
OUR DIVIDEND POLICY

This dividend policy applies to all participating products issued by the Company as well as to all adjustable products. It was adopted by the Board of Directors of the Company and is subject to change from time to time.

Participating life insurance policyholders have the opportunity to earn policyholder dividends. As regards to adjustable products, adjustments are reviewed every five years for life insurance products, and every year for accident and health insurance products. As these dividends reflect actual results, they cannot be known in advance and are thus not guaranteed. Premiums are paid to policyholders through a “participating account.” Dividends are based on the results achieved by the participating account, which are not guaranteed. The dividend scales and premiums related to adjustable products are thus based on long-term assumptions regarding returns on invested capital, mortality rates, administrative expenses of the Company, taxes, as well as other policyholder experiences, such as surrenders. If the results achieved by the participating account are different from the results expected when establishing the price of the policy, this difference will be reflected in the annual review of the dividend scale and adjustable products. As these results may deteriorate or improve over the years, dividend scales can be reduced or increased as well.

A smoothing of the results can be applied over the years to maintain constant dividend scales. The methods used to determine the dividend scales and adjustable product adjustments are objective and in accordance with generally accepted actuarial principles. These methods must also be in compliance with insurance contracts, this policy and applicable regulations.

In order to be in a position to continue to protect policyholders and its insurance business, the Company must maintain a reasonable surplus in full compliance with regulatory requirements. To this end, the projected surplus determined when establishing the price of participating and adjustable products are considered permanent contributions to the surplus generated by the Company and will not be allocated as a dividend at maturity. Furthermore, the current and projected financial situation is taken into account when establishing dividend scales and adjustable product adjustments.

Every year, the appointed actuary must prepare a report for the Board of Directors. This report must contain an analysis of the results achieved by the participating account, and his opinion on the fairness of these policies to policyholders with respect to the establishment of the policy as well as with respect to the adjustments to the dividend scales and adjustable policies. His opinion must also confirm that the methods used for the distribution of income and the allocation of investment expenses are fair and equitable to participating and adjustable product policyholders.

The dividend scales and adjustable product adjustments are declared by the Board under this policy and in accordance with the regulations in force, following submission of the appointed actuary’s report.