



Sun Life Financial

Market Conduct Guide
Enrollment

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Sun Life Financial's Commitment to Ethics and Compliance

Sun Life Financial is proud of its history of delivering quality insurance products and services to its customers. Sun Life has a long-standing commitment to fair dealing and integrity that has contributed to its success. The ethical principles and compliance guidelines that are the foundation of Sun Life Financial's compliance program are designed to help Sun Life, and you, our distributors, fulfill our respective responsibilities to customers.

George E. Maden
Vice President & Chief Compliance Officer

Sun Life Financial's Commitment to Integrity

A guiding principle of Sun Life Financial's philosophy of management is Sun Life's commitment to fair dealing and integrity in the conduct of all aspects of its business. Acting with integrity is one of the values that serve as cornerstones to the vision and mission of Sun Life's U.S. operations. This value guides our policy of compliance with all applicable state and federal laws and regulations governing the marketing of insurance.

Our policy of compliance is not based solely on what the law requires us to do, but means that we look beyond the letter of the laws and regulations that govern our business and go the extra step of ensuring our practices address the underlying needs of customers. Employees and our distributors share accountability for understanding and following the ethical principles, compliance guidelines and procedures that help us fulfill our commitment to doing business the right way.

The way to protect our reputation is the same way we built it in the first place: by putting the needs of our customers first; by providing them with the information they need to make sound decisions; and, by offering products and services to meet their needs. Ethics and compliance work together to establish the sales practices that help us achieve these goals.

Sun Life Financial's Market Conduct Policy

Sun Life Financial's commitment to focus on the customer is fundamental to our success. In support of this commitment, Sun Life Financial has developed a Market Conduct Policy effective worldwide for its operations.

As Benefits professionals, you play a critical role with the customer. Your relationship with the customer offers opportunities to create appropriate expectations about our products and services and establish customer satisfaction, when these expectations are met.

The **Market Conduct Policy** includes the following:

In the design and marketing of products and services, we will endeavor to:

- Assess both market and customer needs to create products and services that have value for the intended audience.
- Provide advertising and sales materials that are accurate, fair and clear.
- Periodically review the appropriateness of existing products' features and benefits.

In the recruitment, selection and training of representatives, we will endeavor to:

- Engage ethical and competent representatives who are knowledgeable about Sun Life Financial's products and services.

In the sale of our products and services, we will endeavor to:

- Conduct business with integrity and fairness.
- Provide competent and customer-focused sales.
- Engage in fair competition.

In the ongoing servicing and support of customers who have purchased our products and services, we will endeavor to:

- Provide competent, timely and customer-focused service.
- Provide fair and expeditious handling of customer claims, complaints and disputes.
- Respect and protect our customers' personal information as outlined in Sun Life Financial's Privacy Commitment.

Rebating/Inducement Policy

Rebating is considered an unethical inducement and is expressly illegal in nearly all states. Sun Life prohibits all methods of rebating in the sale of its products in all states. Also some states have published guidance in connection with "Value Added Services", which may be seen as a form of inducement.

Sales Practices

- Describe our products in clear, easy-to-understand terminology. Do not misrepresent the terms of our products.
- Conduct business with integrity and fairness.
- Avoid situations that give any appearance of a conflict of interest.
- Engage in fair competition.
- Do not disparage competitors, products or companies.
- Provide competent, timely and customer-focused service.
- Avoid all forms of "rebating" in the sale of our insurance products.
- Never sign a form on behalf of a customer.
- Never ask a client to sign a blank form; all forms must be completed before obtaining the signature.
- Manage the privacy requests of consumers in part by complying with federal and state telemarketing regulations. Protect customer nonpublic personal information in any form (e.g. paper, electronic, etc.) from unauthorized disclosure.
- Check the Sun Life Financial sites to ensure required disclosure forms are completed when required.
- Adhere to state and federal "Do Not Call" regulations and other regulations pertaining to telephonic outreach to consumers, including autodialed or prerecorded telemarketing calls to wireless numbers and for prerecorded calls to residential lines.
- Know your customers. Verify their identity.

Sun Life Financial and the Patriot Act Anti-Money Laundering Regulations

Please contact Paul Finnegan 781-446-6794 for information relating to the Sun Life Financial Anti-Money Laundering Program.

Licensing, Appointments and Continuing Education

Representatives are required to be licensed as insurance producers in the states where they will offer products. In addition, as producers, you must be appointed by the applicable Sun Life Financial companies in each state in which they offer our products. By example, if an enrollment occurs via telephone, fax, or on-line, the Producer needs to be appointed in the state where the enrollee is located.

Since state insurance department regulations relative to the licensing and appointment of producers may vary, producers should become familiar with the requirements in any state in which they conduct business. While some states permit Sun Life Financial to accept appointment paperwork simultaneously with the submission of business, other states, require that we appoint a producer **prior** to the solicitation

of business. Some states have Continuing Education requirements that each producer must complete in order to maintain his/her license.

Errors and Omission Coverage

Sun Life Financial requires that distributors who represent us must maintain certain Professional Liability coverage, at a minimum amount of \$1 million, covering customary financial services errors and omissions liability. You must notify Sun Life Financial if, at any time, coverage is terminated.

Your Duties as a Producer:

- Understand and comply with Sun Life Financial’s licensing and appointment requirements.
- Solicit sales in states where you are appropriately licensed and appointed.
- Maintain your state insurance license.
- Complete any state mandated continuing education requirement.
- Fulfill continuing education requirements and maintain documentation supporting ongoing professional education.
- Maintain the errors and omission coverage required by Sun Life Financial and have documentation that demonstrates proof of coverage. Producers must provide satisfactory documentation of such coverage (e.g., a current Certificate of Insurance issued by the carrier) to Sun Life Financial, on request.

Advertising and Sales Literature

Regulatory Obligations

As issuers of insurance products, the Sun Life Financial companies are responsible for compliance with state insurance laws and regulations for advertising and sales literature. All producers are subject to state insurance laws and regulations when engaged in the advertising and sales of insurance.

Sun Life Financial’s Advertising Review Requirements

Sun Life Financial is committed to provide advertising and sales materials that are accurate, fair, balanced, and clear. All producers selling our products must use only Sun Life Financial-approved advertising and sales literature with clients. Accordingly, **any material that you create that refers to our companies or our products or any related services must be submitted to us for review and approval prior to use, including “Producer Use Only” items.** Although generic materials with no references to Sun Life Financial or its products and services are ordinarily not subject to our approval, you are also reminded that state insurance regulations broadly define sales material to include any material used to create interest in an insurer or its products. It is your responsibility to comply with applicable regulatory standards, with respect to all such materials, including “Producer Use Only” items.

General Guidelines for Advertising and Sales Material:

- Disclose the benefits and limitations of our products
- Avoid unfair, incomplete, deceptive and misleading advertising
- Properly identify the product (e.g. life insurance policy)
- Refer to the actual product name at least once
- Use terminology from contracts when describing products
- Identify the issuing company when discussing a product
- Do not disparage competitors
- Avoid promissory statements
- Avoid use of absolute terms

Electronic advertising and sales literature that refer to Sun Life Financial or its products is subject to the same review and approval process and applicable regulatory requirements (e.g. prospectus delivery for

variable insurance products) as printed materials. There are also additional considerations to take into account when utilizing the Internet to promote our products. For example, since the communication may appear in any number of jurisdictions, any product reference should state that the product may not be available in all states. When information that is subject to change is included, be sure to include an effective date, since it is difficult to control the future distribution of information transmitted over the Internet. Before establishing a link between any website and a website maintained by Sun Life Financial, producers must also obtain approval from us.

Social Media

Generally under state insurance regulations, most forms of Social media communications are subject to the same advertising rules. Consequently any use of social media is subject to the PUBS review process. Also, Sun Life Financial has established Social Media Guidelines which must be followed.

E-mail Advertising

The Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003 (CAN-SPAM Act of 2003) is a federal law that extends privacy rights beyond the customary definition of “consumer.” In order to comply with CAN-SPAM with respect to recruiting ads, the law requires you (or your 3rd party vendor) to include the following in your email:

- Truthful information in the header fields of the email. Your name and e-mail address must be accurate and identify the person sending the email.
- Subject lines cannot be deceptive or misleading. They must state the true subject of the email.
- With all email solicitation, you must give the recipients the option to “opt-out” of receiving any future emails from you. You have ten days from receipt of an opt-out request to remove the requestor from your mailing list. The name of the opt-out individual cannot be sold or transferred.
- The email must be identified as an advertisement.

Use of Special Designations

A number of State Insurance Departments have recently adopted regulations concerning the use of designations or titles that may falsely imply that producers have some special financial knowledge or training or that they are certified or qualified to provide specialized financial advice.

It is contrary to Sun Life Financial’s policy to use a designation or title that does not support our commitment to ethical Market Conduct. We want to remind all producers that it is also your responsibility to follow the requirements of the states in which you operate your business. If a producer wants to use an advertisement that reflects a title or designation that appears to conflict with state regulation, we will require evidence to support the use of the designation (a copy of the course of study, examinations taken, etc.), as part of the PUBS review process.

Our review process is also designed to ensure that we fulfill our obligations under laws and regulations requiring ongoing maintenance of documentation regarding distribution of material, as well as copies of all advertising and sales material used to create interest in Sun Life and its products. You are reminded of the need to pull obsolete material from circulation and discontinue its use.

It is unlawful to use any marketing material that has not been properly approved. Failure to obtain approval of material requiring Sun Life Financial approval could lead to the termination of a selling agreement or appointment and regulatory fines and sanctions. In addition, advertising approved by Sun Life Financial may not be altered.

Your Duties as a Producer:

- Understand and follow Sun Life Financial's Advertising review process.
- Forward all customer and producer-use only materials intended to create interest in or to educate producers or the public about any of the Sun Life Financial's Companies, their products, or their services, to Sun Life Financial for publication review (Pubs) and approval prior to use. Send advertising and sales materials that you would like reviewed to the applicable Sun Life Financial Marketing Department.
- If material is approved with changes, the changes must be made prior to use of the material.
- You must not alter Pubs approved materials.
- Expired materials may not be used

Please contact the Compliance Department for additional information on the advertising and sales material review and approval process.

Needs Based Sales & Tax Advice

Sun Life Financial endeavors to provide customer-focused sales. In keeping with our Market Conduct Policy, sales must be appropriate for each customer and based on the customer's needs.

Customers depend on your knowledge of products, markets, compliance rules, and industry standards. It is important that customers understand the basis of the recommendations you may make. Neither Sun Life Financial nor any producers are authorized to provide tax or legal advice to our customers on behalf of Sun Life Financial. Because of the complexity of the tax and legal aspects of insurance in some circumstances, customers should be advised:

- to consult with their attorney for legal advice and guidance;
- to consult with their accountant or tax counsel to ensure understanding of IRS rules and regulations that may impact a buying decision.

Your Duties as a Producer:

- Ensure sales are consistent with customer needs and objectives and all related regulatory requirements.

Replacements

Before making any recommendation to replace a life insurance policy or annuity contract producers should carefully consider the impact and consequences to the client of such a change. The recommendation to replace one policy or contract with another should be in the best interests of the customer and should be made only after carefully and fully disclosing to the customer the costs and impact of the change.

Your Duties as a Producer:

- Ensure you can demonstrate the replacement recommendation is in the best interest of the customer.
- Understand the definition of replacement.
- Understand and comply with a state's replacement regulation, if applicable.

Privacy

Sun Life Financial is committed to respecting and protecting our customers' personal information. You are required to protect our customers' nonpublic personal information (including financial and health information) in any form (e.g. paper, electronic, etc.) from unauthorized disclosure. In addition, many states have laws that require notification of the contract owner if there has been a breach of customers' personal information. You may be required to notify customers if there has been a breach of security of customer nonpublic information.

Your Duties as a Producer:

- Understand Sun Life Financial's Privacy Policy
- Protect your customer's nonpublic personal information in any form (e.g. paper, electronic, etc.) from unauthorized disclosure at all times, and in states where applicable, appropriate electronic information encryption requirements should be followed.
- Nonpublic personal information of customers may only be shared with those who have a need to know for purposes of providing sales and service support.
- Securely dispose of customer nonpublic personal information in any form (placing customer information in locked recycling bins, shredding information or erasing or destroying electronic records).
- Notify the Privacy Officer immediately if you suspect that there has been a breach of our customers' confidential information or any improper disclosure of their personal information.

HIPAA Privacy

Sun Life Financial is committed to maintaining the privacy of our customer's Protected Health Information ("PHI") under the 1996 Health Insurance Portability and Accountability Act ("HIPAA"). PHI is broadly defined as any individually identifiable oral or recorded information related to the past, present or future physical or mental health of an individual. Certain products offered by Sun Life Financial (e.g. group dental, accelerated benefit for long-term care expenses rider) are subject to the HIPAA Privacy Rule. All producers (and their staff) who offer any of these products are required to follow the Sun Life Financial Producer Business Associate Policy (located at the back of this document). By offering or selling any of these products to our customers you are agreeing to comply with the provisions of the Sun Life Financial Producer Business Associate Policy.

Your Duties as a Producer:

- Understand your obligations under the Sun Life Financial Producer Business Associate Policy (Refer to Producer Business Associate Policy in this Guide)
- Implement and maintain appropriate administrative, technical and physical safeguards to protect PHI against unauthorized disclosure
- Protect against any anticipated threats or hazards to the security or integrity of the PHI
- Protect against any unauthorized use of or access to PHI which could result in substantial harm or inconvenience to any customer
- Notify the HIPAA Privacy Officer immediately if you suspect that there has been a breach of our customers' confidential information or any improper disclosure of PHI

Complaint Handling

Sun Life Financial endeavors to provide fair and expeditious handling of customer complaints. Complaints about Sun Life Financial products and services are a means of measuring the areas in which we need to improve. Therefore, it is critical that Sun Life Financial monitor complaints about the Sun Life Financial Companies, its products and services by customers, policyholders, regulatory agencies or competitors.

Sun Life and our distributors are required by insurance laws and regulations to maintain complaint handling and reporting procedures. Since Sun Life Financial is required to address complaints within time frames established by the Sun Life Financial Companies' procedures and applicable regulations

(e.g., state insurance laws), we remind producers of their responsibility to **promptly notify us of any complaint.**

Definition of a Complaint

Generally, a complaint is defined as any communication, whether oral or written, which expresses either a grievance or dissatisfaction with Sun Life Financial's products, services or procedures or with the activities of producers in connection with the sale, distribution, or servicing of Sun Life Financial products, or related services.

Sun Life Financial must keep a register of all such complaints, which may come from any number of sources, including, among other, policyholders, producers, service providers, state insurance departments or other regulatory agencies. Written complaints received from the state insurance departments or other regulatory agencies must be date stamped and forwarded immediately with all supporting documents to Sun Life Financial, Compliance Division SC 2335, One Sun Life Executive Park, Wellesley Hills, MA 02481 or complaints.mailbox@sunlife.com. Electronic complaints received from the state insurance department or other regulatory agencies may be forwarded to complaints.mailbox@sunlife.com. All other written complaints should be handled according to the internal guidelines of your department.

To assist us in this process, we may request documents and records from you. Additionally, we may request that a producer and his or her firm provide us with written statements responding to the allegations raised in a complaint. We will work with you to determine the appropriate course of action, if any, to resolve the matter.

Sun Life Financial may also request documents and records related to the offer and sale of our products while conducting investigations or reviews, either as a result of regulatory inquiries or as part of our compliance monitoring. In addition to maintaining such records in accordance with applicable laws and regulations that apply to your business, Sun Life Financial relies on your full cooperation in sharing copies of your documents and records to fulfill our respective responsibilities to the purchasers of our products.

Your Duties as a Producer:

- **Immediately report complaints to Sun Life Financial, Compliance Division SC 2335, One Sun Life Executive Park, Wellesley Hills, MA 02481 or to complaints.mailbox@sunlife.com.**
- If a customer makes an oral complaint, but declines to document the complaint in writing, document the grievance and forward to Sun Life Financial.
- Work with Sun Life Financial to ensure the fair and expeditious handling of a complaint.
- You must not offer settlements in an effort to resolve complaints.
- Immediately notify Sun Life Financial's Law Department upon receipt or notification of a lawsuit against Sun Life or producer pertaining to his or her representation of Sun Life, a subpoena for company information or a judgment, garnishment, lien or forfeiture order.
- Respond to requests from Home Office personnel within established time frame in order to promptly resolve the complaint.
- Ensure that responses are complete and documented as best as they can be.

Please contact Roy Creedon, AVP, Compliance, for additional information about these procedures. Roy's email address is roy.creedon@sunlife.com.

Fraud Reporting and Investigation

Sun Life Financial is committed to fair dealing and integrity in the conduct of its business. It expects all employees and representatives, including producers, to share this commitment, and to have responsibility for their own actions, as well as associated staff. Sun Life Financial has established a fraud reporting and investigation framework for reporting and investigating suspected fraudulent acts or omissions of any

employees or representatives, or by any third parties. Any suspected fraud should be reported immediately. If, after investigation, it is determined that a fraud has occurred, the person(s) involved will be subject to disciplinary action, including termination.

How to Report Fraud:

Any suspicions of fraud should be reported immediately to Sun Life Financial, by calling 1-800-481-6966.

Your Duties as a Producer:

- If you suspect a fraudulent act has occurred, it should be reported immediately, see fraud reporting, above
- Cooperate with any Sun Life Financial investigation

Maintaining Customer Records

A well-documented customer file, whether in paper form or electronic, should contain information that tracks the actions you take in your work with prospects and customers, including fact-finding data, analyses and other information that establishes the basis for the amount and type of product sold.

In addition, customer files should include: copies of all correspondence with customers and/or their advisors; case notes and a log of telephone calls; documentation that supports the determination of customers' insurance needs.

Your Duties as a Producer:

- Effectively document your sales and service customer communications and practices.
- Secure customer nonpublic personal information to prevent unauthorized disclosure of this information.

Service

Premium Payments

As a matter of Sun Life Financial policy, Sun Life Financial does not allow producers to use their own funds (including checks or wire transfers) to make payments on behalf of their customers, nor to collect premium payments from customers.

Address of Record

Producers' addresses may not be the address of record for a customer.

Producers Serving as Trustees

From time to time, producers may be asked to serve as trustee on behalf of their clients. There are a number of reasons why you should not accept that role.

- A trustee is held to a higher standard than most financial services representatives- service and advice must always be in the clients' best interests, even at the cost of a producer's own best interest. In addition, as a fiduciary, trustees are responsible for exercising scrupulous good faith and candor on behalf of clients. Disclosure requirements for trustees are, therefore, stringent and any actual or potential conflicts of interest with a client must be disclosed at the outset of a relationship. Disclosure should include not only how the product will work and the risk involved, but also a producer's relationship with product issuers and/or broker-dealers, and the method and amount of compensation from those entities.
- A producer's role as agent or broker creates an inherent conflict of interest with his or her role as trustee. If a dispute arises between the client and the issuer or dealer in which the producer is

implicated, the producer may have an interest in defending a role as agent or broker that conflicts with his or her responsibilities as trustee to pursue the client's competing interests in the dispute.

- It may not be permitted in some states, e.g., California.

Given the inherent conflicts between the producer's roles as trustee and agent or broker, Sun Life Financial does not allow producers to assume the trustee role on behalf of clients.

Compliance Responsibilities

Under the terms of our distribution and selling agreements, all producers are responsible for compliance with applicable laws and regulations.

Sun Life Financial will assist you in meeting these compliance responsibilities by providing information and resources designed to help you understand our products, appropriate markets and uses, as well as compliance monitoring of sales practices, e.g. monitoring of replacement transactions. If you have any compliance questions, we encourage you to call the Compliance Department.

Important Information about Sun Life Financial's Compliance Program

This manual communicates the principles and policies that Sun Life Assurance Company of Canada and Sun Life and Health Insurance Company (U.S.), members of the Sun Life Financial group of companies, have adopted to maintain compliance with laws, regulations and the terms of our distributor agreements. Producers appointed with Sun Life Insurance and Company (U.S.) are advised to refer to the Market Conduct Guide for Sun Life and Health Insurance Company (U.S.). All appointed producers, at all levels, are subject to this manual. The manual is designed to serve as a reference source for the key roles and responsibilities that we share in meeting the needs of our mutual customers. While it is not an all-inclusive source of compliance requirements, familiarity with these key compliance guidelines can help minimize the risks associated with customer complaints, regulatory problems and adverse publicity. This manual is not intended, however, to amend or modify any of the terms of your distribution/selling agreement(s), nor to serve as a substitute for your thorough understanding of all laws, regulations and Sun Life Financial policies pertaining to your activities. Producers are subject to Company sanctions for violations of Sun Life Financial's compliance guidelines and policies outlined in this Market Conduct Guide. Producers may report potential violations of Sun Life Financial's compliance guidelines and policies outlined in this Market Conduct Guide to George Maden, Vice President and Chief Compliance Officer.

The terms "Sun Life Financial", "Sun Life," "we," "our," and "us" as used in this manual refer to Sun Life Assurance Company of Canada and all affiliated companies. As policies and procedures described in this manual are revised in response to legal and regulatory developments, we reserve the right to amend or modify this material at any time.

Sun Life Financial

Producer Business Associate Policy

Pursuant to the Health Insurance Portability and Accountability Act of 1996 and its implementing regulations at 45 C.F.R Parts 160-164 (collectively "HIPAA") Sun Life Assurance Company of Canada, Sun Life and Health Insurance Company (U.S.) and certain other affiliates (collectively "the Company") and Business Associates are required to regulate the use and disclosure of certain individually identifiable information. Insurance producers and other distributors contracted with or appointed by the Company to sell products subject to HIPAA who are provided PHI by on behalf of the Company for the purpose of selling or administering insurance coverage qualify as Business Associates and are required to comply with the provisions of this Producer Business Associate Policy ("Policy").

This Policy is limited to the extent that the Company is a Covered Entity as defined below. This Policy constitutes a Company policy, rule, guideline, or any other form of statement which creates an obligation under applicable producer agreements or conditions of employment. Unless otherwise stated, this Policy shall apply to all services between the Business Associate and Sun Life.

The Business Associate has access to Protected Health Information ("PHI"), through its services in providing licensed insurance sales and brokerage.

HIPAA requires written agreements or arrangements with business associates to regulate the use and disclosure of Protected Health Information; Business Associates also have independent compliance obligations under the Privacy Standards and Security Standards.

In order to disclose and protect information given to the Business Associate, some of which may constitute PHI, the Business Associate and Sun Life agree to the following:

1. Definitions. All terms that are used but not otherwise defined in this Policy shall have the meaning specified under HIPAA, including its statute, regulations and other official government guidance. In addition to the terms in the Agreement, the following terms when capitalized will have this meaning:
 - a. Breach. "Breach" shall have the same meaning as the term "Breach" in 45 CFR § 164.402.
 - b. Business Associate. "Business Associate" shall have the meaning provided for in 45 CFR 160.103.
 - c. Covered Entity. "Covered Entity" shall mean Sun Life Assurance Company of Canada, and Sun Life and Health Insurance Company (U.S.).
 - d. Designated Record Set. "Designated Record Set" shall have the same meaning as the term "designated record set" in 45 CFR § 164.501.

- e. Electronic Health Record. "Electronic Health Record" shall have the same meaning as the term "electronic protected health information" in American Recovery and Reinvestment Act of 2009, § 13400(5).
 - f. Electronic Protected Health Information. "Electronic Protected Health Information" shall have the same meaning as the term "electronic protected health information" in 45 CFR § 160.103.
 - g. Electronic Transactions Rule. "Electronic Transactions Rule" shall mean the final regulations issued by HHS concerning standard transactions and code sets under 45 CFR Parts 160 and 162.
 - h. HHS. "HHS" shall mean the Department of Health and Human Services.
 - i. Privacy Rule. "Privacy Rule" shall mean the Standards for Privacy of Individually Identifiable Health Information at 45 CFR Parts 160 and 164, subparts A and E.
 - j. Protected Health Information. "Protected Health Information" shall have the same meaning as the term "protected health information" in 45 CFR § 160.103, limited to the information created or received by Business Associate from or on behalf of Covered Entity.
 - k. Required By Law. "Required by Law" shall have the same meaning as the term "required by law" in 45 CFR § 164.103.
 - i. Security Incident. "Security Incident" shall have the same meaning as the term "securing incident" in 45 CFR § 164.304.
 - m. Security Rule. "Security Rule" shall mean the Security Standards and Implementation Specifications at 45 CFR Parts 160 and 164, subpart 11C.
 - n. Transaction. "Transaction" shall have the meaning given the term "transaction" in 45 CFR § 160.103.
 - o. Unsecured Protected Health Information. "Unsecured Protected Health Information" shall have the meaning given the term "unsecured protected health information" in 45 CFR § 164.402.
2. Business Associate's Operations. Business Associate of Sun Life, agrees to comply with all applicable privacy and security laws and regulations, including those set forth in the Health Insurance Portability and Accountability Act of 1996 (45 C.F.R. 160, 162 and 164) ("HIPAA"), as may be amended from time to time, and any other applicable privacy and security law as a Business Associate of Sun Life.
3. Safeguarding Privacy and Security of Protected Health Information
- a. Permitted Uses and Disclosures. Business Associate is permitted to use and disclose Protected Health Information that it creates or receives on Covered Entity's behalf or receives from Covered Entity (or another business associate of Covered Entity) and to request Protected Health Information on Covered Entity's behalf (collectively, "Covered Entity's Protected Health Information") only:

- i. Functions and Activities on Covered Entity's Behalf. To act as the agent of record for group insurance plans.
- ii. Business Associate's Operations. For Business Associate's proper management and administration or to carry out Business Associate's legal responsibilities, provided that, with respect to disclosure of Covered Entity's Protected Health Information, either:
 1. The disclosure is Required by Law; or
 2. Business Associate obtains reasonable assurance from any person or entity to which Business Associate will disclose Covered Entity's Protected Health Information that the person or entity will: (1) Hold Covered Entity's Protected Health Information in confidence and use or further disclose Covered Entity's Protected Health Information only for the purpose for which Business Associate disclosed Covered Entity's Protected Health Information to the person or entity or as Required by Law; and (2) Promptly notify Business Associate (who will in turn notify Covered Entity in accordance with the breach notification provisions) of any instance of which the person or entity becomes aware in which the confidentiality of Covered Entity's Protected Health Information was breached.
 3. Minimum Necessary. Business Associate will, in its performance of the functions, activities, services, and operations specified above, make reasonable efforts to use, to disclose, and to request only the minimum amount of Covered Entity's Protected Health Information reasonably necessary to accomplish the intended purpose of the use, disclosure or request, consistent with this Policy and the Privacy Rule, except that Business Associate will not be obligated to comply with this minimum-necessary limitation if neither Business Associate nor Covered Entity is required to limit its use, disclosure or request to the minimum necessary. Business Associate and Covered Entity acknowledge that the phrase "minimum necessary" shall be interpreted in accordance with the Health Information Technology for Economic and Clinical Health Act ("HITECH Act"), passed as part of the American Recovery and Reinvestment Act of 2009, and government guidance on the definition.
- b. Prohibition on Unauthorized Use or Disclosure. Business Associate will neither use nor disclose Covered Entity's Protected Health Information, except as permitted or required by this Agreement or in writing by Covered Entity or as Required by Law. This Agreement does not authorize Business Associate to use or disclose Covered Entity's Protected Health Information in a manner that will violate the Privacy Rule if done by Covered Entity.
- c. Information Safeguards. Business Associate will provide the following Information Safeguards:
 1. Privacy of Covered Entity's Protected Health Information. Business Associate will develop, implement, maintain, and use appropriate administrative, technical, and physical safeguards ("Safeguards") to protect the privacy of Covered Entity's Protected Health Information. Safeguards must reasonably protect Covered Entity's Protected Health Information from any intentional or unintentional use or disclosure in violation of the Privacy Rule and limit

incidental uses or disclosures made pursuant to a use or disclosure otherwise permitted by this Agreement.

2. Security of Covered Entity's Electronic Protected Health Information. Business Associate will develop, implement, maintain, and use appropriate administrative, technical, and physical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of, and to prevent non-permitted or violating use or disclosure of, electronic Protected Health Information created, transmitted, maintained or received in connection with the services, functions, and/or transactions to be provided under this Policy or the Service Agreement, consistent with the requirements of the HIPAA Security Rule, and will comply with all requirements of such Security Rule. Business Associate will document and keep these Safeguards current. Business Associate agrees to provide training to its workforce as required by 45 CFR 164.530. Business Associate will comply with any additional requirements as requested by Covered Entity.

- d. Subcontractors and Agents. Business Associate will require any of its subcontractors and agents, to which Business Associate is permitted by this Policy or in writing by Covered Entity to disclose Covered Entity's Protected Health Information *and/or* Electronic Protected Health Information, to provide reasonable assurance that such subcontractor or agent will comply with the same privacy and security safeguard obligations with respect to Covered Entity's Protected Health Information and/or Electronic Protected Health Information that are applicable to Business Associate under this Policy.
- e. Prohibition on Sale of Records. As of the effective date specified by HHS in final regulations to be issued on this topic, Business Associate shall not directly or indirectly receive remuneration in exchange for any Protected Health Information of an individual unless the Covered Entity or Business Associate obtained from the individual, in accordance with 45 CFR § 164.508, a valid authorization that includes a specification of whether the Protected Health Information can be further exchanged for remuneration by the entity receiving Protected Health Information of that individual, except as otherwise allowed under the HITECH Act.
- f. Penalties for Non-compliance. Business Associate acknowledges that it is subject to civil and criminal enforcement for failure to comply with the privacy rule and security rule, as amended by the HITECH Act.

4. Compliance with Electronic Transactions Rule. If Business Associate conducts in whole or part electronic Transactions on behalf of Covered Entity for which HHS has established standards, Business Associate will comply, and will require any subcontractor or agent it involves with the conduct of such Transactions to comply, with each applicable requirement of the Electronic Transactions Rule. Business Associate shall also comply with the National Provider Identifier requirements, if and to the extent applicable.

5. Individual Rights. Business Associate will maintain the following rights for individuals:

- a. Access. Business Associate will, within twenty (20) calendar days following Covered Entity's request, make available, in a time and manner required by the Privacy Rule, and in a Designated Record Set where permitted and appropriate, Covered Entity's Protected Health Information

about the individual that is in Business Associate's custody or control to Covered Entity or, at Covered Entity's direction, to an individual (or the individual's personal representative) for inspection and obtaining copies so that Covered Entity may meet its access obligations under 45 CFR § 164.524. Effective as of the date specified by HHS, if the Protected Health Information is held in an Electronic Health Record, then the individual shall have a right to obtain from Business Associate a copy of such information in an electronic format. Business Associate shall provide such a copy to Covered Entity or, alternatively, to the individual directly, if such alternative choice is clearly, conspicuously, and specifically made by the individual or Covered Entity.

- b. Amendment. Business Associate will, upon receipt of written notice from Covered Entity, promptly amend or permit Covered Entity access to amend any portion of Covered Entity's Protected Health Information, so that Covered Entity may meet its amendment obligations under 45 CFR § 164.526.
- c. Disclosure Accounting. Business Associate will facilitate Covered Entity's ability to meet its disclosure accounting obligations under 45 CFR § 164.528 in the following manner:
 - i. Disclosures Subject to Accounting. Business Associate will record the information specified below ("Disclosure Information") for each disclosure of Covered Entity's Protected Health Information, not excepted from disclosure accounting as specified below, that Business Associate makes to Covered Entity or to a third party.
 - ii. Disclosures Not Subject to Accounting. Business Associate will not be obligated to record Disclosure Information or otherwise account for disclosures of Covered Entity's Protected Health Information if Covered Entity need not account for such disclosures.
 - iii. Disclosure Information. With respect to any disclosure by Business Associate of Covered Entity's Protected Health Information that is not excepted from disclosure accounting, Business Associate will record the following Disclosure Information as applicable to the type of accountable disclosure made:
 1. Disclosure Information Generally. Except for repetitive disclosures of Covered Entity's Protected Health Information as specified below, the Disclosure Information that Business Associate must record for each accountable disclosure is (i) the disclosure date, (ii) the name and (if known) address of the entity to which Business Associate made the disclosure, (iii) a brief description of Covered Entity's Protected Health Information disclosed, and (iv) a brief statement of the purpose of the disclosure.
 2. Disclosure Information for Repetitive Disclosures. For repetitive disclosures of Covered Entity's Protected Health Information that Business Associate makes for a single purpose to the same person or entity (including Covered Entity), the Disclosure Information that Business Associate must record is either the Disclosure Information specified above for each accountable disclosure, or (i) the Disclosure Information specified above for the first of the repetitive accountable disclosures; (ii) the frequency, periodicity, or number of the repetitive accountable disclosures; and (iii)

the date of the last of the repetitive accountable disclosures (iv) Availability of Disclosure Information. Business Associate will maintain the Disclosure Information for at least six (6) years following the date of the accountable disclosure to which the Disclosure Information relates (Three (3) years for disclosures related to an Electronic Health Record, starting with the date specified by HHS). Business Associate will make the Disclosure Information available to Covered Entity within twenty (20) calendar days following Covered Entity's request for such Disclosure Information to comply with an individual's request for disclosure accounting. Effective as of the date specified by HHS, with respect to disclosures related to an Electronic Health Record, Business Associate shall provide the accounting directly to an individual making such a disclosure request, if a direct response is requested by the individual.

- d. Restriction Agreements and Confidential Communications. Business Associate will comply with any agreement that Covered Entity makes that either (i) restricts use or disclosure of Covered Entity's Protected Health Information pursuant to 45 CFR § 164.522(a), or (ii) requires confidential communication about Covered Entity's Protected Health Information pursuant to 45 CFR § 164.522(b), provided that Covered Entity notifies Business Associate in writing of the restriction or confidential communication obligations that Business Associate must follow. Covered Entity will promptly notify Business Associate in writing of the termination of any such restriction agreement or confidential communication requirement and, with respect to termination of any such restriction agreement, instruct Business Associate whether any of Covered Entity's Protected Health Information will remain subject to the terms of the restriction agreement. Effective February 17, 2010 (or such other date specified as the effective date by HHS), Business Associate will comply with any restriction request if (i) except as otherwise required by law, the disclosure is to a health plan for purposes of carrying out payment or health care operations (and is not for purposes of carrying out treatment); and (i i) the Protected Health Information pertains solely to a health care item or service for which the health care provider involved has been paid out-of-pocket in full.

6. Breaches and Security Incidents. Breaches and Security Incidents shall be handled in the following manner:

- a. Reporting. Business Associate will report Breaches, suspected Breaches and Security Incidents as follows:
 1. Privacy or Security Breach. Business Associate will report promptly to Covered Entity any use or disclosure of Covered Entity's Protected Health Information not provided for by this Agreement along with any Breach or suspected Breach of Covered Entity's Unsecured Protected Health Information. Business Associate will treat the Breach as being discovered in accordance with 45 CFR § 164.410. Business Associate also shall notify Covered Entity within ten days of any Breach of "Undisclosed Protected Health Information" as defined by the Breach Notification Rule set forth at 45 CFR Part 164 Subpart D. Any such report shall include the identification (if known) of each individual whose Unsecured Protected Health Information has been, or is reasonably believed by Business Associate to have been,

accessed, acquired, or disclosed during such Breach. Further, Business Associate's notification shall at least:

- Identify the nature of the non-permitted use or disclosure or other breach;
 - Identify the PHI used, accessed or disclosed;
 - Identify who made the non-permitted use or received the non-permitted disclosure;
 - Identify what corrective action Business Associate took or will take to prevent further non-permitted uses or disclosures;
 - Identify what Business Associate did or will do to mitigate any deleterious effect of the non-permitted use or disclosure; and
 - Provide such other information, including a written report, as Covered Entity may reasonably request.
- ii. Security Incidents. Business Associate will report to Covered Entity any attempted or successful (A) unauthorized access, use, disclosure, modification, or destruction of Covered Entity's Electronic Protected Health Information or (B) interference with Business Associate's system operations in Business Associate's information systems, of which Business Associate becomes aware. Business Associate will make this report upon request, except if any such security incident resulted in a disclosure not permitted by this Agreement or Breach of Covered Entity's Unsecured Protected Health Information, Business Associate will make the report in accordance with the provisions set forth in the paragraph above.

7. Term and Termination.

- a. Term. The term of this Policy shall terminate when all Protected Health Information provided by Covered Entity to Business Associate, or created or received by Business Associate on behalf of Covered Entity, is destroyed or returned to Covered Entity, or, if it is infeasible to return or destroy Protected Health Information, protections are extended to such information, in accordance with the termination provisions in this section.
- b. Right to Terminate for Cause. Covered Entity may terminate Policy if it determines, in its sole discretion, that Business Associate has breached any provision of this Policy, and upon written notice to Business Associate of the breach, Business Associate fails to cure the breach within thirty (30) calendar days after receipt of the notice. *Any* such termination will be effective immediately or at such other date specified in Covered Entity's notice of termination.
- c. Return or Destruction of Covered Entity's Protected Health Information as Feasible. Upon termination or other conclusion of this Policy, Business Associate will, if feasible, return to Covered Entity or destroy all of Covered Entity's Protected Health Information in whatever form or medium, including all copies thereof and all data, compilations, and other works derived therefrom that allow identification of any individual who is a subject of Covered Entity's Protected Health Information. This provision shall apply to Protected Health Information that is in the possession of subcontractors or agents of the Business Associate. Further, Business Associate shall require any such sub-contractor or agent to certify to Business Associate that it

returned to Business Associate (so that Business Associate may return it to the Covered Entity) or destroyed all such information which could be returned or destroyed. Business Associate will complete these obligations as promptly as possible, but not later than thirty (30) calendar days following the effective date of the termination or other conclusion of this Policy.

- d. Procedure When Return or Destruction Is Not Feasible. Business Associate will identify any of Covered Entity's Protected Health Information, including any that Business Associate has disclosed to subcontractors or agents as permitted under this Policy, that cannot feasibly be returned to Covered Entity or destroyed and explain why return or destruction is infeasible. Business Associate will limit its further use or disclosure of such information to those purposes that make return or destruction of such information infeasible. Business Associate will complete these obligations as promptly as possible, but not later than thirty (30) calendar days following the effective date of the termination or other conclusion of Policy.
- e. Continuing Privacy and Security Obligation. Business Associate's obligation to protect the privacy and safeguard the security of Covered Entity's Protected Health Information as specified in this Policy will be continuous and survive termination or other conclusion of this Policy, or the underlying Agreement.

8. General Provisions.

- a. Inspection of Internal Practices, Books, and Records. Business Associate will make its internal practices, books, and records relating to its use and disclosure of Covered Entity's Protected Health Information, and its policies and procedures and related documentation pursuant to the Security Rule, available to Covered Entity and to HHS to determine compliance with the Privacy Rule and Security Rule.
- b. Amendment to Policy. Upon the compliance date of any final regulation or amendment to final regulation promulgated by HHS that affects Business Associate or Covered Entity's obligations under this Policy, this Policy will automatically amend such that the obligations imposed on Business Associate or Covered Entity remain in compliance with the final regulation or amendment to final regulation.
- c. No Third-Party Beneficiaries. Nothing in this Policy shall be construed as creating any rights or benefits to any third parties.
- d. Interpretation. Any ambiguity in the Policy shall be resolved to permit Covered Entity and Business Associate to comply with the applicable requirements under HIPAA.
- e. Indemnification. *[Add if there is nothing specific in the underlying agreement]* The Parties agree to indemnify each other and each respective director, officer, employee and agent, from and against all actions, liabilities damages, injuries, judgments and external expenses including all incidental expenses in connection with such liabilities, obligations, claims or actions based upon or arising out of damages sustained in connection with the performance of this Policy, brought, alleged or incurred and based upon:
 - 1. Any alleged or actual violation of any law or regulation by either Party or any of its Affiliates or representatives; or

- ii. The gross negligence or willful misconduct of either Pally or any of its Affiliates or representatives; or
- m. The improper or illegal use or disclosure of, whether negligent or willful, of any PHI.
- f. Subpoenas. Business Associate agrees to provide notice to Covered Entity of any subpoena or other legal process seeking PHI received from or created on behalf of Covered Entity or its affiliates. Such notice shall be provided within forty-eight (48) hours of receipt.
- g. State Law. Where the mandatory terms of the HIPAA Privacy or Security Rule conflict with obligations imposed under state law, the Federal law shall govern.
- h. Assignment. Upon written notice to Business Associate, Covered Entity shall have the right to assign this Policy to any successor or affiliate company. Business Associate may not assign this Policy without prior written consent, which will not be unreasonably withheld.
- i. Paragraph Headings. Paragraph headings are for reference purposes only and shall not affect in any way the meaning or interpretation of this Policy.
- j. Recitals. The recitals contained in the preamble to this Policy are made a part of the terms, provisions and conditions, and shall be binding on the parties as if fully set forth within the Policy.