

Letter 2: Client has previously selected to decrease basic insurance benefit (maintain premium)

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April 1, 2007

John Client
123 My Street
My town, ON
H0H 0H0

Dear Mr. Client,

Re: Your Adjustable Life insurance policy, contract number LI-R123,456-7

This letter provides some important information about your Adjustable Life insurance policy.

The policy you purchased includes a provision that allows for adjustment of the policy. The adjustment provision of your policy explains that the adjustable life benefit amount (we refer to this in your annual statement as your "basic insurance" benefit) is adjustable every three years when your policy's cost basis is reviewed. The cost basis is determined according to our future expectations of pricing factors such as investment returns, mortality, expenses, taxes, inflation and how long people keep their policies

Use this paragraph instead for clients with total disability benefit:

The policy you purchased includes a provision that allows for adjustment of the policy. The adjustment provision of your policy explains that the adjustable life benefit amount (we refer to this in your annual statement as your "basic insurance" benefit) and the total disability benefit amount (we refer to this in your annual statement as "waiver of premiums") are adjustable every three years when your policy's cost basis is reviewed. The cost basis is determined according to our future expectations of pricing factors such as investment returns, mortality, expenses, taxes, inflation and how long people keep their policies.

After reviewing your policy's cost basis for the next three-year period, we have determined that to maintain your premium payment at its current level, the amount of your basic insurance benefit must be reduced. Your basic insurance benefit will never be reduced below the minimum stated in your policy. The enclosed Questions and answers provide more information on why your policy needs to be adjusted at this time.

As a result of this adjustment, your monthly premium of \$123.45 will not change, but the basic insurance benefit will reduce from \$100,000 to \$90,000. The new reduced basic insurance benefit will take effect on June 1, 2007 your policy's next anniversary.

Beginning on June 1, 2007 the cash values and paid-up values on your policy for the next three years (assuming all premiums are paid) will be:

| Year | Cash value | Paid-up values |
|------|------------|----------------|
| 2007 | \$ | \$ |
| 2008 | \$ | \$ |
| 2009 | \$ | \$ |

Life insurance is an important part of your financial plan and Sun Life Financial is proud to be a partner in your plan. We know you value your insurance coverage, so we encourage you to take a few minutes to review the information in this letter and your Adjustable Life policy. If you have other questions about this policy, or your financial plan, you may want to contact your advisor to discuss this matter in more detail. You can reach your advisor, Peter Smith at (123) 456-7890. If you have other questions, please contact your advisor or our Customer Service Centre at 1-800-786-5433.

Please keep this letter with your policy as it forms part of your policy.

Sincerely,

Paul Fryer
Vice-President, Individual Product Development

Questions and answers about the adjustment to your Adjustable Life policy

Why is my policy adjusting now?

Although your policy's cost basis is reviewed every three years, the last time an adjustment occurred was more than 10 years ago. Since that time, investment returns on your policy (and other similar policies) have declined. During the same period, there was improvement in other pricing factors, such as mortality, which offset most of these investment losses. This meant an adjustment to the basic insurance benefit amount was not necessary.

While there continues to be improvement in some pricing factors, the improvement is no longer enough to compensate for the continued lower interest rate environment. As a result, an adjustment to your policy is now necessary.

Is this the last time my policy will be adjusted?

It is not possible to predict if another adjustment will occur. Whether an adjustment is needed continues to depend on our future expectations of the pricing factors which impact your policy's cost basis.

For example, it is possible that the cost basis could decrease. If this happens, then your basic insurance benefit would increase.

It is also possible the cost basis could increase again. If this happens, your basic insurance benefit would reduce again, but never below the minimum stated in your policy.

However, as explained in the adjustment provision of your policy, your policy is only adjustable every third policy anniversary.

What are cash values and why are only three years shown?

The cash value of your policy is the amount available to you in cash if you were to cancel your policy (also known as a surrender), a portion of which may be taxable on surrender. The cash value of your policy on each policy anniversary is shown on your annual statement.

Since your policy is adjustable every third policy anniversary, cash values beyond the next three years are not guaranteed. Policy loans and any arrears will be deducted from this cash value prior to payment.

What are paid-up values and why are only three years shown?

The paid-up value of your policy is the amount of basic insurance benefit that will remain in force if you decide to stop making premium payments.

Since your policy is adjustable every third policy anniversary, paid-up values beyond the next three years are not guaranteed. Cash values are used in the calculation of paid-up values, therefore policy loans and any arrears which impact cash values will also impact paid-up values.