

Financial Supplement

All information contained herein will be held in the strictest of confidence.

PERSONAL & CONFIDENTIAL

If you are self employed, this form must accompany all applications for monthly La Capitale Financial Security Insurance Company disability coverage greater than or equal to \$2,001.00. This form, plus tax returns may also be requested at the underwriter's discretion for any amount applied for.

This statement will be used to determine your financial eligibility for the coverage applied.

Applicant: _____ Application #: _____

Occupation: _____ Name of Business: _____

Exact Duties: _____

Have you filed for bankruptcy in the last 3 years? Yes No Please provide details: _____
(Please attach applicable documents)

Has it been discharged? Yes No If "Yes" when? _____

Type of business: Sole Proprietor Partnership Corporation Other: _____

If owner, percentage of ownership: _____ Date this business started: _____ Fiscal Year End: _____

Number of employees Full-time _____ Part-time _____ Seasonal _____

FIGURES AS REPORTED TO CANADA REVENUE AGENCY

NOTE: "cash", "under the table" and other similar payments for which income is not reported to Canada Revenue Agency are not considered insurable income for the purposes of this contract. ("Unearned Income" (ie. investments, dividends, rental, pension) not considered insurable income for purpose of contract.)

SOLE PROPRIETORSHIP		PARTNERSHIP		CORPORATION	
		Last 2 years		Last 2 years	
		20__	20__	20__	20__
Number of months reported		_____	_____	_____	_____
Gross annual <u>Business</u> income		_____	_____	_____	_____
Less all operating Expenses*		- _____	- _____	- _____	- _____
Net annual business income (A)	=	_____	= _____	_____	= _____
Add:					
Depreciation	+	_____	+ _____	_____	+ _____
Business use of home	+	_____	+ _____	_____	+ _____
Bad debts written off	+	_____	+ _____	_____	+ _____
Income Splitting*	+	_____	+ _____	_____	+ _____
Capital Acquisition**	+	_____	+ _____	_____	+ _____
Other ⁺	+	_____	+ _____	_____	+ _____
Total business write-offs (B)	=	_____	= _____	_____	= _____
Equals Total Net insurable income (C)	=	_____	= _____	_____	= _____
[(A) + (B) = (C)]					

* If income splitting is to be considered, please provide name of person, duties in the business, and weekly number of hours worked: _____

** Capital Acquisition: A major purchase of a fixed asset which is not part of the normal course of business.

Please indicate item(s) purchased and reason for purchase: _____

+ Please attach a separate form and indicate justification for amount.

It is understood and agreed as follows:

- 1) I have read the statements and answers made above. They are, to the best of my knowledge and belief, true and complete and correctly recorded. The Company will rely on them to determine the amount, if any, of disability income insurance it will issue.
- 2) I hereby grant permission to The Company to contact my accountant for verification of the information provided above and for my accountant to provide supporting documentation to The Company.

Signed at _____ Date _____

Witness _____ Agent _____ Applicant _____

Accountant name and address: _____

Fax Number: _____ Telephone Number: _____

INSTRUCTIONS FOR COMPLETION

It is necessary that the financial information recorded be accurate and able to be substantiated by tax forms or other appropriate forms of financial documentation if deemed necessary by the Company, now or during the first 2 years of coverage.

Please ensure the applicant describes all duties performed in relation to their occupation.

DEFINITIONS:

Sole Proprietor: A business that is owned and operated by one individual.

Earned Income: Net profit of the business for Federal income tax purposes. Net profit is defined as gross business revenues less deductible operating expenses but before income taxes.

Partnership: An association between two or more individuals who enter into an agreement to own and operate a business for profit.

Earned Income: The partner's proportionate share of the partnership net profit as reported for Federal income tax purposes. Net profit is defined as gross partnership revenues less deductible operating expenses before income taxes.

La Capitale Financial Security is willing to consider adding to earned income the following items when determining "insurable income" for Sole Proprietors and Partners: *(Please note these amounts must have been reported to the government for income tax purposes and classified as a business write off)*

1. **Depreciation:** The portion of the estimated net cost of physical assets that becomes an expense in a given accounting period.
2. **Business Use of Home:** Only allowable for home based business'. Expenses may include a portion of the homes heat, hydro, mortgage allowed by Canada Revenue Agency.
3. **Bad Debts Expense:** The estimated amount of bad debts applicable to an accounting period.
4. **Income Splitting:** An applicant who shares his income with family members in order to reduce their overall tax burden. Any amount split must be reported on individual's tax return. The Company reserves the right to ask for proof of income for the portion paid to other family members now or before policy becomes incontestable.
5. **Capital Acquisition:** A major purchase of a fixed asset which is not part of the normal course of business. This may include but not limited to large industrial equipment, building, land or vehicles. The amount we will consider when calculating insurable income will vary depending on asset purchased and circumstances. For example, buying a new piece of machinery to expand a business versus replacing an existing piece of equipment for which we have already included its depreciation.

Corporation: A corporation incorporated under federal or provincial business statute.

Earned Income: The owner's proportionate share of net profit as reported for Federal Income tax purposes. Net Profit is defined as gross business revenues less deductible operating expenses but before income taxes.

La Capitale Financial Security will also take into consideration the owner's gross monthly salary and capital acquisition in determining "insurable income".