

IN THE MATTER OF THE CANADIAN SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, MANITOBA, ONTARIO, QUEBEC,
NEW BRUNSWICK, PRINCE EDWARD ISLAND, NOVA SCOTIA, NEWFOUNDLAND,
THE NORTHWEST TERRITORIES, NUNAVUT AND THE YUKON TERRITORY

AND

IN THE MATTER OF THE MUTUAL RELIANCE REVIEW
SYSTEM FOR EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF
CANADA LIFE FINANCIAL CORPORATION, THE CANADA LIFE ASSURANCE
COMPANY AND CANADA LIFE CAPITAL CORPORATION INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Prince Edward Island, Nova Scotia, Newfoundland, the Northwest Territories, Nunavut and the Yukon Territory (the "Jurisdictions") has received an application from Canada Life Financial Corporation ("CLF"), The Canada Life Assurance Company ("CLA") and Canada Life Capital Corporation Inc. ("CLCC" and, together with CLF and CLA, the "Issuers") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation"):

(a) that CLA qualifies under National Instrument 44-101- *Short Form Distributions* ("NI 44-101") to file a short form prospectus in order to offer any of its securities and qualifies under National Instrument 44-102- *Shelf Distributions* ("NI 44-102") to maintain the effectiveness of a receipt therefor notwithstanding that it has not met the following eligibility requirements (the "CLA Eligibility Requirements"):

(i) that CLA have been a reporting issuer in each of the Jurisdictions for 12 calendar months preceding the date of the filing of CLA's most recent annual information form ("AIF") pursuant to subsection (1) of section 2.4 of NI 44-101;

(ii) that CLA have a "current AIF" (as defined in NI 44-101) pursuant to paragraph 2 of subsection (1) of section 2.4 of NI 44-101 and subclause (b)(i) of subsection (3) of section 2.4 of NI 44-102; and

(iii) that CLA have filed audited financial statements for its most recently completed financial year if it files a preliminary short form prospectus more than 90 days after the end of that year

pursuant to paragraph 4 of subsection (1) of section 2.4 of NI 44-101,

all on the basis that CLF concurrently prepares and files and meets such requirements under NI 44-101 and NI 44-102;

(b) that CLCC qualifies under NI 44-101 to file a short form prospectus in order to offer any of its securities for which CLA shall act as "credit supporter" (as defined in NI 44-101) and qualifies under NI 44-102 to maintain the effectiveness of a receipt therefor notwithstanding that CLA as its credit supporter has not met the following eligibility requirements (the "CLCC Eligibility Requirements"):

(i) that CLA have been a reporting issuer in each of the Jurisdictions for 12 calendar months preceding the date of the filing of CLA's most recent AIF pursuant to subparagraphs 2(a)(i) and 2(a)(i)(A) of subsection (1) of sections 2.5 and 2.6, respectively, of NI 44-101;

(ii) that CLA have a current AIF pursuant to paragraph 2(b) of subsection (1) of sections 2.5 and 2.6 of NI 44-101 and subclause (b)(ii)(B) of subsection (3) of sections 2.5 and 2.6 of NI 44-102;

(iii) that CLA have filed audited financial statements for its most recently completed financial year if it files a preliminary short form prospectus more than 90 days after the end of that year pursuant to paragraphs 4 and 3 of subsection (1) of sections 2.5 and 2.6, respectively, of NI 44-101; and

(iv) that CLA have equity securities listed and posted for trading on an exchange in Canada the aggregate market value of which is \$75,000,000 or more at the relevant time pursuant to subparagraph 2(a)(i)(B) of subsection (1) of section 2.6 of NI 44-101 and subclause (b)(ii)(C) of subsection (3) of section 2.6 of NI 44-102,

all on the basis that CLF concurrently prepares and files and meets such requirements under NI 44-101 and NI 44-102;

(c) that CLCC is relieved from compliance with the following requirements of Form 44-101F3 under NI 44-101 for a short form prospectus under which it offers any of its securities for which CLA shall act as credit supporter (the "Prospectus Disclosure Requirements"):

(i) the requirement set out in paragraph 3 of item 13.2 of Form 44-101F3 to provide directly in the short form prospectus the same disclosure that would be contained therein through incorporation by reference of the continuous disclosure documents referred to in

item 12.1 of Form 44-101F3 (collectively, the "Documents Incorporated by Reference") if CLA were the issuer of such securities and such documents had been prepared by CLA on the condition that such documents prepared by CLF be instead incorporated by reference; and

(ii) to disclose in a short form prospectus that its financial results are included in the consolidated financial results of CLF on the basis that such short form prospectus will disclose the relationship between CLCC and CLF, CLCC's date of incorporation and its purpose (ie. the holding company for all of CLF's U.K. operations and CLF's Irish subsidiary operations) and indicate that a summary of selected consolidated financial information for CLCC will be included in the prospectus supplement that first offers securities of CLCC and thereafter in the notes to the audited annual and interim financial statements of CLF;

(d) that CLCC is, subject to certain conditions, relieved from the requirements contained in the Legislation to disclose material changes and to prepare and file (a) annual financial statements and annual reports, where applicable, (b) interim financial statements, including interim management's discussion and analysis ("MD&A"), where applicable, (c) information circular, annual filings or reports in the case where a reporting issuer is not required to send an information circular, where applicable, and (d) material change reports and press releases (collectively, the "CLCC Continuous Disclosure Requirements"), following the issuance to CLCC of a final MRRS decision document for a short form shelf prospectus (the "Prospectus") to be filed by CLF, CLA and CLCC with respect to the distribution of common shares and preferred shares by CLF and preferred shares by CLA and CLCC, the preliminary of which is dated May 2, 2001 and was filed with the Jurisdictions on May 3, 2001;

(e) that CLCC is, subject to certain conditions, relieved from the requirements under Ontario Securities Commission Rule 51-501 AIF and MD&A, section 159 of the Regulation to the *Securities Act* (Quebec) and the Saskatchewan Securities Commission Local Policy 6.2, that CLCC file with the applicable Decision Makers an annual information form and annual management discussion and analysis (the "Local AIF and MD&A Requirements"); and

(f) that, in respect of CLCC, CLF and its subsidiaries be exempted from the requirements contained in the Legislation for an insider of a reporting issuer or equivalent to file reports disclosing the insider's direct or indirect beneficial ownership of, or control or direction over, securities of the reporting issuer or equivalent (the "Insider Reporting Requirements").

AND WHEREAS pursuant to the Mutual Review System for Exemptive Relief Applications (the "System"), the Ontario Securities Commission is the principal regulator for this application.

AND WHEREAS it has been represented by the Issuers to the Decision Makers that:

The Canada Life Assurance Company

1. CLA is a life insurance company governed by the provisions of the *Insurance Companies Act* (Canada), S.C. 1991 c. 47, as amended (the "Insurance Companies Act"). The Canadian operations of CLA are regulated by the Superintendent of Financial Institutions (the "Superintendent") and CLA is licensed under the insurance legislation of each of the Jurisdictions.
2. On November 4, 1999, CLA converted from a mutual life insurance company into a life insurance company with common shares (the "Conversion"). The Conversion was effected pursuant to a conversion proposal dated as of July 8, 1999 (the "Conversion Proposal") in accordance with the the Insurance Companies Act. As a result of the Conversion CLA became a direct wholly-owned subsidiary of CLF and eligible policyholders of CLA received common shares of CLF or in some cases, policy credits or cash.
3. The registered and principal office of CLA is located at 330 University Avenue, Toronto, Ontario, Canada, M5G 1R8.
4. CLA's financial year-end is December 31.
5. As a result of filing a non-offering prospectus on August 13, 1998 with the Ontario Securities Commission, CLA became a reporting issuer in the Province of Ontario on that date. As a result of filing a policyholder guide concerning the Conversion on July 9, 1999 with the Commission des valeurs mobilières du Québec, CLA also became a reporting issuer in the Province of Québec on that date. Finally, as a result of filing a prospectus in each of the Jurisdictions on October 27, 1999 to qualify a private offering of subordinated debentures originally issued by CLA on December 11, 1998, CLA became a reporting issuer or the equivalent, if applicable, in each of the other the Jurisdictions on that date.
6. To the best of CLA's knowledge, information and belief, it is not on the list of defaulting issuers maintained by any of the Decision Makers.
7. The authorized capital of CLA consists of an unlimited number of common shares and an unlimited number of preferred shares issuable in series designated as Classes A through F. None of the preferred shares are currently issued and outstanding.
8. Pursuant to the Conversion, all of CLA's issued and outstanding common shares are held by CLF. CLA does not have any equity securities, listed and posted for trading on an exchange in Canada.
9. CLA has subordinated debentures in an aggregate principal amount of \$550,000,000 currently outstanding. Of these subordinated debentures:

(a) subordinated debentures in an aggregate principal amount of \$250,000,000 were issued on September 19, 1996 by way of private placement, mature on September 19, 2011 and bear interest at 8% per annum (the "8% Debentures");

(b) subordinated debentures in an aggregate principal amount of \$200,000,000 were originally issued on December 11, 1998 by way of private placement, were subsequently exchanged by the holders on December 11, 1999 for an equal principal amount of subordinated debentures having identical terms except that they were qualified by a prospectus filed in each of the Jurisdictions on October 27, 1999, such debentures maturing on December 11, 2013 and bearing interest at 5.8% per annum until 2008 and, thereafter, at a rate equal to the Canadian 90 day Bankers' Acceptance Rate plus 1% (the "Series A Debentures"); and

(c) subordinated debentures in an aggregate principal amount of \$100,000,000 were originally issued on December 11, 1998 by way of private placement, were subsequently exchanged by the holders on December 11, 1999 for an equal principal amount of subordinated debentures having identical terms except that they were qualified by a prospectus filed in each of the Jurisdictions on October 27, 1999, such debentures maturing on December 11, 2028 and bearing interest at 6.4% per annum (the "Series B Debentures").

10. Each of the 8% Debentures, the Series A Debentures and the Series B Debentures has an "approved rating" (as defined in NI 44-101). The 8% Debentures are rated A+ by Standard & Poor's Rating Services. The Series A Debentures and Series B Debentures are rated A+ by Standard & Poor's Ratings Services and A(high) by Dominion Bond Rating Service Limited.

Canada Life Financial Corporation

11. CLF is a life insurance company created under the Insurance Companies Act on June 21, 1999 for the purpose of becoming the parent holding company of CLA following the Conversion. CLF is regulated by the Superintendent.

12. On November 4, 1999 CLF completed a public offering of 26,000,000 common shares consisting of 14,227,480 common shares from CLF's treasury and 11,772,520 common shares received from eligible policyholders of CLA resident outside Canada who elected to sell the common shares issued to them pursuant to the Conversion Proposal.

13. CLF is a reporting issuer or the equivalent, as applicable, in all of the Jurisdictions. To the best of CLF's knowledge, information and belief, it is not on the list of defaulting issuers maintained by any of the Decision Makers.

14. The authorized capital of CLF consists of an unlimited number of common shares of which approximately 160.4 million were issued and outstanding on December 31, 2000 and an unlimited number preferred shares issuable in series of which none are currently issued and outstanding.

15. The registered office of CLF is located at 330 University Avenue, Toronto, Ontario, Canada, M5G 1R8.

16. CLF's financial year-end is December 31.

17. The common shares of CLF are listed and posted for trading on The Toronto Stock Exchange under the symbol "CL" and the New York Stock Exchange under the symbol "CLU".

18. CLF has no assets other than its holding of all of the issued and outstanding common shares of CLA aside from minor incidental assets comprising as at December 31, 2000 cash of \$3,500,000 and a future tax asset of \$9,400,000. CLF does not have any liabilities other than minor incidental liabilities comprising as December 31, 2000 current tax payable on interest earned on the \$3,500,000 of cash and general expense accruals/payables of \$91,000. None of these assets or liabilities are material.

19. Through CLA and CLA's subsidiaries and branches, CLF provides protection and wealth management products in four principal jurisdictions, Canada, the United Kingdom, the United States and Ireland. CLF does not carry on any operations directly.

Canada Life Capital Corporation Inc.

20. CLCC is a corporation incorporated under the *Canada Business Corporations Act* on April 9, 1999. A direct wholly-owned subsidiary of CLCC holds all the shares of The Canada Life Group (U.K.) Limited, a corporation formed under the laws of England, and Canada Life Irish Holding Company Limited, a corporation formed under the laws of Ireland (collectively, the "UK/Irish Subsidiaries"). Such subsidiary has no other assets or liabilities. CLA conducts its operations in the United Kingdom and Ireland principally through the UK/Irish Subsidiaries and their respective subsidiaries.

21. CLCC has no assets other than its holding of all of the issued and outstanding shares of its subsidiary that holds the shares in the UK/Irish Subsidiaries. CLCC currently has no liabilities other than debt owed to CLA incurred in connection with the transfer of the shares of the UK/Irish Subsidiaries.

22. CLCC currently has no undertaking apart from its holding of subsidiary shares and the financing activities it may undertake pursuant to the Prospectus to raise funds for CLA's operations. CLCC does not carry on any operations directly.

23. The authorized capital of CLCC consists of an unlimited number of common shares and an unlimited number of preferred shares issuable in series. CLA holds all of the issued and outstanding common shares of CLCC. One or more series of the preferred shares may be offered under the Prospectus.

24. The registered office of CLCC is located at 330 University Avenue, Toronto, Ontario, Canada, M5G 1R8.

25. CLCC's financial year-end is December 31.

26. CLCC is not currently a reporting issuer or the equivalent, as applicable, in any of the jurisdictions.

27. Pursuant to a MRRS Decision Document dated July 8, 1999 issued under National Policy 12-201 by the securities regulatory authorities or regulators in each of the Jurisdictions (except for the Province of Québec) and Decision No. 2000-C-0552 dated September 5, 2000 issued by the Commission des valeurs mobilières du Québec, CLA was granted relief from the requirements contained in the Legislation to disclose material changes and to file annual and interim financial statements on the basis, among other conditions, that CLF would file its continuous disclosure documents in compliance with the continuous disclosure requirements of each of the Jurisdictions. In this Decision Document, MRRS Decision Document dated July 8, 1999 and Decision No. 2000-C-0552 dated September 5, 2000 are collectively referred to as the "CLA Continuous Disclosure Exemption Decision".

AND WHEREAS pursuant to the System this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the decision has been met;

THE DECISION of the Decision Makers under the Legislation is that as long as CLF continues to meet the eligibility requirements under NI 44-101 and NI 44-102 and CLA continues to be a wholly-owned subsidiary of CLF and continues to be entitled to rely on the CLA Continuous Disclosure Exemption Decision:

(a) CLA qualifies under NI 44-101 to file a short form prospectus in order to offer any of its securities and qualifies under NI 44-102 to maintain the effectiveness of a receipt therefor notwithstanding that it has not met the CLA Eligibility Requirements;

(b) CLCC qualifies under NI 44-101 to file a short form prospectus in order to offer any of its securities for which CLA shall act as credit supporter and qualifies under NI 44-102 to maintain the effectiveness of a receipt therefor notwithstanding that CLA as its credit supporter has not met the CLCC Eligibility Requirements; and

(c) CLCC is relieved from compliance with the Prospectus Disclosure Requirements for a short form prospectus under which it offers any of its securities for which CLA acts as credit supporter provided that the following disclosure (the "CLCC Prospectus Disclosure") is made:

(i) the Documents Incorporated by Reference in such short form prospectus discloses such documents as prepared by CLF, and

(ii) such short form prospectus discloses that CLCC's financial results are included in the consolidated financial results of CLF, the relationship between CLCC and CLF, CLCC's date of incorporation and its purpose (ie. the holding company for all of CLF's U.K. operations and CLF's Irish subsidiary operations),

(iii) the short form prospectus or prospectus supplement that first offers securities of CLCC contains a summary of selected consolidated financial information for CLCC as at its last completed year-end and for the prior financial year and any subsequent completed interim period and comparative interim period for the prior financial year, such summary information to be as set out in paragraph (A)(ii) below of this Decision, and

(iv) any short form prospectus or prospectus supplement offering CLCC securities indicates that for so long as such CLCC securities remain outstanding and CLCC is a reporting issuer or equivalent in any of the Jurisdictions:

(x) a summary containing the information set out in paragraph A(ii) below of this Decision for the then most recently completed financial year of CLCC and the financial year of CLCC immediately preceding such financial year will be included in the notes to future CLF annual financial statements; and

(y) a summary containing that information set out in paragraph (A)(ii) below of this Decision for the then most recently completed financial quarter of CLCC (other than the fourth quarter) and the comparative financial quarter of the financial year immediately preceding such financial year of CLCC will be included in the notes to future CLF interim financial statements.

DATED June 14th, 2001.

"Iva Vranic"
Iva Vranic
Manager, Corporate Finance

AND THE FURTHER DECISION of the Decision Makers under the Legislation is that:

(A) CLCC is relieved from the CLCC Continuous Disclosure Requirements, provided that:

(i) CLCC remains a direct or indirect wholly-owned subsidiary of CLF;

(ii) at the time CLCC first offers securities by way of a prospectus or prospectus supplement, such prospectus or prospectus supplement includes a summary of selected consolidated financial information for CLCC as at its last completed financial year and prior financial year, such information to be audited, and for any subsequent completed interim period and comparative interim period of the prior financial year, such information to be reviewed, and thereafter such summary is included as a separate note to the notes to the audited annual and interim financial statements of CLF, for so long as such CLCC securities remain outstanding and CLCC is a reporting issuer or its equivalent in any of the Jurisdictions, such summary to include in respect of annual statements, the following audited line items of CLCC's financial information for the most recently completed financial year and the immediately preceding financial year, and in respect of interim statements, the following line items of CLCC's financial information for the most recently completed interim period and the comparative interim period for the most recently completed financial year:

total revenues, shareholder's net income, total invested assets, all other assets, total expenditures, total general fund assets, actuarial liabilities, all other liabilities, shareholder's equity and total general fund, as well as any additional line items that CLCC may believe are material to an investor in CLCC securities;

(iii) from the date that CLCC first offers securities to the public by way of prospectus or prospectus supplement until such time as CLCC is no longer a reporting issuer or its equivalent in any of the Jurisdictions, if there is a material change in respect of the business, operations or capital of CLCC that is not a material change in respect of CLA or CLF, CLCC will file a material change report in accordance with the Legislation; and

(iv) from the date that CLCC first offers securities to the public by way of prospectus or prospectus supplement until such time as CLCC is no longer a reporting issuer or its equivalent in any of the Jurisdictions, CLF files with the Decision Makers in electronic format through SEDAR under CLCC's SEDAR profile the (a) annual financial statements and annual reports, where applicable,

(b) interim financial statements, including interim management's discussion and analysis ("MD&A"), where applicable, (c) AIF and annual MD&A, where applicable, (d) information circulars, annual filings or reports in the case where a reporting issuer is not required to send an information circular, where applicable, and (e) material change reports and press releases required under the Legislation to be filed by CLF under its own SEDAR profile; and

(v) CLCC pay all filing fees that would otherwise be payable by CLCC in connection with the filing of the documents referred to in subparagraph (A)(iv) above of this Decision; and

(B) CLF and its subsidiaries be exempted from the Insider Reporting Requirements with respect to CLCC provided that CLCC remains a direct or indirect wholly-owned subsidiary of CLF, continues to have as its only material asset shares in its subsidiaries, has no material liability other than debt owed to CLF or a subsidiary of CLF, carries on no material undertaking apart from its holding of subsidiary shares and the financing activities it may undertake pursuant to the Prospectus to raise funds for CLA's operations, and issues no securities other than to CLF or its subsidiaries or as may be issued under the Prospectus or other short form prospectus and which are fully and unconditionally guaranteed by CLF or CLA.

DATED June 14th, 2001.

"Paul M. Moore"

"J. A. Geller"

AND THE FURTHER DECISION of the Decision Makers in each of Ontario, Quebec and Saskatchewan is that the Local AIF and MD&A Requirements shall not apply to CLCC provided that the conditions set out in paragraph (A) of the Decision above are complied with.

DATED June 14th, 2001.

"Iva Vranic"

Iva Vranic

Manager, Corporate Finance