

## **Kibono Inc. Inc. - Terms and Conditions**

### **1. Establishment of the plan**

In line with section 248(1) of the Canadian Income Tax Act, Kibono Inc. will facilitate the establishment of a PHSP (also known as health care spending account, private health services plan, or cost-plus program). Kibono Inc. agrees to indemnify the covered member(s) of the plan holder for all eligible medical expenses covered under the plan. **Company** agrees to fund the plan for the agreed upon fee (Admin fee payable is calculated on the total claim amount) and Kibono Inc. agrees to remit and record all taxes paid on your part to meet the necessary requirements to turn medical expenses into a tax-deductible business expense within the limits Company/Individual created. Business accounts are required to pay Kibono Inc. the total claimed amount plus all taxes and admin fee payable.

### **2. Eligibility**

Corporations and un-incorporated businesses with at least one arms-length employee. These plans cannot be solely for shareholder/owners unless they are also employees earning T4 income.

### **3. Claimable Expenses**

Kibono Inc. plans apply to all eligible medical expenses as defined in subsection 118.2(2) and 248(1) of the Canadian Income Tax Act. A list of those eligible expenses relating to s.118 can be found [here](#) while s.248(1) gives businesses much more latitude and allows individuals to claim medical expenses, hospital expenses, or "any combination of such expenses" covered within a contract of insurance. There is no cross reference in the ITA or its regulations that link these 2 sections. Interpretation bulletin (IT-339R2) cross references these 2 parts of the ITA however, it does not stipulate that medical expenses covered under a group plan must always qualify as an eligible medical expenses for METC purposes. The insurance industry does use the METC list on a provisional basis as a guide however, plan designs have broadened over time given the more expansive definition in s.248(1). As a result, expenses not eligible under METC have been introduced which include over the counter drugs, medical devices and/or services, and paramedical practitioners in provinces where the practitioners were not authorized to practice. In general, this plan qualifies as a PHSP if "substantially all" (generally 90% or more) of the premiums paid in the calendar year relate to medical expenses that are eligible for the METC.

### **4. Plan Members**

Kibono Inc. plans include all covered employees as added by **Company** who are considered "claimants". The term "claimant" includes the employee, employees' spouse, or any member of their household with whom the employee is connected by blood relationship, marriage, or adoption.

### **5. Plan Structure**

**Company** has established a start date being the date in which legal terms have been read and checkbox is agreed to and which will end no later than 12 months following the start date and renewed every year accordingly. Each eligible employee can submit claims for this period where Kibono Inc. will produce a tax deduction slips for any period selected in your profile that coincides to your own tax-year.

### **6. Plan Limits**

Each member of **Company** can be offered different limits under the plan based on metrics decided by you, the business owner, and/or the signing officer. Kibono Inc. plans are there for the benefit of you AND your employees, therefore, you (as in **Company**) cannot limit participation in the plan based solely on their position as a shareholder. **Company** can discriminate between classes and not individuals based on the pre-determined metrics.

The CRA does not provide definitive guidelines on annual plan limits and ask that the benefit provided is reasonable with respect to the employee's income and position within the company. Industry leaders have determined that 10% to 15% of the employee's income is considered reasonable however, this does not mean it must be based on one's T4 income. The benefit limit should be based on a reasonable income the employee would be compensated for operating in their respective role.

## **7. Employee Shareholders**

An individual who is both an employee and a shareholder/owner can receive benefits under an HSA. In order to determine the tax treatment it is necessary to establish whether the benefits have been conferred on that individual in the capacity of an employee or shareholder.

- a. Benefits conferred to shareholders must be comparable in nature, amount, and cost-sharing ratio, to coverage given to non-shareholder employees, who perform similar services and responsibilities.
- b. Participation must be open to all employees including those who are not shareholders and/or not arms length.

## **8. Claim Adjudication and reporting**

Kibono Inc. will adjudicate all claims and remit all necessary taxes (**insert regime based on province**) to satisfy the necessary requirements for an income tax deduction. Kibono Inc. will issue a reimbursement payment for the total cost of the eligible expenses to the claimant(s).

## **9. Accuracy of the records submitted**

Kibono Inc. requests electronic evidence for the claim submitted by the claimant (ie. invoices, payment, doctor's notes etc.) Kibono Inc. will use professional judgement, and make a reasonable effort, to ensure the supporting documents reconcile and match the claim submitted. We will not be held responsible for any claims which result due to the submission of doctored and/or fraudulent documents. We will confirm that the expense is eligible and the provider legitimate/operational. Should the Canada Revenue Agency (CRA) conduct an audit of the Company or Individual, Kibono Inc. will not be held responsible for any fraud committed by covered claimants or the overall outcome of their (CRA) audit.

## **10. Kibono Inc. Inc. as you Plan Administrator**

**Company** appoints Kibono Inc. as the plan administrator of the plan sponsor's Health Spending Account (HSA). Kibono Inc. agrees to act as the plan administrator in accordance with these terms and conditions to perform the plan services as listed below.

### **Administrative Services**

- a. Provide daily accounting of payments with sufficient detail to allow for the control and audit of the Plan's fund.
- b. Via the online portal, provide a constant channel where employees can utilize the plan.
- c. Provide plan booklets and claim forms should the plan sponsor also secure additional insurance through a 3<sup>rd</sup> party insurer.

### **Claims Services**

- a. Advise as to the entitlement of the covered persons to receive benefits under the HSA.
- b. Investigate and claim that requires investigation and obtain the opinion of experts, where necessary
- c. Refer to the plan sponsor for consideration and final determination any dispute, controversial matter or non-routine matter arising out of the administration of the plan where such matters cannot be satisfactorily resolved by following the claims administration procedures and practices established
- d. Assess claim and pay all amounts due to under the plan on behalf of the plan sponsor

## **11. Standard of Care**

Kibono Inc. will:

- a. Exercise its responsibilities under this HAS agreement as the plan administrator carefully and diligently
- b. Employ properly qualified personnel to carry out its duties
- c. Provide administration and other support to its employees to enable them to perform their duties in accordance with the terms and conditions of the plan

## **12. Confidential Information**

Kibono Inc. considers all employee and medical information sensitive and confidential personal information and treats it with the upmost care. Kibono Inc. will provide the services under this contract in accordance with its

privacy policy and in accordance with all applicable laws and industry standards. This does not extend to plan member spending limits as **Company** will be able to track the usage of each employee and class.

**13. Information to be provided by the plan sponsor**

**Company** will provide Kibono Inc. with the information Kibono Inc. requires to perform its obligations under this contract, including the allocation of plan credits for each employee, if applicable. Kibono Inc. will carry out the services under this contract based on the information **Company** provides. Kibono Inc. may rely on such information and will not be responsible for any delay in performing the services caused by the failure of **Company** to provide the information in a timely manner.

**14. Legal and financial liability**

Kibono Inc. does not insure or underwrite the plan. The **company** retains the legal and financial liability to pay benefits under the plan, including payroll related taxes or deductions, as well as all expenses incurred in administering the plan, except those expenses that Kibono Inc. assumes.

**Company** will indemnify Kibono Inc. and hold it harmless against any damage, liability, payroll taxes, or deductions, fines, penalties, interest and expenses including court costs and lawyer's fees, resulting from and arising out of claims, demands or lawsuits brought given to Kibono Inc. by the plan sponsor, unless such claims, demands or lawsuits, excluding and portion attributable to the amount of the payment under the HAS, arise out of negligence or willful misconduct on the part of Sun Life or any of its employees or agents.

**15. Amendments to the HAS**

**Company** is responsible for making changes to the plan, which include adding/removing employees, and adjusting/altering plan limits.

**16. Service fees and expenses**

**Company** will pay Kibono Inc. service fees and expenses, for performing the services under this contract. Service fees and expenses may be amended from time to time, with justification and advanced notice (ie; tax regimes could change).

**17. Operating account**

Kibono Inc. will maintain an operating account in connection with the plan and this contract where **Company** agrees to fund the operating account. Credits and debits to the operating account will be as follows:

**Credits:**

- a. Payments made by **Company**

**Debits:**

- a. Claims paid
- b. Service fees and expenses
- c. Any applicable and taxes

**18. Operating account payments**

- a. Monthly Payments – upon receipt of the monthly billing statement, the **company** will pay to Kibono Inc., for credit to the operating account, the amount of the debit balance in the operating account at the end of the preceding month.
- b. Suspension of services and claims payments – Kibono Inc. may suspend the services, including the payment of claims, if the required amount is not received within 31 days of the statement date, and will not restart the services until payment of the amount outstanding is made in full.

**19. Taxes, payroll deductions and tax reporting**

**Company** is responsible for all applicable taxes and related charges, including, interest and penalties, if any, levied or charged, directly or indirectly, by any regulatory or taxing authority, in connection with the HSA.

**Company** will also reimburse Kibono Inc. any such applicable taxes and related charges, including interest and penalties paid by Kibono Inc. that are or become payable in connection with this contract. If applicable,

**Company** is also responsible for all payroll related taxes and deductions, tax reporting, including the preparation and forwarding of the appropriate tax information slips to employees and copies to the appropriate government body, and relating liabilities. (Biz name) is not responsible for interest and penalties that are incurred because of the fault or negligence of Kibono Inc. in the performance of its obligations under their contract or for Kibono Inc.'s corporate income tax.

## 20. Term

This contract is effective from the date the Kibono Inc. HSA is put in place until the renewal date, and for subsequent 1 year renewal terms on upon consent of **Company**. The renewal date of this contract does not need to match the renewal date of an insurance contract, that is put into place in addition to the HSA.

## 21. Termination

This contract may be terminated:

- a. By **Company** at any time by giving Kibono Inc. written notice as to when the contract is to be terminated.
- b. By Kibono Inc. giving **Company** written notice of the termination if they fail to satisfy any of the terms of this contract.
- c. By Kibono or **Company** for cause, immediately upon the happening of any of the following events:
  - i. Insolvency, voluntary or involuntary petition under the bankruptcy or insolvency laws or application under the Companies' Creditors Agreements Act.
  - ii. The appointment of a receiver or trustee in respect of Kibono Inc. or **Company**.

If any jurisdiction enacts a law that prohibits the continuance of this contract of if the existing law is interpreted so as to prohibit the continuance of the contract, this contract will terminate automatically as to such jurisdiction on the effective date of such law or interpretation.

## 22. Residual effects of termination

Provisions of this contract will survive and remain in force past the effective date of termination until the final payment is made. If this contract terminates, Kibono Inc. will not assess or pay any claims under the plan that are received after the effective date of termination, even though the expenses may have been incurred prior to the termination date.

## 23. Notices

Any notice to be given to either party to this contract will be deemed fully given if delivered personally or sent by post office, mail, email, or courier to the addresses shown below, unless the party giving notice has been asked in writing to send such notice to another person or address. In the case of Kibono Inc., such notice will be addressed to:

Kibono Inc. Inc.  
608-1275 Finch Ave W  
Toronto, Ont, M3J 0L5  
905.415.2214  
[admin@Kibono Inc..ca](mailto:admin@Kibono Inc..ca)

## 24. Records and files

With the appropriate authorization, Kibono Inc. will make available personal information contained in the records it maintains in connection with this HSA to **Company** or its authorized representative, on reasonable notice.

## 25. Amendments to the contract

Kibono Inc. shall notify **Company** as soon as reasonably predictable of any changes to this contract required by law, including changes required from new or amended federal and/or provincial tax laws or regulations. The effective date of such changed to this contact shall align with the effective date of the changes to the law or legislation.

## 26. Governing Law

The laws of the province where the **Company** is located govern this contract. The courts of such province shall have exclusive jurisdiction over any disputes and/or claims between the plan sponsor and Kibono Inc. arising in connection with this contract.

## 27. Use of Kibono Inc. technology

As part of these services, Kibono Inc. provides the **Company** with access to the HSA platform and client services portal through its website, proprietary to Kibono Inc., to assist **Company** in administering its benefits plan and for the purpose of employees receiving and reviewing their plan. **Company** will be granted access solely for the purposes of receiving the services and only for the term of this contract. Access to the site, as described above, will be through a unique user ID (provided by Kibono Inc.) in accordance with the standards required by Kibono Inc.. **Company** will be responsible for approving and ensuring the credentials and determining which of its employees/members shall have access to the services, when they have access, and what they will be entitled to with that access. Kibono Inc. will only implement access rights as provided by the **Company**.

Kibono Inc. will perform all services, functions and responsibilities that are inherent, necessary or customarily provided in connection with access to the website referred to in the clause, or that are reasonable required for the proper performance of such website, whether or not such services, functions or responsibilities are expressly described in this agreement.

## 28. External audit of claims files

**Company** may engage a qualified external auditor to review or audit any files related to claims submitted to Kibono Inc. in connection with this agreement, excluding the personal medical information of each member.

## 29. Waiver

Failure by **Company** or Kibono Inc. to enforce at any time or for any period any one or more of the terms of this agreement will not constitute a waiver of those terms, and such failure will not prejudice the right of **Company** or Kibono Inc. to enforce all terms of this contract.

## 30. Currency

All payments under this agreement will be in Canadian dollars.

### **Kibono Inc. Privacy Statement**

#### **1. Our Commitment to Protecting your Privacy**

Kibono Inc. values your business and we thank you for your confidence in choosing our platform. As our client, you us with your personal information. We respect that trust and want you to be aware of our commitment to protecting the information you share in the course of doing business with us. We comply with the Federal Personal Information and Electronic Documents Act (PIPEDA) and applicable Provincial Privacy Laws. We maintain the highest standards of confidentiality to ensure the protection of your personal information (PI). We also adhere to the Canadian Anti-Spam Legislation and Regulations (CASL) and will only communicate electronically with your consent.

#### **2. Accountability**

We are responsible for the PI that I receive from you and will safeguard that information in whatever form it is held.

#### **3. How I Collect, Use, Share, Disclose and Retain Your Information**

We collect all personal information with your consent, use and retain it solely for the purposes of providing benefits and ensure that any products or services you purchased through Kibono Inc. are provided quickly and correctly. We confidentially convey your PI to insurers, which we are contracted with to provide insurance products. We only collect and keep information that helps us formulate quotes on behalf of the company, for the benefit of the employees.

**4. Consent:**

We use your PI information to identify products and services to address needs your employer has identified. By enrolling in this platform, you agree:

- a. To provide accurate information throughout our relationship
- b. To allow me to use, share and disclose this information on an as-needed basis with my suppliers and associates, which may retain some information on file for future use and reference
- c. To allow Kibono Inc. to retain your PI, including health information housed on your applications, in our records for as long as you use our platform
- d. To the assignment of your file, including your PI, to another insurance company, to continue to service your needs.

**5. Accuracy of Information**

To provide appropriate quotes, should your employer be interested in additional coverage for **Company**, we must receive accurate information. You may review the PI we retain about you upon request. We will attempt to update the PI held in our records to determine whether the recommendations made are still appropriate considering personnel changes within (biz name). We also rely on you to provide regular updates to us, in the context of the enrollment information provided, assuming insurance is in place, as your circumstances change.

**6. We Strive to Protect Your PI**

All employees and suppliers that are granted access to client records are required by law and regulation to keep this information protected and confidential and to use the information only for the purposes identified. Information that is no longer required for the intended original purpose will be destroyed. We've established physical and systems safeguards, along with proper processes, to protect client information from unauthorized access or use.

**7. Your Privacy Choices**

You may withdraw your consent at any time (subject to legal or contractual obligations and on providing Kibono Inc. with reasonable notice). Withdrawing your consent may prevent Kibono Inc. from providing your employer with details regarding products or services provided via our contracted insurance companies.

**8. Your Right to Complain**

You have the right to complain confidentially to Kibono Inc., to the insurer, and to the Privacy Commissioner of Canada if need be.

**9. Customer's Consent**

Until advised otherwise, you have my consent to collect, use, and share, disclose and retain my PI as described above.

**Compliance with Canadian Anti-Spam Law and its regulations (CASL)**

I consent to receiving electronic communications from the Advisor about my insurance needs and coverage and information about products and services that might benefit me. I understand that I may withdraw my consent at any time.

## Kibono Inc. Disclosure

Our role, as a TPA (third party administrator) and broker, is to work on your behalf as your intermediary, to advocate with insurance companies and resolve any questions you may have throughout the time you hold a policy, and to ensure your ongoing satisfaction.

### ***Licenses & jurisdictions***

Kibono Inc. is licensed to broker life and health insurance products in Ontario - FSRA lic # 37263.

### ***Companies I represent***

We are contracted with the below insurance companies:

- Equitable Life
- Manulife Financial
- Sun Life
- Empire Life
- Canada Life
- Blue Cross

### ***Relationship with company (ies) I represent***

No insurer holds an ownership interest in my business. I don't hold a significant interest in any insurance company.

### ***Compensation***

I am compensated by a sales commission on policies I sell, and I may also receive a renewal commission on policies that remain active. Commissions are paid by the company that provides the product you purchase. If my sales reach a certain level, I may be eligible for additional compensation, such as bonuses, and other benefits, such as conferences.

I also receive compensation through WCS Bridgeforce (my MGA) which I place my business through.

### ***Conflict of interest***

I take the potential of a conflict of interest seriously. I confirm that I have no conflict of interest. If I become aware of a potential conflict, I will tell you. I take the potential of a conflict of interest seriously. My position/profession as an advisor may be perceived to be a potential conflict of interest with respect to my recommendations to you. However, I confirm that my recommendations will be based on my assessment of your needs.

### ***More information***

If you need more information about my qualifications or my business relationships, contact me. I would be happy to help. You can reach me via email and/or cell at any time.