not be in segregated funds.

Advisers' Reactions – Page 2 cont'd

When your contract matures	• You will automatically get monthly annuity payments when your contract matures. • You can choose to start the annuity at any time before maturity or to receive a lump sum payment instead. • Some restrictions apply. Ask your adviser for details.

- Several advisers were confused by this section. They wondered if the product is a segregated fund, a flex fund or a variable fund. Like consumers they did not always interpret 'monthly annuity payments' easily or differentiate between the maturity of a contract or guarantee.
- Some noted the normal progress is for the product to 'morph into a RRIF at 69'.
- Others were not sure that clients need to know this.
- To the first bullet a few would add 'as stipulated in your contract'.

Advisers' Reactions – Page 2 cont'd



- Advisers, like consumers, were told about the phrase added to bullet two.
- Advisers were not sure what changes there could be to the way the investment funds work and some asked if this were a reference to changes in the guarantee.
- Others noted that clients become suspicious if told there may be changes and were uncomfortable with the section.
- They also wanted to be sure, if this section appears, that clients understand they can only change within the same fund family.

Advisers' Reactions – Page 2 cont'd

If you change your mind	• You can cancel your contract by notifying your adviser in writing **within two business days** of signing the contract. • You'll get back the amount you invested or less if the value of your investments has gone down. • You'll also get back any sales charges you paid.

- Advisers found this section, but thought two days too short a time.
- They were also concerned to have the first bullet changed to – 'notifying your adviser or the company'. They were afraid they might be out of office or not available.

Advisers' Reactions – Page 2 cont'd



Investment fund options at September 30, 2006

Fixed income and cash equivalent funds
- Money Market (XYZ)
- Fixed-Income Portfolio Fund
- Mortgage (XYZ)
- Canadian Bond (XYZ)
- Global Income (AGF)

Balanced funds
- Income (XYZ)
- Diversified (XYZ)
- Equity/Bond
- Income (Mackenzie)
- Growth & Income (Mackenzie)
- Balanced (Mackenzie)
- Growth & Income (AGF)

Canadian equity funds
- Dividend (XYZ)
- Equity Index (XYZ)
- Mid-Cap Canada (XYZ)
- Canadian Equity (XYZ)
- Dividend Growth (Mackenzie)
- Larger Company (Mackenzie)
- Equity (Mackenzie)
- Smaller Company (Mackenzie)
- Eclipse Canadian Growth

Canadian specialty funds
- Real Estate (XYZ)
- Canadian Opportunity (Mackenzie)
- Canadian Resources (AGF)
- Canadian Science and Technology (XYZ)

Foreign equity funds
- U.S. Equity (XYZ)
- American Growth (AGF)
- International Equity (Putnam)
- U.S. Mid Cap (XYZ)
- Millennia III European Equity Fund

Foreign specialty funds
- Asian Growth (AGF)
- European Equity (Sceptre)
- Emerging Markets (Mackenzie)
- Japan Equity (Mackenzie)

Asset allocation funds
- Conservative Portfolio Fund
- Moderate Portfolio Fund
- Balanced Portfolio Fund
- Advanced Portfolio Fund
- Aggressive Portfolio Fund

- Advisers liked the categories. The list showed a good break down and some liked the color which helped make the list easy to read.
- Several said having the date was very important.
- For some having the list here helps to tie this document to Fund Facts.
- A few, however, thought the list should not be here, but on the Fund Facts document itself.

Advisers' Reactions – Page 2 cont'd

For more information

Giant Financial
10010–101 St. NW
Edmonton AB T5J 3G8

Phone: (780) 555-1212
Toll-free: 1-800-GIANTFI
E-mail: Choice@giantfin.com
Website: www.giantfin.com

Insurance contracts are regulated products. For general information about funds and insurance contracts, visit the Canadian Council of Insurance Regulators website at **www.ccir-ccrra.org**.

If you have a concern with your contract that you have not been able to resolve with your insurer, contact the Canadian Life and Health Insurance OmbudService at **1-888-295-8112** or on the web at **www.clhio.ca**.



- Advisers were comfortable with the contact information for Giant Financial, but many were very uncomfortable about the references to CCIR and CLHIO.
- They thought these references called into question the product and the process and raised unnecessary negatives.

  "Here we're giving them wonderful information and then they say call and blast us and give consumers the tools to go against us."

  "I don't know why this is here."
- Only a few saw anything positive about these references.

  "Maybe it will make the consumer more confident.

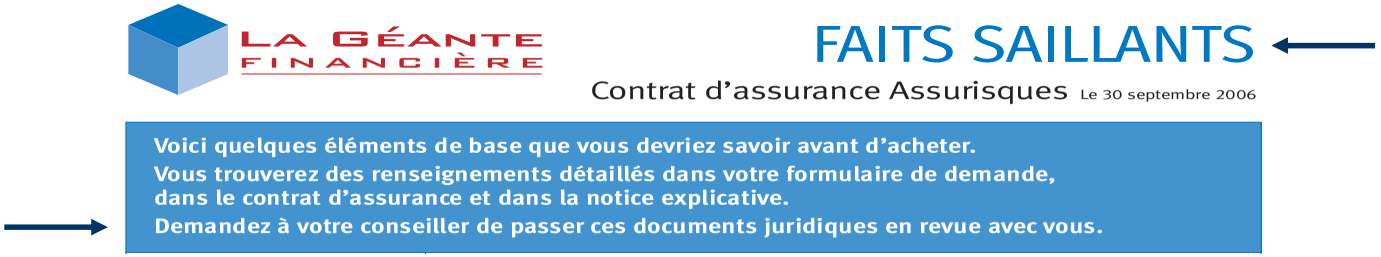
  "I often have to defend the insurance company. If this is here I may have to do it less often."

4.0 French Language Issues

French Language Issues

- In Montreal there were very few French language issues among consumers or advisers. Usually where consumers stumbled it was because they did not understand segregated funds rather than that the choice of words or terms was incorrect.
- Readers should carefully review the comments that follow since often they reflect differences in style or emphasis rather than any genuine translation errors.

French Language Issues – Page 1



- In Montreal, segregated funds were referred to by French respondents as “Fonds avec une compagnie d’assurance, fonds de placement garantis, REER avec assurance-vie”. Although several understand “fonds distincts” – the term used in recruiting -- it is not a well known term and seems to be less descriptive.
- “Faits Saillants” for ‘Key Facts’ may not be the most appropriate term. Although many respondents agree that the document is about “highlights” or “key facts’, in French for some respondents this particular phrase relates more often to something in the news, important events to remember, or a newsletter received on a regular basis especially when followed by a date. For a few respondents, “Bref Aperçu” (Overview) or “Résumé” (Summary), are more appropriate.
- Again, as in Toronto, consumers do not know what ‘Contrat d’assurance Assurisques’ is and do not always see it. “Faits Saillants” often seems to have no anchor.
- “Demandez à votre conseiller de passer ces documents juridiques en revue avec vous” is somewhat awkward. It might be rephrased to say : « Demandez à votre conseiller de passer en revue avec vous ces documents juridiques » or perhaps « de revoir avec vous ces documents juridiques ».

French Language Issues – Page 1 cont'd

Pourquoi acheter ce produit?	**En investissant via un contrat d'assurance, vous combinez le potentiel de croissance des fonds communs de placement avec :** • des garanties qui protègent votre investissement en cas de baisse des marchés; • des garanties en matière de capital-décès; • des possibilités d'économies d'impôt et de protection contre les créanciers. **Ce produit pourrait vous convenir si :** • vous comptez conserver le contrat jusqu'à l'échéance (habituellement 10 ans); • vous êtes à l'aise de payer des frais d'assurance annuels pour obtenir les garanties.

- "Capital-décès" is not a commonly used term by respondents, however, they understand that upon one's death the 'capital' is guaranteed.

- "Créanciers" is the proper word in French. Respondents understand the word, but not how it applies to them. As in Toronto, only some small business owners understood this benefit.

French Language Issues – Page 1 cont'd

Vos options en matière de placements	• Vous pouvez choisir parmi les 39 fonds de placement figurant au verso. Votre conseiller vous aidera à choisir ceux qui vous conviennent. • Vous pouvez changer de fonds à tout moment. Cela pourrait entraîner une modification de votre garantie. • Il est possible que vous deviez payer des frais d'acquisition à l'achat ou lors d'un changement de fonds. Vous trouverez des renseignements détaillés sur les frais d'acquisition et d'autres informations sur chaque fonds dans le document *Aperçu du Fonds*.

- No language issues.

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French Language Issues – Page 1 cont'd

Le choix d'une garantie

- Vous choisissez la garantie pour chaque fonds. Plus la garantie est élevée, plus les frais d'assurance annuels sont élevés.
- Dans le cas de certains fonds, la garantie totale n'est pas disponible.

Option en matière de garantie	Garantie		Frais d'assurance annuels (en pourc. de la valeur totale du fonds)
	Si vous conservez le contrat jusqu'à l'échéance	Au décès	
Garantie totale	100 %	100 %	1,2 %
Garantie combinée	75 %	100 %	0,8 %
Garantie de base	75 %	75 %	0,6 %

- Si vous conservez le contrat jusqu'à l'échéance ou si vous décédez, vous ou vos bénéficiaires recevrez le plus élevé du montant garanti ou de la valeur marchande de votre investissement. Cela signifie que si le marché a baissé, vous ou vos bénéficiaires recevrez 75 % ou 100 % de ce que vous avez payé, moins les frais ou les retraits que vous avez effectués.
- Les garanties totale et combinée vous permettent de bloquer vos gains et de baser la garantie sur le montant le plus élevé. Certaines restrictions s'appliquent.

- In terms of the guarantee, the word "combiné" is not clear. Respondents rely on the chart to explain its meaning but they cannot directly understand the term. The same applies to "totale" and "de base" although these are easier to figure out. "Garantie partagée" may be another option.
- "Bloquer vos gains" (Lock in gains) is not understood. The French word may be the proper word to use, but the process needs to be explained further. In Montreal as in Toronto, advisers do not seem to explain the reset option very well.
- "Baser la garantie" may not be the most appropriate term because it is confusing. The whole sentence may need to be rephrased. An example would also be very helpful.

French Language Issues – Page 1 cont'd

Désignation d'un bénéficiaire	• Vous pouvez choisir le bénéficiaire qui recevra votre argent si vous décédez. Il est avantageux de le faire, du point de vue fiscal. • La désignation d'un bénéficiaire peut aussi vous permettre de mettre le contrat à l'abri des créanciers. Demandez des précisions à votre conseiller.

- No language issues.

French Language Issues – Page 2

FAITS SAILLANTS

Contrat d'assurance Assurisques suite

Retraits	• Vous pouvez retirer une partie ou la totalité de votre argent à tout moment, sauf si le contrat vise des sommes économisées en vue de votre retraite, auquel cas des règles particulières s'appliquent aux retraits. • Il est possible que des frais d'acquisition différés ou des frais de retrait s'appliquent. • Si le contrat est détenu dans un régime enregistré, il peut y avoir une retenue d'impôt. • Les retraits ont pour effet de réduire le montant que vous obtenez aux termes de la garantie.

- "Pension money" is translated appropriately. The sentence, however, is somewhat misleading in that some respondents understand "sauf si le contrat vise des sommes économisées en vue de votre retraite" -- as if they have to tell their financial adviser for what purpose they will be using the sum invested. The use of financial terminology may be more appropriate here, such as "vous pouvez retirer une partie ou la totalité de votre argent à tout moment, sauf si l'argent est prévu pour une rente ou pour votre retraite, auquel cas des règles…. »

- "Frais d'acquisition différés" is ambiguous and contradictory since the word "différés" applies upon withdrawal while "frais d'acquisition" applies upon investment. "Frais d'acquisition différés" is not always the same as "sales charges" in the minds of respondents. A few consumers wondered whether deferred sales charges are included in this description.
- Some French advisers also questioned the words used for sales charge, 'frais d'acquisition différés'. This was almost the only comment advisers made on language.

French Language Issues – Page 2 cont'd

Lorsque votre contrat arrive à échéance	• À l'échéance de votre contrat, vous recevez automatiquement des versements mensuels de rente. • Vous pouvez choisir de faire commencer les versements de rente à n'importe quel moment avant l'échéance du contrat ou de recevoir plutôt un paiement forfaitaire. • Certaines restrictions s'appliquent. Demandez des précisions à votre conseiller.

- No language issues.

French Language Issues – Page 2 cont'd

Options de fonds de placement au 30 septembre 2006

Fonds de titres à revenu fixe et de titres liquides
- Fonds du marché monétaire (XYZ)
- Fonds de titres à revenu fixe
- Fonds hypothécaire (XYZ)
- Fonds d'actions canadiennes (XYZ)
- Fonds de revenu mondial (AGF)

Fonds équilibrés
- Fonds de revenu (XYZ)
- Fonds diversifié (XYZ)
- Fonds d'actions/obligations
- Fonds de revenu (Mackenzie)
- Fonds de croissance et de revenu (Mackenzie)
- Fonds équilibré (Mackenzie)
- Fonds de croissance et de revenu (AGF)

Fonds d'actions canadiennes
- Fonds de bénéfices (XYZ)
- Fonds indiciel d'actions (XYZ)
- Fonds de sociétés canadiennes à capitalisation moyenne (XYZ)
- Fonds d'actions canadiennes (XYZ)
- Fonds de bénéfices axé sur la croissance (Mackenzie)
- Fonds de grandes entreprises (Mackenzie)
- Fonds d'actions (Mackenzie)
- Fonds de petites entreprises (Mackenzie)
- Fonds canadien de croissance Eclipse

Fonds canadiens spécialisés
- Fonds immobilier (XYZ)
- Fonds canadien d'occasions de placement (Mackenzie)
- Fonds de ressources canadiennes (AGF)
- Fonds canadien science et technologie (XYZ)

Fonds d'actions étrangères
- Fonds d'actions américaines (XYZ)
- Fonds américain de croissance (AGF)
- Fonds d'actions internationales (Putnam)
- Fonds de sociétés américaines à moyenne capitalisation (XYZ)
- Fonds d'actions européennes Millennia III

Fonds étrangers spécialisés
- Fonds de croissance asiatique (AGF)
- Fonds d'actions européennes (Sceptre)
- Fonds des marchés émergents (Mackenzie)
- Fonds d'actions japonaises (Mackenzie)

Fonds de répartition de l'actif
- Portefeuille prudent
- Portefeuille modéré
- Portefeuille équilibré
- Portefeuille confiant
- Portefeuille dynamique

- Under the section where the 39 funds are listed, the first: "Fonds de titres à revenu fixe et de titres liquides", the words "titres liquides" should be replaced by "titres de liquidités".

French Language Issues – Page 2 cont'd

Pour de plus amples renseignements

La Géante financière
100, rue Quelconque
Nimportou NB T5J 3G8

Téléphone : (780) 555-1212
Sans frais : 1 800 GEANTEF
Courriel : Assurisques@geantefin.com
Site Web : www.geantefin.com

Les contrats d'assurance sont réglementés. Vous trouverez des renseignements généraux sur les fonds et les contrats d'assurance dans le site Web du Conseil canadien des responsables de la réglementation d'assurance (**www.ccir-ccrra.org**).

Si vous avez des problèmes concernant votre contrat d'assurance que vous n'avez pu régler avec votre assureur, adressez-vous au Service de conciliation des assurances de personnes du Canada, par téléphone (1 888 295-8112) ou par Internet (**www.clhio.ca**).



LA GÉANTE FINANCIÈRE

- No language issues.

5.0 Overall Reactions to Key Facts

5.1 Overall Reactions – Consumers

5.2 Overall Reactions - Advisers

5.1 Overall Reactions to Key Facts - Consumers

- Overall reactions to Key Facts among consumers were positive in both cities, though somewhat more so in Montreal than in Toronto.
- Both English and French consumers very much liked the use of plain language, the brevity of the document, and the way the information is laid out by question and answer so that it can be scanned quickly. Consumers also recognize that Key Facts provides important information for them.

  "I like the simplicity and directness of it. It covers all the basics on an introductory level. It's a good start into looking further if interested."

  "The fact that it's on one sheet, the way it is set out in tables. The language is simple for people with a non-insurance, non-financial background…I really like seeing CCIR and the OmbudService."

  "There are slight changes to be made, but the main points are there….It's very clear."

  "Personally, compared to what I have seen, it's a 10 out of 10."

  "It's very good…simple, front and back. It's not the 'brick' [of material I got before]."

  "It's absolutely informative. I'd rather see this than other endless contracts."

  "There's nothing missing. All my questions are answered in this document."

Overall Reactions – Consumers cont'd

- Those who were somewhat less positive were in Toronto. They agreed with the points mentioned above and liked Key Facts, but felt it did not tell them enough. Without an initial description of the product, they remained somewhat confused even after reading Key Facts.

  "It doesn't tell me what it's about."

  "It's a pretty good document. I just want some more detail."

  "The title's not clear."

- However, in both cities Key Facts is not seen as quite as compelling a document as Fund Facts. Fund Facts provides more detail but it also has the advantage of focusing on more exciting topics, for example, risk and return.
- In Toronto, some respondents also noted that in comparison to Fund Facts, Key Facts is visually less attractive.

  "It's not interesting to the eye…no graphs…."

- The use of colour was also more subdued in Key Facts.

5.2 Overall Reactions to Key Facts - Advisers

- After reading Key Facts, advisers continued to like the question-and-answer format, the short length, and the guarantee table. But they also continued to disagree about how much detail Key Facts should include.
- Some, but not all advisers, wanted page references to the legal contract added to Key Facts. Others thought this would be too cluttered and unnecessary.
- Overall reactions to Key Facts among advisers in Toronto remained mixed, but was uniformly positive in Montreal.

Comments from Montreal

"It's about segregated funds and demystifying them. It's not detailed, but fairly specific so that clients can make an enlightened decision."

"Clients love to have materials even if they don't read them. This is concise and helps them to read. They can keep it on the coffee table and read it during the ads."

"I really like this document. It's very useful. If a client asks a question then here's the answer. He can underline it and in one document there are the answers to many questions."

Overall Reactions – Advisers cont'd

- The comments below from Toronto show the range of opinions and also suggest that Key Facts offers a good foundation to work with and that many of these objections can be met.

"The layout is good. I like the bullet points. There's not too much detail or legalese…key headings. The guarantees jump out visually. But it's not a marketing document. There are too many negatives."

"It's a step in the right direction, but too many options just confuse clients."

"I've always had a simple mind. I like the questions. They've found the top questions people ask…There's nothing missing, but it [needs expanding]. I dislike the annuity language…they need to clarify the total fee…I dislike the [reference to] Ombudsman…and they need to make the type bigger."

"It's OK as a crib sheet for me to remind me what to talk about, but it's problematic for clients….The level of concept can't be done in two pages….I want more detail and bigger print."

"An insurance contract with a fund attached throws me off….It's reversed."

6.0 Using Key Facts

6.1 Using Key Facts - Consumers

6.2 Using Key Facts - Advisers

6.1 Using Key Facts - Consumers

- Consumers in both cities were very pleased to see Key Facts. Almost all of the respondents in both cities said that they would read Key Facts. It is short and the question-and-answer format allows them to scan quickly for the points of greatest interest to them.
- Several did not remember being given the information folder or the legal contract for their segregated funds, but those who did remember admitted they had not read it. Only a few had scanned it briefly. Key Facts was an important improvement.
- When asked if the points contained in Key Facts should have page references to the legal contract, several consumers liked this idea. They might be encouraged to read the relevant section in the larger document.
- Others, however, thought that these added page numbers, even if under the question/title for each section, would clutter Key Facts, making it more difficult to read. They also expect their adviser to answer questions and remain reluctant to go to the legal contract.

Using Key Facts – Consumers cont'd

- Consumers very much wanted to have Key Facts available to them before deciding to invest in segregated funds.
  1. Consumers wanted advisers --
     - to use both Key Facts and Fund Facts.
  2. Many wanted to see Key Facts first, and several said they would like it sent to them by email or mail prior to meeting with their adviser. Some would download it from the internet.

     'Start with this. These are the rules.'
  3. At the meeting their FA could then review both documents with them and answer any of their questions. Key Facts would help them to formulate these questions.
  4. Some would make their decision then, while others wanted to take both documents home to read further and then make a decision.

Using Key Facts – Consumers cont'd

- Consumers in both cities reported that they would feel more comfortable buying segregated funds as a result of having Key Facts.

  "I'm more comfortable. This changes the perspective I have on segregated funds. It's very clear…the options, guarantees, and withdrawals."

  "It's very informative…very good news for Canadian investors."
  "I'd be better equipped to make a decision than last time."

  "They should regulate the two documents. It'd be a very good thing. It'd standardize [the industry] so all are on the same wave length."

  "It's just right. We can't be too well informed."

- Consumers do not see either Key Facts or Fund Facts as replacing their adviser. Instead they see both documents as facilitating and helping that relationship.

  "This would be helpful to launch a discussion with my adviser…'may' here and 'may' there."

  "I'd read these two documents [Key Facts and Fund Facts] but not the large one. Keep in mind I trust my financial adviser."

6.2 Using Key Facts - Advisers

- A few of the advisers in Toronto indicated that they would prefer to continue using the materials they currently have – manufacturers' brochures and the letters and fact sheets they themselves make up. One adviser would continue to work through the contract itself with his client and a yellow highlighter.
- Others in Toronto and all of those interviewed in Montreal said they would use Key Facts. It seemed easy to read, a document that would stimulate discussion, and would not take too long to cover.

  "It doesn't hurt to have good, concise material that explains what a segregated fund is."

  "Like it or not, clients are on their guard nowadays if there is not document to corroborate what you tell them. This [Key Facts] from a company is a heavy weight document and persuasive. When clients see this they are reassured and believe they are in the hands of a professional."

  "This is a quick overview. It saves time and is preferable and less scary for the client."

Using Key Facts – Advisers cont'd

- Unlike consumers, however, advisers often wanted to present Fund Facts first – since selling the fund seems to be most important to them -- and Key Facts second, going over both in a meeting. Very few considered sending Key Facts to their clients ahead of time until suggested.
- Some said that if the client could not make a decision they might leave Key Facts with them to think about the guarantee options.
- A few would send it with their letters of recommendations after the first meeting and then review it along with Fund Facts in the second meeting.
- The processes advisers currently use to sell segregated funds vary widely. At this point they do not see one consistent use for Key Facts.

Appendix

XYZ Company

FUND FACTS

Choice Insurance Contract

XYZ Canadian Equity Fund Class B Guarantee

June 30, 2006

Quick facts

Date created:	January 1, 1996
Total value on June 30, 2006:	$1 billion
Portfolio manager:	Capital Asset Management Ltd.
Distributions:	Annually, on December 15

Annual expenses, as a % of the fund's total value for the year ended June 30, 2006:	3.10%
Made up of:	
Fund expenses	2.25%
Insurance costs	0.85%

What does the fund invest in?

The fund invests in Canadian companies. They can be of any size and from any industry.

The charts below give you a snapshot of the fund's investments on June 30, 2006. The fund's investments will change, sometimes frequently.

Top 10 investments (June 30, 2006)

1. Royal Bank of Canada
2. Encana Corp.
3. Petro-Canada
4. Alcan Inc.
5. Canadian National Railway Company
6. Goldcorp Inc.
7. Extendicare Inc.
8. Husky Energy
9. Open Text
10. Thomson Corp.

Total investments	**126**
The top 10 investments make up 32% of the fund.	

Investment mix (June 30, 2006)



Industry	
Financial services	34.0%
Energy	26.6%
Industrial goods	16.5%
Business services	6.4%
Telecommunication	5.9%
Hardware	3.7%
Healthcare services	2.3%
Consumer services	2.1%
Media	1.9%
Consumer goods	0.6%

How much can I make?

Here's how the fund has performed in the past. Returns are after the annual expenses have been deducted. All things being equal, the higher the expenses, the lower your return.

It's important to note that this doesn't tell you how the fund will perform in the future.

Year-by-year returns

This chart shows how the fund has performed in each of the past 10 years ending on June 30. There were three years when people who held this fund lost some of the money they had at the start of the year.



Average return

A person who invested $1,000 in the fund 10 years ago now has $2,682. This works out to an average of 10% a year.

How risky is it?

The fund has moderate risk. When you invest in a fund, the value of your investment can go down as well as up.

Very low	Low	Low to moderate	**Moderate**	Moderate to high	High

Are there any guarantees?

You are guaranteed to receive 75% of the amount you invest, less any withdrawals and fees, if you hold the contract for 10 years. If you hold the contract until you die, your beneficiaries will receive 100% of the amount you invest, less any withdrawals and fees.

You pay annual insurance costs to get these guarantees. For more details, ask your adviser or see the insurance contract fact sheet.

Who is this fund for?

Investors who:

- are looking for a long-term investment
- want to invest in a broad range of Canadian companies
- can handle the ups and downs of the stock market.

Don't buy this fund if you need a steady source of income from your investment.

How much does it cost to buy?

You may have to pay a sales charge. The table below outlines your options. Ask your adviser to explain the pros and cons of each option, and how they compare with similar funds.

Sales charge option	What you pay		What else you should know
	(In per cent %)	(In dollars $)	
Initial sales charge	0-4% when you buy	Up to $40 on every $1,000 you buy	• You and your adviser negotiate the rate. • The sales charge is deducted from the amount you buy, so less of your money goes to work for you. • Ask your adviser to tell you the sales charge on the amount you're buying.
Deferred sales charge	**If you sell within:** 1 year of buying 6.0% 2 years of buying 5.0% 3 years of buying 4.0% 4 years of buying 3.0% 5 years of buying 2.0% 6 years of buying 1.0% After 6 years none	Up to $60 on every $1,000 you sell	• This is a set schedule. • The sales charge is deducted from the amount you sell, so you get less of your money back.

How does my adviser get paid?

- Your adviser gets a commission when you buy, unless they choose to waive it.
- Your adviser also gets an ongoing commission for as long as you hold the fund. This commission may increase over time.
- Your adviser can tell you the commission rates for this fund, and how they compare with similar funds.

What if I change my mind?

- You can cancel your purchase by notifying your adviser in writing within two business days after you buy.
- You'll get back the amount you invested or less if the value of the fund has gone down.
- You'll also get back any sales charges you paid.

For more information

For more information about this fund, speak to your adviser or contact:

XYZ Mutual Funds Inc.
123 Asset Allocation St.
Toronto, ON M1A 2B3

Phone: (416) 555-5555
Toll-free: 1-800-555-5556

Email: investing@xyzfunds.com
www.xyzfunds.com

For more information about your insurance contract, speak to your adviser or see the insurance contract fact sheet.

XYZ Company

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XYZ Compagnie

APERÇU DU FONDS

Contrat d'assurance Assurisques

XYZ Fonds d'actions canadiennes – Garantie de la catégorie B

au 30 juin 2006

Bref aperçu

Date de création	1er janvier 1996
Valeur totale au 30 juin 2006	1 milliard de dollars
Gestionnaire de portefeuille	Gestion de capitaux Ltée
Distributions	Annuelles, le 15 décembre

Dépenses annuelles, en % de la valeur totale du fonds pour l'exercice terminé le 30 juin 2006	3,10 %
Composition :	
Dépenses du fonds	2,25 %
Frais d'assurance	0,85 %

Dans quoi le fonds investit-il?

Le fonds investit dans des entreprises canadiennes de toutes tailles et de tous secteurs. Les graphiques qui suivent vous donnent un aperçu des placements du fonds au 30 juin 2006. Ces placements sont appelés à changer, parfois fréquemment.

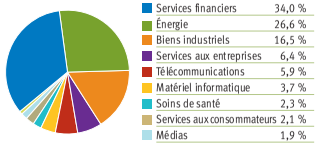
Dix principaux placements (au 30 juin 2006)

1. Banque Royale du Canada
2. Encana Corp.
3. Petro-Canada
4. Alcan Inc.
5. Compagnie des chemins de fer nationaux du Canada
6. Goldcorp Inc.
7. Extendicare Inc.
8. Husky Energy
9. Open Text
10. Thomson Corp.

Nombre total de placements	**126**

Les dix principaux placements représentent 32% du fonds.

Répartition des placements (au 30 juin 2006)



Secteur d'activité	
Services financiers	34,0 %
Énergie	26,6 %
Biens industriels	16,5 %
Services aux entreprises	6,4 %
Télécommunications	5,9 %
Matériel informatique	3,7 %
Soins de santé	2,3 %
Services aux consommateurs	2,1 %
Médias	1,9 %
Biens de consommation	0,6 %

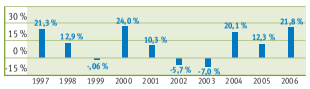
Combien est-ce que le fonds peut me rapporter?

Voici les résultats obtenus par le fonds dans le passé. Les rendements indiqués sont ceux après déduction des dépenses annuelles. Toutes choses étant égales par ailleurs, plus les dépenses sont élevées, plus le rendement est faible.

Il importe de noter que ces résultats ne vous permettent pas de prévoir le rendement du fonds dans l'avenir.

Rendements annuels

Ce graphique montre le rendement annuel du fonds pour les dix dernières années terminées le 30 juin. On note trois années durant lesquelles les détenteurs ont perdu une partie des sommes détenues au début de l'année.



Rendement moyen

La personne qui a investi 1 000 $ dans le fonds il y a dix ans détient aujourd'hui 2 682 $, ce qui correspond à un rendement annuel moyen de 10 %.

Quel est le degré de risque?

Le risque associé au fonds est modéré. Lorsque vous investissez dans un fonds, la valeur de votre placement peut augmenter ou diminuer.

Très faible	Faible	Faible à modéré	**Modéré**	Modéré à élevé	Élevé

Y a-t-il des garanties?

Vous bénéficiez d'une garantie de 75 % du montant investi, moins les retraits et les frais, si vous conservez le contrat pendant dix ans. Si vous conservez le contrat jusqu'à votre décès, vos bénéficiaires recevront 100 % du montant investi, moins les retraits et les frais.

Vous payez des frais d'assurance annuels pour obtenir ces garanties. Pour plus de détails, contactez votre conseiller ou consultez la fiche de renseignements du contrat d'assurance.

À qui le fonds est-il destiné?

Aux investisseurs qui :

- cherchent un placement à long terme;
- désirent investir dans un large éventail d'entreprises canadiennes;
- peuvent supporter les hauts et les bas du marché boursier.

N'achetez pas ce fonds si vous avez besoin d'une source de revenu régulier.

Quels sont les frais d'acquisition?

Vous pourriez avoir à payer des frais d'acquisition. Le tableau qui suit donne un aperçu de vos options. Demandez à votre conseiller de vous expliquer le pour et le contre de chaque option et d'établir une comparaison avec des fonds semblables.

Option de frais d'acquisition	Ce que vous payez		Ce que vous devriez également savoir
	(En pourcentage %)	**(En dollars $)**	
Frais d'acquisition initiaux	Entre 0 % et 4 % au moment de l'achat	Jusqu'à 40 $ sur chaque tranche de 1 000 $ achetée	• Vous négociez le taux avec votre conseiller. • Les frais d'acquisition sont déduits du montant acheté, ce qui signifie qu'une somme moins importante travaille pour vous. • Demandez à votre conseiller de vous informer des frais d'acquisition à payer sur le montant acheté.
Frais d'acquisition différés	**Si vous vendez après :** moins de 1 an 6,0 % moins de 2 ans 5,0 % moins de 3 ans 4,0 % moins de 4 ans 3,0 % moins de 5 ans 2,0 % moins de 6 ans 1,0 % 6 ans ou plus 0,0 %	Jusqu'à 60 $ sur chaque tranche de 1 000 $ vendue	• Il s'agit d'un tarif fixe. • Les frais d'acquisition sont déduits du montant vendu, ce qui signifie que vous récupérez une somme moins importante à la vente.

Comment mon conseiller est-il rémunéré?

- Votre conseiller touche une commission lorsque vous achetez, sauf s'il choisit d'y renoncer.
- Il touche également sur une base continue une commission tant que vous détenez le fonds. Cette commission peut augmenter avec le temps.
- Votre conseiller peut vous informer des taux de commission associés à ce fonds et établir une comparaison avec des fonds semblables.

Et si je change d'idée?

- Vous pouvez annuler votre achat en envoyant à votre conseiller un avis écrit dans les deux jours ouvrables suivant la date d'achat.
- Vous récupérerez le montant investi, ou moins si la valeur du fonds a baissé.
- Vous récupérerez également les frais d'acquisition payés.

Renseignements

Pour de plus amples renseignements sur le fonds, adressez-vous à votre conseiller ou contactez :

Fonds communs XYZ Inc.
123, rue Répartition de l'actif
Toronto (Ontario) M1A 2B3

Téléphone : 416-555-5555
Sans frais : 1-800-555-5556

Courriel : placement@fondsxyz.com
Site Web : www.fondsxyz.com

Pour de plus amples renseignements au sujet de votre contrat d'assurance, contactez votre conseiller ou consultez la fiche de renseignements du contrat d'assurance.

XYZ Compagnie

® Marques déposées de XYZ Compagnie.

CCIR/CCRRA

GIANT FINANCIAL

KEY FACTS

Choice Insurance Contract September 30, 2006

Here are some basic things you should know before you buy.
You'll find full details in your application, insurance contract and information folder.
Ask your adviser to review these legal documents with you.

Why buy this product?

When you invest through an insurance contract, you combine the growth potential of mutual funds with:

- guarantees that protect your investment if the markets go down
- death benefit guarantees
- possible creditor protection and tax savings.

This product might be right for you if:

- you plan to keep the contract until it matures (usually 10 years)
- you are comfortable paying annual insurance costs for the guarantees.

Your investment options

- You can choose from the 39 investment funds listed on the back of this page. Your adviser will help you choose the funds that are right for you.
- You can change funds at any time. Changing funds may change your guarantee.
- You may have to pay a sales charge when you buy or change funds. You'll find details on sales charges and other information about each fund in its *Fund Facts* document.

Choosing a guarantee

- You choose the guarantee for each fund. The greater the guarantee, the higher the annual insurance cost.
- The full guarantee is not available on some funds.

Guarantee option	Guarantee		Annual insurance cost (as a % of the fund's total value)
	If you hold the contract until maturity	On death	
Full	100%	100%	1.2%
Combined	75%	100%	0.8%
Basic	75%	75%	0.6%

- If you hold the contract until it matures or if you die, you or your beneficiaries will get the guarantee amount or the market value of your investment, whichever is higher. That means if the market has gone down, you or your beneficiaries will get 75% or 100% of what you paid in, less any fees or withdrawals you have made.
- The full and combined guarantees let you lock in gains on your investment and base the guarantee on the higher amount. Some restrictions apply.

Naming a beneficiary

- You can choose a beneficiary who will get your money if you die. There are tax advantages to this.
- Naming a beneficiary may also help protect the contract from creditors. Ask your adviser for details.

KEY FACTS

Choice Insurance Contract cont'd

Making withdrawals

- You can take out some or all of your money at any time, unless you have pension money in your contract. In this case, special withdrawal rules apply.
- Sales charges and withdrawal fees may apply.
- If the contract is held in a registered plan, withholding tax may apply.
- Withdrawals reduce the amount you get under the guarantee.

When your contract matures

- You will automatically get monthly annuity payments when your contract matures.
- You can choose to start the annuity at any time before maturity or to receive a lump sum payment instead.
- Some restrictions apply. Ask your adviser for details.

Changes to your contract

- If there are important changes to how much your insurance contract costs or how your investment funds work, we will tell you 60 days before we make the change.
- If you decide to move to a different investment fund, you can do so without charge.

If you change your mind

- You can cancel your contract by notifying your adviser in writing **within two business days** of signing the contract.
- You'll get back the amount you invested or less if the value of your investments has gone down.
- You'll also get back any sales charges you paid.

Investment fund options at September 30, 2006

Fixed income and cash equivalent funds
Money Market (XYZ)
Fixed-Income Portfolio Fund
Mortgage (XYZ)
Canadian Bond (XYZ)
Global Income (AGF)

Balanced funds
Income (XYZ)
Diversified (XYZ)
Equity/Bond
Income (Mackenzie)
Growth & Income (Mackenzie)
Balanced (Mackenzie)
Growth & Income (AGF)

Canadian equity funds
Dividend (XYZ)
Equity Index (XYZ)
Mid-Cap Canada (XYZ)
Canadian Equity (XYZ)
Dividend Growth (Mackenzie)
Larger Company (Mackenzie)
Equity (Mackenzie)
Smaller Company (Mackenzie)
Eclipse Canadian Growth

Canadian specialty funds
Real Estate (XYZ)
Canadian Opportunity (Mackenzie)
Canadian Resources (AGF)
Canadian Science and Technology (XYZ)

Foreign equity funds
U.S. Equity (XYZ)
American Growth (AGF)
International Equity (Putnam)
U.S. Mid Cap (XYZ)
Millennia III European Equity Fund

Foreign specialty funds
Asian Growth (AGF)
European Equity (Sceptre)
Emerging Markets (Mackenzie)
Japan Equity (Mackenzie)

Asset allocation funds
Conservative Portfolio Fund
Moderate Portfolio Fund
Balanced Portfolio Fund
Advanced Portfolio Fund
Aggressive Portfolio Fund

For more information

Giant Financial
10010–101 St. NW
Edmonton AB T5J 3G8

Phone: (780) 555-1212
Toll-free: 1-800-GIANTFI
E-mail: Choice@giantfin.com
Website: www.giantfin.com

Insurance contracts are regulated products. For general information about funds and insurance contracts, visit the Canadian Council of Insurance Regulators website at **www.ccir-ccrra.org**.

If you have a concern with your contract that you have not been able to resolve with your insurer, contact the Canadian Life and Health Insurance OmbudService at **1-888-295-8112** or on the web at **www.clhio.ca**.

GIANT FINANCIAL

LA GÉANTE FINANCIÈRE

FAITS SAILLANTS

Contrat d'assurance Assurisques Le 30 septembre 2006

Voici quelques éléments de base que vous devriez savoir avant d'acheter.
Vous trouverez des renseignements détaillés dans votre formulaire de demande, dans le contrat d'assurance et dans la notice explicative.
Demandez à votre conseiller de passer ces documents juridiques en revue avec vous.

Pourquoi acheter ce produit?

En investissant via un contrat d'assurance, vous combinez le potentiel de croissance des fonds communs de placement avec :

- des garanties qui protègent votre investissement en cas de baisse des marchés;
- des garanties en matière de capital-décès;
- des possibilités d'économies d'impôt et de protection contre les créanciers.

Ce produit pourrait vous convenir si :

- vous comptez conserver le contrat jusqu'à l'échéance (habituellement 10 ans);
- vous êtes à l'aise de payer des frais d'assurance annuels pour obtenir les garanties.

Vos options en matière de placements

- Vous pouvez choisir parmi les 39 fonds de placement figurant au verso. Votre conseiller vous aidera à choisir ceux qui vous conviennent.
- Vous pouvez changer de fonds à tout moment. Cela pourrait entraîner une modification de votre garantie.
- Il est possible que vous deviez payer des frais d'acquisition à l'achat ou lors d'un changement de fonds. Vous trouverez des renseignements détaillés sur les frais d'acquisition et d'autres informations sur chaque fonds dans le document *Aperçu du Fonds*.

Le choix d'une garantie

- Vous choisissez la garantie pour chaque fonds. Plus la garantie est élevée, plus les frais d'assurance annuels sont élevés.
- Dans le cas de certains fonds, la garantie totale n'est pas disponible.

Option en matière de garantie	Garantie		Frais d'assurance annuels (en pourc. de la valeur totale du fonds)
	Si vous conservez le contrat jusqu'à l'échéance	Au décès	
Garantie totale	100 %	100 %	1,2 %
Garantie combinée	75 %	100 %	0,8 %
Garantie de base	75 %	75 %	0,6 %

- Si vous conservez le contrat jusqu'à l'échéance ou si vous décédez, vous ou vos bénéficiaires recevrez le plus élevé du montant garanti ou de la valeur marchande de votre investissement. Cela signifie que si le marché a baissé, vous ou vos bénéficiaires recevrez 75 % ou 100 % de ce que vous avez payé, moins les frais ou les retraits que vous avez effectués.
- Les garanties totale et combinée vous permettent de bloquer vos gains et de baser la garantie sur le montant le plus élevé. Certaines restrictions s'appliquent.

Désignation d'un bénéficiaire

- Vous pouvez choisir le bénéficiaire qui recevra votre argent si vous décédez. Il est avantageux de le faire, du point de vue fiscal.
- La désignation d'un bénéficiaire peut aussi vous permettre de mettre le contrat à l'abri des créanciers. Demandez des précisions à votre conseiller.

FAITS SAILLANTS

Contrat d'assurance Assurisques suite

Retraits

- Vous pouvez retirer une partie ou la totalité de votre argent à tout moment, sauf si le contrat vise des sommes économisées en vue de votre retraite, auquel cas des règles particulières s'appliquent aux retraits.
- Il est possible que des frais d'acquisition différés ou des frais de retrait s'appliquent.
- Si le contrat est détenu dans un régime enregistré, il peut y avoir une retenue d'impôt.
- Les retraits ont pour effet de réduire le montant que vous obtenez aux termes de la garantie.

Lorsque votre contrat arrive à échéance

- À l'échéance de votre contrat, vous recevez automatiquement des versements mensuels de rente.
- Vous pouvez choisir de faire commencer les versements de rente à n'importe quel moment avant l'échéance du contrat ou de recevoir plutôt un paiement forfaitaire.
- Certaines restrictions s'appliquent. Demandez des précisions à votre conseiller.

Modifications de votre contrat

- Si nous devons apporter des modifications importantes dans vos frais de contrat d'assurance ou dans le fonctionnement de vos fonds de placement, nous vous aviserons 60 jours à l'avance.
- Si vous décidez d'investir dans un autre fonds de placement, vous pouvez le faire sans frais.

Si vous changez d'avis

- Vous pouvez annuler votre contrat en envoyant un avis écrit à votre conseiller dans les **deux jours ouvrables** suivant la signature du contrat.
- Vous recouvrerez le montant que vous avez investi ou moins si la valeur de vos placements a baissé.
- On vous remboursera aussi tous les frais d'acquisition que vous avez payés.

Options de fonds de placement au 30 septembre 2006

Fonds de titres à revenu fixe et de titres liquides
- Fonds du marché monétaire (XYZ)
- Fonds de titres à revenu fixe
- Fonds hypothécaire (XYZ)
- Fonds d'actions canadiennes (XYZ)
- Fonds de revenu mondial (AGF)

Fonds équilibrés
- Fonds de revenu (XYZ)
- Fonds diversifié (XYZ)
- Fonds d'actions/obligations
- Fonds de revenu (Mackenzie)
- Fonds de croissance et de revenu (Mackenzie)
- Fonds équilibré (Mackenzie)
- Fonds de croissance et de revenu (AGF)

Fonds d'actions canadiennes
- Fonds de bénéfices (XYZ)
- Fonds indiciel d'actions (XYZ)
- Fonds de sociétés canadiennes à capitalisation moyenne (XYZ)
- Fonds d'actions canadiennes (XYZ)
- Fonds de bénéfices axé sur la croissance (Mackenzie)
- Fonds de grandes entreprises (Mackenzie)
- Fonds d'actions (Mackenzie)
- Fonds de petites entreprises (Mackenzie)
- Fonds canadien de croissance Eclipse

Fonds canadiens spécialisés
- Fonds immobilier (XYZ)
- Fonds canadien d'occasions de placement (Mackenzie)
- Fonds de ressources canadiennes (AGF)
- Fonds canadien science et technologie (XYZ)

Fonds d'actions étrangères
- Fonds d'actions américaines (XYZ)
- Fonds américain de croissance (AGF)
- Fonds d'actions internationales (Putnam)
- Fonds de sociétés américaines à moyenne capitalisation (XYZ)
- Fonds d'actions européennes Millennia III

Fonds étrangers spécialisés
- Fonds de croissance asiatique (AGF)
- Fonds d'actions européennes (Sceptre)
- Fonds des marchés émergents (Mackenzie)
- Fonds d'actions japonaises (Mackenzie)

Fonds de répartition de l'actif
- Portefeuille prudent
- Portefeuille modéré
- Portefeuille équilibré
- Portefeuille confiant
- Portefeuille dynamique

Pour de plus amples renseignements

La Géante financière
100, rue Quelconque
Nimportou NB T5J 3G8

Téléphone : (780) 555-1212
Sans frais : 1 800 GEANTEF
Courriel : Assurisques@geantefin.com
Site Web : www.geantefin.com

Les contrats d'assurance sont réglementés. Vous trouverez des renseignements généraux sur les fonds et les contrats d'assurance dans le site Web du Conseil canadien des responsables de la réglementation d'assurance (**www.ccir-ccrra.org**).

Si vous avez des problèmes concernant votre contrat d'assurance que vous n'avez pu régler avec votre assureur, adressez-vous au Service de conciliation des assurances de personnes du Canada, par téléphone (1 888 295-8112) ou par Internet (**www.clhio.ca**).

LA GÉANTE FINANCIÈRE

Advisers' Interview Guide

CCIR Insurance Contract
Advisors Interview Guide

1. Introduction to Research

    1. Role of interviewer
        1. Facilities – audiotaping/ one-way mirror
        2. Purpose of Research - Canadian insurance regulators want to make sure that Canadian consumers receive the information they need to make a decision when choosing investments and insurance products and that the information is presented in way that is acceptable and useful to Advisors.

        3. *Emphasize testing the document, not the participant in any way.*

2. Current advisor practice

    1. Just to understand your work environment, what types of clients do you deal with primarily? PROBE: demographics, level of knowledge, goals
    2. And what types of investments do you work with most often?
    3. PROBE: GICs, Mutual Funds inside an RSP, MFs outside an RSP, Segregated funds, Equities inside an RSP, Equities outside an RSP, Bonds, Principal Protected Notes, Universal life insurance,other
    4. What is the main reason you offer clients segregated funds? PROBE

    5. *How do you describe this type of fund [LISTEN FOR: segregated fund within an insurance policy/ annuity/ mutual fund with guarantee?]*

    6. Can you describe the process you go through when working with a consumer for their first segregated fund, that is, when they have not invested in segregated funds before?
    7. What fund information do you provide? PROBE: details of content [investments, history, expenses, commission, right to cancel], format, channel, when?
    8. Source of this information
    9. Do you give/send them any of the printed information they take away with them?
    10. IF YES: Do you think they read the fund information? Why or why not?
    11. Do you give them electronic access to any fund information? Why or why not?
    12. IF YES: Do you think they access that information? Why or why not?
    13. How many new funds would you typically introduce to a client at one time?

3. Fund Facts Sheet – Quick Review [ROTATE WITH INSURANCE CONTRACT]

3. Fund Facts Sheet – Quick Review [ROTATE WITH INSURANCE CONTRACT]

EXPLAIN: Canadian regulators are planning to introduce two new fact sheets for investors when they buy segregated funds. ONE is a brief description of the mutual fund as an investment; the SECOND is a description of the insurance contract that accompanies a mutual fund purchased as part of an insurance policy or annuity. Our main focus is the insurance contract today, but to give you the full context please take a moment and look at the Fund Facts.

HAND FUND FACTS.

1. In general, what do you think of this document. Probe briefly.

4. Initial impressions of key facts sheet

EXPLAIN: A FACT SHEET FOR CONSUMERS WHEN THEY FIRST BUY ANY SEGREGATED FUND. IT IS BASED ON A HYPOTHETICAL PRODUCT BUT WOULD BE DEVELOPED BY THE INSURANCE COMPANY FOR A SPECIFIC SEGREGATED FUND.

SHOW KEY FACTS SHEET BRIEFLY; EXPLAIN LOGO AND COLOURS OF INSURANCE COMPANY

1. Initial impressions
2. What noticed, likes, dislikes
3. Titles, Font size, use of bolding, layout, graphs, tables
4. Ability to find key information
5. Easy to read or not easy to read

5. Detailed reactions to Key Facts sheet – Verbal Protocol

PAGE 1

Masthead

1. Title – Understanding of what the document is?
2. Date – Noticed?
3. Logo?

Advisers' Interview Guide cont'd

Opening Note

1. Noticed, read, terms understood, relevant

Why buy this product?

1. Explain in own words why someone would buy this product?

PROBE: Understanding of death benefit guarantees, creditor protection

a. Notice length of time to be held – 10 years; cost implications

Your investment options

b. Understanding of fund options; understand can change, but among these funds.

Choosing a guarantee

1. What happens as the guarantee increases?
2. Understanding of table – what is maturity? Combined? % of total value of fund – when?
3. 'Lock in'? Restrictions?

Naming a beneficiary

a. Understood? Helpful?
b. Where for more information?

Page 2

Making Withdrawals

- Understanding of 'pension money in your contract'.
- Other bullets?

When your contract matures

- What does the title mean?
- Some restrictions apply – Sufficient for a fact sheet?

Changes to your contract

- Understanding of content
- Reactions to 60 days?

If you change your mind [New provision]

1. Understanding of it?

Investment Fund Options

1. Awareness of date and its importance
2. Organization of funds

For more information

- Noticed?
- Complete?
- Awareness of and reaction to the two paragraphs

6. Review of Document

Take a moment and look back over the Key Facts document.

1. How well do you think it meet consumer needs in deciding to buy an annuity product?
2. How well, if at all, does it meet your needs as an advisor?
3. What, if anything, do you particularly like about it?
4. What, if anything, do you particularly dislike about it?
5. Is there any information here you do not need? What sections do you see as critical?
6. Any information missing that you would like to have?
7. Is the information in the right order? On the right page?
8. Length?

7. REVIEW SECOND DOCUMENT IN ROTATION.

- Now that you have seen both of these documents, how would you use them?

9. Would you use Key Facts with your clients? Why or why not? IF USE: How would you use Key Facts with your clients?

10. How would you like for these documents to fit in with the information you currently use?

11. When would you give it to clients? How? PROBE:] By hand, Internet, email, post.
12. What value, if any, would it bring to your relationship with clients?
13. Do you think these documents would help clients feel more comfortable with segregated funds or not?
14. PROBE: Help to support sale, save you time, act as a reminder?

Advisers' Interview Guide cont'd
Consumers' Interview Guide

8. Insurance Package

REVIEW CONTENTS BRIEFLY

1. How do you feel about this package?
2. How would you use it?
3. The insurance contract sheet could be referenced to pages in the longer document. Would this be helpful or not?

9. Conclusions

1. Thinking back about all that you have seen, the Fund Facts Sheet, the Insurance Contract Facts Sheet, the Package, does this give clients enough information? Is it the right amount? Not enough? Too much? DEPENDING ON ANSWER – What would you as an advisor DROP/ADD?
2. Would having this material be helpful in the sales process or not for segregated funds.
3. What impression does this new material create of you as an advisor? PROBE FULLY.

1. Any other suggestions for improvement?

CCIR Insurance Contract
Consumers Interview Guide

1. Introduction to Research

1. Role of interviewer
   1. Facilities – audiotaping/ one-way mirror
   2. Purpose of Research - Canadian insurance regulators want to make sure that Canadian consumers receive the information they need to make a decision when choosing investments and insurance products and that that information is presented in an easy-to-understand way that encourages consumers to read it.
   3. Remember the research is on behalf of all Canadian consumers and I will not ask you any private information,
   4. *Emphasize testing the document, not the participant in any way.*

2. Current insurance and investment experience

- Just to understand your background, in general what types of insurance products do you carry apart from property and vehicle insurance?

PROBE: Universal Life, Whole life, Annuities

- And what types of investments do you have? BRIEFLY

PROBE: Mutual Funds in an RSP, MFs outside an RSP, MFs/seg funds in universal life or annuity, Equities, anything else

1. When did you last make an investment in a segregated fund? How was this investment described to you [PROBE for name/title]? Were you told your purchase was for an annuity?
2. Can you describe the sales process?

PROBE:

a. Fund information received, reviewed [SHOW FUND FOLDER, TEST RECEIPT]
b. Channel used
c. Any other

3. IF GIVEN TO READ: Did you read the insurance contract information? Why or why not? What information did you get on the investment choices you had? Did you read it? Why or why not?
4. Did you have enough information to make a decision? To understand your advisor's recommendation?

Consumers' Interview Guide cont'd

1. What was to you the key reason for buying a segregated fund instead of a mutual fund or other investment?
2. Storage of fund information; other use of fund information
3. Satisfaction with process; reasons

3. Fund Facts Sheet – Quick Review [ROTATE WITH KEY FACTS SHEET]

EXPLAIN: Canadian regulators are planning to introduce two new fact sheets for investors when they buy segregated funds. ONE is a brief description of the mutual fund as an investment; the SECOND is a description of the insurance contract that accompanies a mutual fund purchased as part of an insurance policy or annuity. Our main focus is the insurance contract today, but to give you the full context please take a moment and look at the Fund Facts.

HAND FUND FACTS.

- In general, what do you think of this document. Probe briefly.

4. Initial impressions of key facts sheet

EXPLAIN: A FACT SHEET FOR CONSUMERS WHEN THEY FIRST BUY A SEGREGATED FUND THAT YOU HAVEN'T PREVIOUSLY HELD

SHOW KEY FACTS SHEET BRIEFLY; EXPLAIN LOGO AND COLOURS OF INSURANCE COMPANY

1. Initial impressions
2. What noticed, likes, dislikes
3. Titles, Font size, use of bolding, layout, graphs, tables
4. Ability to find key information
5. Easy to read or not easy to read

5. Detailed reactions to Key Facts sheet – Verbal Protocol

PAGE 1

Masthead

1. Title – Understanding of what the document is?
2. Date – Noticed?
3. Logo?

Opening Note

1. Noticed, read, terms understood, relevant

Why buy this product?

1. Explain in own words why someone would buy this product?

PROBE: Understanding of death benefit guarantees, creditor protection, tax savings [*in unincorporated businesses insurance contracts not part of personal estate*]

a. Notice length of time to be held – 10 years; cost implications

Your investment options

b. Understanding of fund options; understand can change, but among these funds.

Choosing a guarantee

1. What happens as the guarantee increases?
2. Understanding of table – what is maturity? Combined? % of total value of fund – when?
3. 'Lock in'? Restrictions?

Naming a beneficiary

a. Understood? Helpful?
b. Where for more information?

Page 2

Making Withdrawals

- What is a withdrawal in this case? [Redemption of fund units]
- Understanding of 'pension money in your contract'.
- Other bullets?

When your contract matures

- What does the title mean?
- Some restrictions apply – Sufficient for a fact sheet?

Changes to your contract

- Understanding of content
- Reactions to 60 days?

Consumers' Interview Guide cont'd

If you change your mind [New Provision]

1. Understanding of it?

Investment Fund Options

- Awareness of date and its importance
- Organization of funds

For more information
Noticed?
Complete?
Awareness of and reaction to the two paragraphs

6. Review of Document

Take a moment and look back over the Key Facts document.

1. How well does it meet your needs as consumer deciding to buy an annuity product?
2. What, if anything, do you particularly like about it?
3. What, if anything, do you particularly dislike about it?
4. Is there any information here you do not need? What sections do you see as critical?
5. Any information missing that you would like to have?
6. Is the information in the right order? On the right page?
7. Length?

8. How would you like to receive this information? PROBE: from adviser [when], Internet, email, post.

    1. How likely are you to read this information? Why?
    2. When? Is there anything that can be done to encourage you to read it, or to read it more carefully?

PROBE FULLY. COLOUR, FONT, LAYOUT, SPONSOR, TITLE, ETC.

    3. How would you use this information?

PROBE: to make your investment decision, to confirm the adviser's recommendation? As a reference?

    4. Would you want or need any other printed information if you received this document?
    5. Do you understand how you could get more information if you wanted it?
    6. What use would you expect your Adviser to make of this document?
    7. How would you feel about an Adviser who provided this key facts document to you?

7. REVIEW SECOND DOCUMENT ROTATION.

8. Process with Two Documents

- If both of these documents were available to you, how do you see using them?
- How would you want your advisor to handle them? Which first? Go over both?
- Receipt – email, internet, post, fax, by hand
- Do you need both? Why are they separate documents?
- If the Regulators were to regulate both documents for the sale of segregated funds, how would you as a consumer feel about this? PROBE FULLY.

9. Insurance Package - BRIEFLY
REVIEW CONTENTS BRIEFLY [Application, detailed insurance contract, review of contract; Still available, but how, when use]

1. How do you feel about this package?
2. How would you use it?
3. The insurance contract sheet could be referenced to pages in the longer document. Would this be helpful or not?
4. When would you expect to receive it?
5. Once you have completed your purchase what would you do with this package?

10. Conclusions

    1. Thinking back about all that you have seen, the Fund Facts Sheet, the Insurance Contract Facts Sheet, the Package, does this give you enough information? Is it the right amount? Not enough? Too much? DEPENDING ON ANSWER – What would you DROP/ADD?
    2. Would having this material make you feel more comfortable with your investment decision or not?

1. Any other suggestions for improvement.