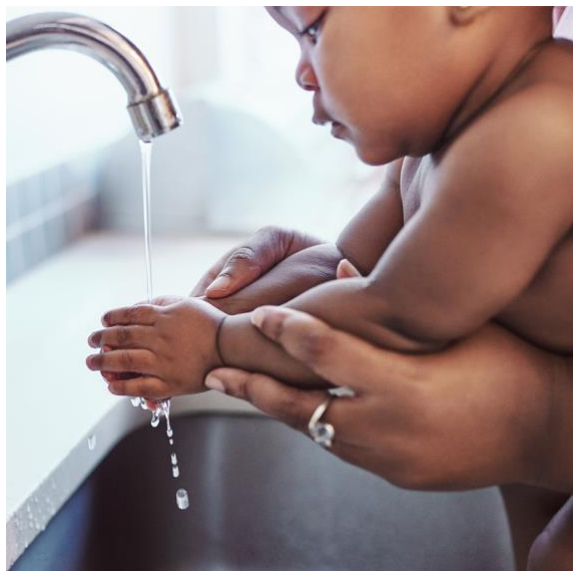




**Calm in the
pandemic
storm**

Canada Life's strategy to lead in uncertain times



The COVID-19 pandemic isn't a single storm, but one with many fronts, leaving no one unaffected. The world is dealing with a crisis, without any history on a situation quite like this.

COVID-19 has changed the world. Through it all, we've focused on the consistency of our core values. For us at Canada Life, that's meant staying true to our purpose to improve the financial, physical, and mental well-being of Canadians.

In mid-March, Canadians heeded the call to stay at home. Businesses closed and millions were either laid off or had their work hours reduced. People were unable to visit loved ones or follow their normal routines, and some switched to working from home. We all had to adapt to new ways of working, while managing childcare, schooling, and anxiety.

We know people are facing these challenges because we are, too. The way through this storm is to keep sight of the horizon, hold steady, and face these challenges with calm and careful thought. We look to the medical and scientific community for inspiration: they are working hard to find treatments and a vaccine for this virus while adhering to proper processes and safe oversight. The same holds true for us. Experts matter and we should heed their guidance.

Finding our way through will mean forging a new normal: how we shop, how we work, how we socialize, how we go about our daily lives. Increased cleaning protocols, keeping our distance in public, wearing masks, frequent handwashing, and more will be with us for a long time to come.

People rely on their benefits and retirement savings plans and need them to be stable. Here's how we're helping with that.

Economic and market impacts

The pandemic's impact on economic growth is historic. Most economic recessions are caused by imbalances in the financial systems, such as an unsustainable housing boom, credit markets seizing, or soaring inflation. Today's drop in economic activity is in reaction to a public health crisis, where governments declared states of emergency, enacted travel bans, mandatory quarantines, and business closures. As these restrictions gradually loosen, economies are already beginning to recover. However, the shape of the recovery in terms of speed and magnitude remains uncertain. We should still expect lingering damage to the consumer, and to the confidence of businesses and investors. We can expect lower consumption (especially discretionary), increased risk aversion, higher rates of savings, increased taxation, and weaker business investment – all can be either ingredients of or impediments to growth.

Capital markets (including stocks, bonds, and commodities) have seen dramatic drops and spikes, and have reminded us what volatility feels like and we wonder if we can ever get back to normal. Investors are trying to keep up with the changing environment while analyzing information from organizational and global leaders. We'll most likely have to adjust to a new normal and it'll be a while before things go back to the way they were before.

After the initial shock of March's stock market events, we've seen many positive signs within capital markets in response to central banks and policymakers offering up large liquidity and government intervention programs to help support consumers and businesses. Capital markets are functioning again, and this is reason for optimism in the long term, even if in the near term we expect market volatility to continue.

The key for investors and investment managers is to stay calm and not make knee-jerk decisions. We can only control what we can control – our behaviour and how we engage with markets. If investment strategies have been laid out with long-term goals in mind, then it's best to stick with that plan. Staying calm and keeping to a well-thought-out investment plan remains an enduring strategy that's been successful over time, and we believe it will continue to be so.

Industry impacts

We continue to look ahead and are working with the Canadian Life and Health Insurance Association (CLHIA) and the affected claims areas in our organization to ensure we're supporting plan sponsors and members. We expect to see some short-term impacts on claims, such as an increase in short-term disability claims. Claims duration will also see some impacts, since people may not be able to access the medical resources the way they need to for treatment, support and documentation.

The economic impacts will be more significant than the claims impacts. For example, as interest rates drop, premiums must be increased to make sure our long-term financial commitments are properly funded.

We've changed the way we work to adapt to this new reality, and industry solvency remains strong.

We worked together with the industry to help our customers. We don't see this as an opportunity to create winners and losers in a competitive market – this is a time to work together to do what we can to help Canadians.

Government and regulatory responses

The federal government is making significant efforts to support the Canadian economy. There are times when you simply must do what you must do, and this is one of those times. The government's fiscal and monetary support is historic in both scale and size.

The Canadian Emergency Response Benefit (CERB) helps those who've stopped working because of COVID-19 with temporary income support of \$500 a week for up to 16 weeks. The Canada Emergency Wage Subsidy (CEWS) helps employers with a subsidy of up to 75% of employee wages up to October 3, 2020. The subsidy is designed to allow employers to rehire workers previously laid off as a result of COVID-19, to help prevent further job losses, and to help businesses resume normal operations after the crisis. Other government efforts include interest-free loans and GST/HST remittance deferrals, benefits for students, benefits for large businesses, and more.

At Canada Life, we've adapted to these programs by temporarily adjusting our short- and long-term disability products, extending benefit periods, and extending coverage for temporarily laid-off employees who don't have a return-to-work date.

Employers facing financial strain have been looking for ways to change, reduce, or pause their pension plan contributions during the crisis. These changes require approval by provincial pension regulators and the Canada Revenue Agency (CRA) who are trying to be flexible and have expressed their willingness to consider plan amendments, as long as they follow the approval process set out in law. Federal and provincial pension regulators extended filing deadlines for Annual Information Returns, Certified Financial Statements, Auditor's Report Filing Confirmation, Actuarial Report and Actuarial Information Summary, as well as member statements.



To support struggling businesses, the CRA announced they would waive the rule that employers must make pension contributions of a minimum of 1% of the total remuneration of all members on their plan. The rule is waived for the remainder of 2020, as long as the plan is amended to suspend all contributions (employee and employer) for the remainder of the year. The government hopes measures like these will allow businesses to avoid layoffs and survive the pandemic.

Part of our focus is to continue working with the industry and federal government to champion relief measures for sponsors.

How we've responded

We made sure we could continue serving our customers by enacting our business continuity plan and using our technology advancements to allow most of our employees to work from home. We've found ways to work more efficiently while still staying connected across the organization. We made sure our employees had support for their mental health. We made sure they knew they could rely on the benefits and tools they needed to stay healthy. We recognized this was a stressful time and we wanted our teams able to focus on delivering superior service when it's needed most.



Communication

An important aspect of our response is how we've communicated with sponsors and members. Not communicating clearly and in a timely way can lead to confusion, so we've communicated with all audiences weekly through all available channels, to reach as many people as possible. We want advisors, sponsors, and members to know we're working for them, and they can rely on us.



Financial relief for sponsors' benefit plans

We offered financial relief in the form of premium reduction adjustments, which were applied automatically – sponsors didn't need to do anything. Issuing a premium reduction adjustment for non-refund health and dental group benefits instead of a rate reduction was the fastest and best way to give financial relief.



Travel coverage

When the virus began to spread, many Canadians were travelling outside the country. We worked with Global Affairs Canada to encourage Canadians to return home. Some couldn't make it home as quickly as they liked due to circumstances outside of their control. We handled trip limit extensions on a case-by-case basis and exceptions were granted on compassionate grounds.



Disability

To support Canadians who become ill with COVID-19, we quickly made some adjustments to disability coverage. Insured people can be eligible for short-term disability (STD) benefits if they are displaying symptoms consistent with COVID-19. We worked to waive the standard waiting period for STD benefits for COVID-19 so people could get income supports from day one. We also made it as easy as possible for them to access their benefits by waiving some of the requirements for doctor notes and lab tests in favour of self-declarations.

At the same time, the federal government offered income support programs like the CERB, for people who were laid off. For those on disability, our programs remain first-payer, and we're not offsetting disability benefits for those receiving CERB payments.



Other benefit plan changes

We made some other changes to allow more online claims, digital signatures, and have made more changes to make things easier for members and sponsors. We have:

- Automatically applied extensions for prior authorization for drugs and dental
- Extended coverage periods for people on temporary layoffs
- Added more online claims eligibility on GroupNet for plan members
- Added flexibility around signatures, accepting some forms without them or accepting digital versions
- Approved many virtual paramedical services



Group retirement savings

Adapting to market volatility starts with understanding what it means. People are constantly digesting and reacting to information from various organizational, municipal, provincial, federal, and global leaders. Sometimes that information changes daily – and has implications on how we work, live, and how much we've saved. To help clarify the abundance of information, we quickly put together materials and resources to help people understand market volatility and what they can do to deal with it. We made those resources accessible on our public page on GRS Access, for free.

It's important to remember that turbulent times don't last forever, and there are steps we can take to mitigate their effects. We want people to be able to save for the future and retire like they planned.

Knowledge is power. And helping people feel engaged in their financial situation can help them feel empowered about the future.

In addition to the education resources we created on what's happening with stock and bond markets, we responded quickly when sponsors wished to amend the provisions of their plans to either reduce contributions or give members more flexibility to access funds.

We waived TFSA withdrawal fees and supported the government's reduction of the minimum required payment for RIFs. We made it easier to upload and submit documents online through GRS Access. We also offered special insights and communications on managing investments through market volatility.



Free physical and mental health support

We added some free resources for members and reminded them of some existing ones.

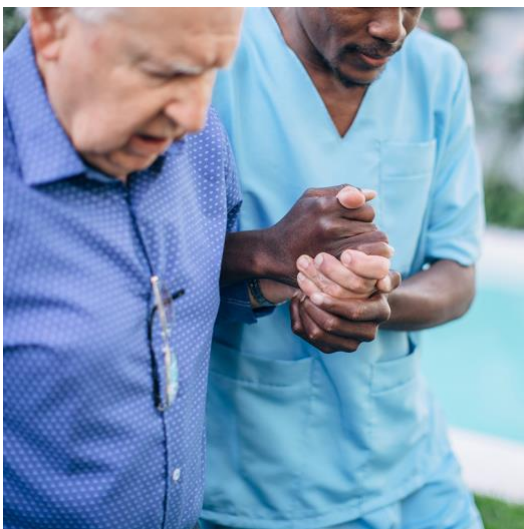
- We made free professional credit counselling available for three months through the Credit Counselling Society, a non-profit service to help people manage expenses during challenging times. Services included confidential one-on-one financial coaching and a debt management program.
- Workplace Strategies for Mental Health, an initiative of Canada Life, has information and tools to support mental health and safety, including a series of videos and blogs about managing anxiety around COVID-19.
- Health Connected is a health and wellness site available through GroupNet for plan members. It has COVID-19 resources, a Health A-Z library, and digital tools to improve wellness and help people keep active.



Supporting our communities

We care about all Canadians and want to show our support where we can.

- On March 23, Canada Life, IGM Financial and Power Corporation announced a joint \$1 million contribution to help support local and national foodbanks, offer support to seniors, youth, and Indigenous peoples and help address small businesses' long-term needs.
- On April 6, the Canadian Chamber of Commerce and the Government of Canada teamed up to launch the Canadian Business Resilience Network to help businesses get through COVID-19, and Canada Life partnered in this process.
- On April 27, we supported the communities affected by the Nova Scotia tragedy by contributing to the Stronger Together Nova Scotia Fund.
- On April 29, Canada Life contributed \$100,000 to support Canadian frontline health care workers in the fight against COVID-19.



A look ahead

Mental health

Return to working in the office won't be a return to so-called normal. Employers should expect some employees to experience degrees of distress and anxiety when they're asked to return to the workplace. Others will feel profound relief at being able to connect with co-workers and get out of self-isolation. Discussing these extremes, and the responses in between, can help to normalize feelings and validate emotions. Having this conversation before the return to the workplace begins can reduce stress.

Some Canadians have already returned to workplaces where personal protective equipment and social distancing are required. They described being overwhelmed while at work and exhausted when they went home. Some shared that they felt close to tears and unsure of whether they could do this. Yet, after a week or so they reported things were much easier and they were beginning to enjoy work again.

Before the return to work employers can:

- Validate the range of emotions employees are likely to experience
- Acknowledge that it may be stressful until it becomes more routine
- Ask employees to share fears and concerns
- Share how they (the employer) is taking steps to protect employees
- Ask employees what other protection they feel they need

Treatments and vaccines

Nothing will likely go back to normal until we have treatments or a vaccine for the virus. These are needed from a public health point of view, but also to instill confidence and a sense of safety for people to resume their regular activities and habits.

There's been a lot of media coverage about potential treatments and prevention of COVID-19. As of now, no medications have been approved by Health Canada for treatment or prevention. Existing and new drugs are currently being studied for both treatment and prevention, but we're likely some time away from safe, effective options.

Scientists around the world are working on potential treatments and vaccines, sharing knowledge and data like never before. Some companies are working on antiviral drugs, some of which are already in use for other illnesses, to treat people with COVID-19. Some vaccines are in clinical trials. The search for effective treatments continues. Health Canada is tracking the development of potential treatments and vaccines in Canada and around the world, and the federal government announced funding to a Canadian company for antibody research.

We're in this together

Things have changed, and we're changing, too. We've adapted quickly and kept a steady hand on the helm, but our north star doesn't change – our purpose remains to improve the financial, physical and mental well-being of Canadians. We've worked hard to minimize the impact of COVID-19 on their lives, and we'll find a new normal, together.



1-800-957-9777 | 1-800-724-3402
canadalife.com

Canada Life and design are trademarks of The Canada Life Assurance Company.
79-00810