



Frequently Asked Questions about Adjustment of Dividends and/or Accumulation Interest Rates

1. Q: With effect from 1st May 2024 (“the Effective Date”), what items have been adjusted for participating policies by Hang Seng Insurance Company Limited (“the Company”)?

A: The Company has adjusted the following items of the participating policies with effect from 1st May 2024:

- Accumulation interest rates
- Dividends

2. Q: What are dividends? How to determine the dividends?

A: In addition to the guaranteed benefits, we would also distribute non-guaranteed policy dividends to the participating policy’s policyholders in order to share the financial performance of the life insurance operations of the Company. Dividends are determined based on the consideration of investment returns on the asset supporting your policy, as well as other factors including but not limited to claims, persistency, expenses, and the long term future performance outlook (both economic and non-economic factors).

The Company regularly reviews the level of dividends payable to policyholders. Both the past actual performance and management’s expectations of the long-term future performance will be assessed against the expected level. If variances arise, the Company may consider sharing profit or loss with policyholders through the adjustment of dividend scales. That is, if the performance is better than expected, dividends paid will increase and if the performance is below expectation, then dividends paid will decrease.

When considering the adjustment of dividend scales, we strive to maintain a more stable payout to the policyholders by smoothing. This means that the dividends level will only be changed if the actual performance is significantly different from the expected level over a certain period of time or if management’s long-term future performance expectations change substantially.

3. Q: What are accumulation interest rates? How to determine the accumulation interest rates?

A: Policyholders can choose to accept their Annual Dividends, and/or Monthly Income and/or endowment coupon and/ or annuity payments either in cash or to leave them with the Company to accumulate with interests (if applicable).

The accumulation interest rates are not guaranteed and will be determined by the Company at its discretion from time to

time. The Company reviews the accumulation interest rates regularly with reference to the portfolio yields of fixed income assets, prevailing market conditions, the outlook on fixed income asset yields, the cost associated with the provision of the accumulation service, and the likelihood of policyholders leaving their payment for accumulation.

For details about accumulation interest rates, please visit Hang Seng Bank's website <https://www.hangseng.com/en-hk/personal/insurance-mpf/other/policy-dividend/>.

4. Q: What items have been invested by the Company? How will they affect the dividends? Is there any equation for reference?

A: To ensure adequate financial strength to fulfill the policy responsibility, the Company has developed long-term investment objectives and strategies for different products. For your policy, the investment portfolio composes of 60% - 100% of fixed income assets issued by government and corporate entities with good credit quality and long term prospects, while the remaining 0% - 40% composes of well-diversified equities and other growth assets in order to achieve higher long-term returns. Growth assets may include properties, hedge funds, private equity funds and financial derivatives.

Dividends are determined based on the consideration of investment returns on the above assets supporting your policy, as well as other factors including but not limited to claims, persistency, expenses, and the long term future performance outlook (both economic and non-economic factors). The above factors affect the performance of different products to different extents and therefore cannot be concluded by simple equations, some information also involves non-public information.

5. Q: Will the Company make adjustment on the dividends and/or the accumulation interest rates again?

A: The Company conducts regular review on the level of dividends payable to policyholders and the accumulation interest rates applicable to participating policies. Dividends payable and/or accumulation interest rates would depend on how well the portfolio has been performing with regard to its investment returns on the assets supporting your policy, as well as other factors such as claims, persistency, expenses and the long term future performance outlook. Dividends and/or accumulation interest rates will be adjusted if the actual performance is significantly different from the expected level over a certain period of time or if management's long term future performance expectations change substantially.

6. Q: Are the distributed dividends and/or any other amounts accumulated in your policy being affected by the recent dividend adjustment?

A: Annual Dividends (if applicable) distributed and/or any other amounts accumulated in your policy before 1st May 2024 are not affected by such adjustment.

7. Q: Where can you find out the projected dividends and non-guaranteed amount of your policy after the dividend adjustment?

A: The adjusted dividend and non-guaranteed amounts have been reflected in the "Illustration Summary" section under "Policy Benefit Illustration". The section also provides the projected non-guaranteed amount at maturity under the scenario of increase or decrease of all future dividends. Please note that the figures are for reference only and represent neither the lower and upper bounds of the actual amount to be received, nor the amounts under pessimistic and optimistic scenarios.

8. Q: Would the adjustment on the dividends and/or the accumulation interest rates affect the Fulfillment Ratio?

A: Yes. The adjustment on the dividends and/or the accumulation interest rates would affect the Fulfillment Ratio.

Should you wish to obtain an updated information of how the above changes will affect your policy or should you have any queries on the above, please feel free to:

- (I) Visit "Hang Seng Bank" in person or
- (II) Contact "Hang Seng Insurance" After Sales Service Hotline at 2596 6262 during the office hours.

The above is for reference only. For detailed terms and conditions of your insurance plan, please refer to the relevant policy wordings.