



## Treasure Life II Insurance Plan

### Long-term Protection for Your Life's Journey

Treasure Life II Insurance Plan ("Treasure Life II" or "the Plan") is a life insurance plan and is not a bank deposit. It is underwritten by Hang Seng Insurance Company Limited ("Hang Seng Insurance").

As you traverse life's journey with your spouse and children, they always look to you for guidance and support. To safeguard them against whatever may come, you need a dependable long-term protection.

"Hang Seng Insurance" presents "Treasure Life II" giving you life protection with stable premium<sup>(1)</sup> payments until the Insurance Age<sup>(2)</sup> of 99, plus non-guaranteed policy dividends<sup>(3)</sup> to boost your returns. Strengthen your plans today and embark on a life of fulfilment.

#### Flexible Use of Policy Dividends<sup>(3)</sup>

"Treasure Life II" will pay you non-guaranteed policy dividends<sup>(3)</sup> on each Policy Anniversary which you may choose to retain the policy dividends<sup>(3)</sup> in the policy to accumulate interest<sup>(3)</sup>, withdraw the policy dividends<sup>(3)</sup> in cash if in need, or use the policy dividends<sup>(3)</sup> to purchase Paid-up Additions<sup>(4)</sup> for enhanced protection.

#### Life Protection for Peace of Mind

"Treasure Life II" offers Death Benefit<sup>(5)</sup> until the Insurance Age<sup>(2)</sup> of 99. In the unfortunate event of death of Life Insured caused by accident or illness while the policy is in force, beneficiary(ies) will receive a lump sum payment of Death Benefit<sup>(5)</sup> equals to the Basic Plan Sum Insured plus accumulated policy dividends<sup>(3)</sup> (if any) and their accumulated interest<sup>(3)</sup> (if any) less Indebtedness (if any).

#### Rest assured with Free Extended Coverage

In addition to Death Benefit<sup>(5)</sup>, "Treasure Life II" offers you the following free supplemental benefits:

- **Waiver of Premium on Disability Benefit<sup>(6)</sup>**

To ease your financial burden, in the unfortunate event that the Life Insured becomes disabled caused by accident or illness and unable to work for at least 183 consecutive days, all premiums due and payable during the period of disability will be waived until the Life Insured reaches the Insurance Age<sup>(2)</sup> of 65.

- **Payor's Benefit<sup>(7)</sup>**

During the premium payment term and before the payor reaches the Insurance Age<sup>(2)</sup> of 65, in the unfortunate event of the payor's death or if the payor becomes disabled caused by accident or illness and unable to work for at least 183 consecutive days, all premiums due and payable after the payor's death or during the period of disability will be waived until the Life Insured reaches the Insurance Age<sup>(2)</sup> of 25, or until the payor reaches the Insurance Age<sup>(2)</sup> of 65 (whichever is earlier).

- **Unemployment Benefit<sup>(8)</sup>**

If you are unemployed for at least 30 consecutive days before the Insurance Age<sup>(2)</sup> of 65, you can apply to defer the payment of the premium due for a maximum of 365 days from the first premium payment due date following your unemployment. Throughout this period, the Life Insured can also enjoy the benefits specified in the policy.

#### Optional Supplemental Benefits<sup>(9)</sup> to Enhance the Protection You Need (additional premiums required)

You can apply for the following optional supplemental benefits<sup>(9)</sup> to round out your protection:

- **Accidental Death and Dismemberment Benefit<sup>(9)</sup>**

In case of accidental death of the Life Insured, an extra lump sum Accidental Death and Dismemberment Benefit<sup>(9)</sup> equals to the Basic Plan Sum Insured will be paid. In case of accidental dismemberment, a percentage of the benefit amount will be paid depending on the degree of injury.

- **Major Illness PLUS Benefit<sup>(9)</sup>**

If the Life Insured is certified as suffering from any of the major illnesses as stated in the coverage, 50% of the Basic Plan Sum Insured will be paid in advance to settle substantial medical expenses and mitigate the financial burden of your family.

- **Renewable Term Life Benefit<sup>(9)</sup>**

This benefit allows you to enhance the life insurance coverage of the Plan at a cost-effective premium, and the coverage can be increased up to 5 times of the Basic Plan Sum Insured for extra peace of mind. In addition, no proof of health is required if the Life Insured converts this Renewable Term Life Benefit<sup>(9)</sup> to a new lifetime or savings insurance plan before reaching his or her Insurance Age<sup>(2)</sup> of 60.

### Fixed Premium<sup>(1)</sup> for Easy Planning

During the payment term, premiums of the basic plan, Accidental Death and Dismemberment Benefit<sup>(9)</sup> and Major Illness PLUS Benefit<sup>(9)</sup> will remain unchanged, allowing you to have better financial planning. Premiums are determined based on the Life Insured's Insurance Age<sup>(2)</sup>, gender, smoking habit, Sum Insured, payment terms and payment modes, as well as other optional supplemental benefits applied. The premium of Renewable Term Life Benefit<sup>(9)</sup> will be adjusted according to the Life Insured's Insurance Age<sup>(2)</sup> at each Policy Anniversary.

### Easy application for a Secure Future<sup>(10)</sup>

Preferential Underwriting Procedure<sup>(11)</sup> is applicable to "Treasure Life II". As long as the Life Insured and/or Policyholder meet the criteria for the Insurance Age<sup>(2)</sup>, and comply with other relevant application requirements of the Plan, no medical examination and medical proof are required.

### Treasure Life II - Plan features at-a-glance

<b>Payment Term</b>	5 years	10 years	25 years
<b>Life Insured's Insurance Age<sup>(2)</sup> upon Application</b>	15 days - 64 years old	15 days - 59 years old	15 days - 54 years old
<b>Minimum Sum Insured</b>	HK\$200,000 / US\$25,000		
<b>Payment Mode</b>	Monthly / Annually		Annually
<b>Premium Rate</b>	Premium is calculated based on the Life Insured's Insurance Age <sup>(2)</sup> at the time of application gender, smoking habit, as well as Sum Insured, payment term and payment mode. Once the Policy becomes effective, premium of the basic plan will be fixed and remain unchanged		
<b>Policy Currency</b>	HKD or USD		
<b>Policy Term</b>	Until Insurance Age <sup>(2)</sup> of 99		
<b>Guaranteed Cash Value</b>	Can only be withdrawn upon termination or surrender of policy		
<b>Non-guaranteed Policy Dividend<sup>(3)</sup></b>	<ul style="list-style-type: none"> <li>• Expected to be payable to the policy on the Policy Anniversary each year while the policy is in force</li> <li>• Accumulated policy dividends<sup>(3)</sup> (if any) and its interests<sup>(3)</sup> (if any) can be withdrawn during the policy term</li> </ul>		
<b>Policy Dividend<sup>(3)</sup> Handling Options</b>	Three options of handling at your discretion: <ul style="list-style-type: none"> <li>• Retain in policy to accumulate interest (default)</li> <li>• Withdraw in cash</li> <li>• Choose Paid-up Additions<sup>(4)</sup></li> </ul>		
<b>Free Supplemental Benefits</b>	<ul style="list-style-type: none"> <li>• Waiver of Premium on Disability Benefit<sup>(6)</sup></li> <li>• Payor's Benefit<sup>(7)</sup></li> <li>• Unemployment Benefit<sup>(8)</sup></li> </ul>		
<b>Optional Supplemental Benefits<sup>(9)</sup> (Additional premium is required)</b>	<ul style="list-style-type: none"> <li>• Accidental Death and Dismemberment Benefit<sup>(9)</sup></li> <li>• Major Illness PLUS Benefit<sup>(9)</sup></li> <li>• Renewable Term Life Benefit<sup>(9)</sup></li> </ul>		

## **Key Exclusions:**

### **Supplemental Benefit - Waiver of Premium on Disability Benefit<sup>(6)</sup>**

No premium will be waived by "Hang Seng Insurance" if Disability results from any of the following:

(i) Any pre-existing condition from which the Life Insured was suffering prior to or on the Issue Date of this Benefit or effective date of this Benefit or the effective date of last reinstatement, whichever is the latest (Condition endorsed in the Policy will be excluded); (ii) Wilful self-inflicted injury; (iii) Insanity or mental infirmity or mental disease; (iv) Committing or trying to commit a criminal offence; (v) Taking or absorbing any drug, medicine, sedative or poison, except as prescribed by a Registered Medical Practitioner; (vi) Engaging in a hazardous sport, other than those stated in the application.

### **Supplemental Benefit - Payor's Benefit<sup>(7)</sup>**

No Premium will be waived by "Hang Seng Insurance" if the Payor dies by suicide within one year after the Issue Date of this Benefit or the effective date of this Benefit or the effective date of last reinstatement, whichever is the latest or if Disability was resulted from any of the following :

(i) Any pre-existing condition from which the Payor was suffering prior to or on the Issue Date of this Benefit or effective date of this Benefit or the effective date of last reinstatement, whichever is the latest (Condition endorsed in the Policy will be excluded); (ii) Wilful self-inflicted injury; (iii) Insanity or mental infirmity or mental disease; (iv) Committing or trying to commit a criminal offence; (v) Taking or absorbing any drug, medicine, sedative or poison, except as prescribed by a Registered Medical Practitioner; (vi) Engaging in hazardous sports, other than those stated in the application.

### **Supplemental Benefit - Unemployment Benefit<sup>(8)</sup>**

If the Policyholder is unemployed in any of the following circumstances, no Benefit can be claimed:

(i) If any period of Unemployment does not qualify the Policyholder for payment of severance benefits under the Employment Ordinance of the Hong Kong Special Administrative Region. (ii) Unemployment commences within 2 months of the Policy Date or Issue Date or ownership change date, whichever is latest. (iii) Self-employed (Professional excepted). (iv) Working for a company or firm in which Policyholder's relative has a financial interest. (v) Unemployment or prospect of Unemployment that Policyholder knew of or should reasonably have known of on or before the Policy Date or Issue Date or ownership change date of the Policy, whichever is the latest. (vi) Misconduct or any action that contributes to or leads to be dismissed, or resign, retire or take voluntary redundancy. (vii) After the end of a contract or a period of training or apprenticeship.

### **Supplemental Benefit - Accidental Death and Dismemberment Benefit<sup>(9)</sup> (additional premium required)**

If the death or dismemberment of the Life Insured is resulted from any of the following, "Hang Seng Insurance" will not pay the Accidental Death and Dismemberment Benefit<sup>(9)</sup>:

(i) Suicide or trying to commit suicide; (ii) Wilful self-inflicted injury; (iii) Engaging in hazardous sports, other than those stated in the application; (iv) Taking or absorbing any drug, medicine, sedative or poison, except as prescribed by a Registered Medical Practitioner; (v) Inhaling any gas or fumes, accidentally or otherwise, except accidentally in the course of duty; (vi) Insanity or mental infirmity, or any disease; (vii) Committing or trying to commit a criminal offence; (viii) War or any act incidental to war.

### **Supplemental Benefit - Major Illness PLUS Benefit<sup>(9)</sup> (additional premium required)**

"Major Illness" does not include any of the following:

(i) Any pre-existing condition from which the Life Insured was suffering prior to the Issue Date of this policy or the effective date of this Benefit or the date of last reinstatement, whichever is the latest; (ii) Any illness contracted within the first 60 days of the Issue Date of this Policy or the effective date of this Benefit or the date of last reinstatement, whichever is the latest; (iii) Any Human Immunodeficiency Virus (HIV) or any HIV-related illness including Acquired Immune Deficiency Syndrome (AIDS) or any mutations, derivation or variations thereof.

**The above are only the major exclusions, for details of the exclusions, please refer to the relevant policy provision.**

#### Notes :

- (1) Fixed premium is not applicable to Renewable Term Life Benefit<sup>(9)</sup>.
- (2) Insurance Age means, at any date, the age of the Life Insured or Policyholder (if applicable) on the most recent birthday prior to the Policy Date plus the number of completed Policy Years. If the Life Insured's or Policyholder's (if applicable) birthday is on the Policy Date, it will be calculated based on the age on such Policy Date.
- (3) Distribution of projected annual policy dividends and the interest rate used for the calculation of policy dividends accumulation are not guaranteed. Please refer to illustration summary for details of the prevailing accumulation interest rate.
- (4) If Paid-up Additions is chosen as the Annual Dividend<sup>(3)</sup> Option, policy dividend<sup>(3)</sup> will be used to purchase participating paid-up insurance, on such terms as determined by "Hang Seng Insurance", according to the Insurance Age<sup>(2)</sup> of the Life Insured at Policy Anniversary on which the dividend distributes. Policy dividends<sup>(3)</sup> (if any) arise from such participating paid-up insurance will follow the Annual Dividend<sup>(3)</sup> Option of the Basic Plan.
- (5) If Paid-up Additions<sup>(4)</sup> has ever been chosen as the Annual Dividend<sup>(3)</sup> Option, the benefits amount under the Paid-up Additions<sup>(4)</sup> (if any) will be paid in addition to Basic Plan Death Benefit.
- (6) Waiver of Premium on Disability Benefit is only applicable to the Life Insured with Insurance Age<sup>(2)</sup> not exceeding 64 at the time of application. The Life Insured must hold a valid Hong Kong or Macau identity card to be eligible for this benefit.
- (7) Payor's Benefit is only applicable to the Life Insured with Insurance Age<sup>(2)</sup> of 17 or below at the time of application and the payor with Insurance Age<sup>(2)</sup> of 18 to 60 at the time of application. The payor must hold a valid Hong Kong or Macau identity card to be eligible for this benefit.
- (8) Unemployment Benefit is only applicable to Policyholder who is unemployed for at least 30 consecutive days and is qualified for payment of severance benefits under the Employment Ordinance of the Hong Kong SAR. This benefit will be automatically terminated when the Policyholder reaches the Insurance Age<sup>(2)</sup> of 65 or until the end of premium payment term (whichever is earlier). For the exact details of exclusions of Unemployment Benefit, please refer to the policy conditions for Supplemental Benefits and the policy provision shall be final.
- (9) Per life limit of Accidental Death and Dismemberment Benefit is 100% of the Sum Insured of the basic plan or USD1,000,000, whichever is lower. Per life limit of Major Illness PLUS Benefit is 100% of the Sum Insured of the basic plan or USD750,000, whichever is lower. Per life limit of Renewable Term Life Benefit is 5 times of Sum Insured of basic plan and subject to a cap of HKD2,800,000/USD350,000/RMB2,240,000 (for Issue Age 0-17); a cap of HKD5,000,000/USD625,000/RMB4,000,000 (for Issue Age 18-50) or a cap of HKD2,500,000/USD312,500/RMB2,000,000 (for Issue Age 51-60) on the aggregated Sum Insured per life insured. The payment term and protection of Accidental Death and Dismemberment Benefit and the Major Illness PLUS Benefit are until the Life Insured's Insurance Age<sup>(2)</sup> of 65, while the payment term and protection of Renewable Term Life Benefit are until the Life Insured's Insurance Age<sup>(2)</sup> of 80. "Hang Seng Insurance" reserves the right to adjust the renewal premium of Renewable Term Life Benefit. The premium for the renewed benefit will be determined in accordance with "Hang Seng Insurance's" rate table applicable to this benefit and the Insurance Age of the Life Insured as at each Policy Anniversary, and adjusted by any extra rating as shown in the policy schedule.
- (10) This Plan is subject to the relevant requirements on nationality, and/or address of the Policyholder and/or Life Insured as determined by "Hang Seng Insurance" from time to time. "Hang Seng Insurance" reserves the right to accept or decline any applications for the Plan based on the information provided by the Life Insured and/or Policyholder during enrolment.
- (11) For details of Preferential Underwriting Procedure, please contact Hang Seng Bank Limited ("Hang Seng Bank") branch staff.

## Product risks

### Credit risk

The benefits of this Plan are subject to the credit risk of "Hang Seng Insurance". Policy benefits include Death Benefit<sup>(5)</sup>, surrender benefit and maturity benefit (if applicable) etc. The premium that you pay will become parts of "Hang Seng Insurance's" assets, and the life insurance plans of "Hang Seng Insurance" involve policy benefits such as Death Benefit<sup>(5)</sup>, surrender benefit and maturity benefit payable to the Policyholders or beneficiaries by "Hang Seng Insurance". You should bear the credit risk associated with "Hang Seng Insurance" [i.e. the risk that "Hang Seng Insurance" may not be able to deliver its obligations bound by the policies (including the payment of policy benefits) due to financial difficulties].

### Risk affecting Non-guaranteed benefit determination

The scales for calculating dividends<sup>(3)</sup> are not guaranteed and are determined by the "Hang Seng Insurance" from time to time. Whether dividends<sup>(3)</sup> are payable and the size of the dividends<sup>(3)</sup> to be paid depending on the performance of relevant participating policies with regard to investment returns on the assets supporting the policies under this Plan, as well as other factors including but not limited to claims, persistency experience, expenses, and the long-term future performance outlook (both economic and non-economic factors).

The key risk factors are further described below:

- **Investment risk factors** – The investment performance of the assets supporting the policies is subject to various market risk factors including but not limited to:
  - **Interest rate risks** – The risk that the interest earnings and the values of assets will be affected by the change of interest rate level and its outlook, and lead to investment loss.
  - **Equity risk** – The risk that the prices and volatilities of equity type investments and alternative investments will change and lead to investment loss.
  - **Credit risk** – The risk of investment losses due to the default or change in credit quality of issuers of debt securities or counterparties
  - **Currency risk** – The risk that the values of investments that are in other currencies different from the policy currency will be affected by the change of exchange rates.
- **Claims factor** – The actual experience of mortality and morbidity is uncertain which may lead to a higher than expected claim or living benefit payment and result in worse performance.
- **Persistency factor** – The actual experience of policy surrender (full or partial) and policy lapse is uncertain, and therefore it has impacts on both the current performance and future return of the portfolio of the policies.
- **Expense factor** – The actual amount of expenses incurred and apportioned to the group of policies may be higher than expected and impact the overall performance of the product. The expenses may include direct expenses which are specifically related to the group of policies, such as commission, underwriting, policy acquisition and maintenance expenses. It may also include indirect expenses such as general overhead costs which will be allocated to the group of policies.

The interests earned on the accumulated dividends<sup>(3)</sup> are determined based on an interest rate which is not guaranteed and may be adjusted by "Hang Seng Insurance" at its discretion from time to time. Please refer to section "Notes on Participating Policy" for the detail.

#### **Risk from the delay of or missing the payment of premiums due**

You should pay the premium for the entire premium payment term when due. Any delay or missing of the payment of premiums due may lead to policy lapse, and the amount (if any) you get back may be significantly less than your premiums paid.

#### **Risks from Surrender**

If you surrender the policy after the expiry of the cooling-off period, the surrender proceeds to be received may be significantly less than the total premium paid. Please refer to the illustration summary of this Plan for the projected surrender values. All details regarding policy surrender should be referred to the relevant policy provisions.

#### **Liquidity risk**

This policy is designed to be held for a long-term period. Should you have liquidity needs for any unexpected events, you may apply for policy loan or surrender the policy in full subject to the respective policy terms, however this may cause the policy to lapse or to be terminated earlier than the original policy term, and the amount (if any) you get back may be significantly less than the premiums paid. You may also apply for withdrawal of any amounts that are left within the policy to accumulate but the amount available for withdrawal is not guaranteed and the amount of Death Benefit<sup>(5)</sup> and cash value will reduce accordingly subsequent to the withdrawal.

#### **Inflation risk**

Cost of living is likely to be higher in the future than it is today due to inflation, therefore you may receive less from the policy in real term in the future even if "Hang Seng Insurance" meets all of its contractual obligations.

#### **Policy currency risk**

By choosing the plans denominated in currencies other than local currency, you are subject to exchange rate risks. Exchange rate fluctuates from time to time. Upon the currency conversion, you may suffer a loss of your benefit values and the subsequent premium payments (if any) may be higher than your initial premium payment as a result of the exchange rate fluctuations. You have considered the aforesaid exchange rate risk factors, conversion arrangement and the potential loss associated before applying for the Plan.

#### **Premium adjustment risk (only applicable to Renewable Term Life Benefit<sup>(9)</sup>)**

Premium will be adjusted every policy term until the Policy is terminated. Any change in premium rate at the time of adjustment is based on factors including but not limited to actual claim experiences, outlook of future claims experiences, foreseeable expense etc. A notice of such premium adjustment will be sent to the Policyholder prior to it taking effect.

### **Important notes**

#### **Cooling-off period**

"Treasure Life II" is an insurance plan with a savings element and not any kind of bank deposit. Part of the premium pays for the insurance and related costs. If you are not satisfied with your policy, you have the right to cancel it within the cooling-off period (that is, within 21 days after the delivery of the policy or issue of a notice (informing you/your representative about the availability of the policy and expiry date of the cooling-off period), whichever is earlier) and obtain a refund of any premiums and levy paid. A written notice signed by you should be received by "Hang Seng Insurance" Office at 18/F, Tower 1, HSBC Centre, 1 Sham Mong Road, Kowloon, Hong Kong within the cooling-off period. After the expiration of the cooling-off period, if you cancel the policy before the end of the term, the projected total cash value upon surrender may be less than the total premium you have paid.

#### **Grace Period**

The Plan offers a Grace Period of 30 days for payment of any premium when due. If a premium is not paid by the end of the Grace Period and the Net Cash Value calculated as at the date immediately preceding the premium due date is greater than zero, the terms of Automatic Premium Loan will immediately take effect to pay the relevant unpaid premium. If the Net Cash Value is insufficient to cover the amount of the relevant unpaid premium, the policy will be immediately lapsed.

### **Policy loan**

You may apply for a policy loan while the policy is in force. Loan interest will be applied and you will be advised of the rate of interest from time to time. Any policy loan and accrued loan interest may reduce the cash value and Death Benefit of the policy. When, at any time, the loan with accrued interest exceeds the Net Cash Value before Indebtedness, "Hang Seng Insurance" has the right to lapse the Policy. Policy loan may cause the policy to lapse or be terminated, please refer to the policy provision on its terms and conditions.

### **Policy termination condition**

"Hang Seng Insurance" has the right to terminate your policy under any of the following circumstances,

- If you cannot make the premium payment by the end of a 30-day Grace Period and the Net Cash Value calculated as at the date immediately preceding the premium due date is equal to or less than zero, unless if the Automatic Premium Loan is sufficient to cover the amount of the relevant unpaid premium;
- The policy loan with accrued interest exceeds the Net Cash Value before Indebtedness;
- If "Hang Seng Insurance" reasonably considers that by continuing the policy or the relationship with you, "Hang Seng Insurance" may break any laws, or "Hang Seng Insurance" or a member of the HSBC Group, may be exposed to action censure from any authority.

For details of the above, please refer to the relevant terms and conditions in the policy provision.

### **Philosophy in deciding the dividends<sup>(3)</sup>, investment policy and strategy**

For details of the philosophy in deciding the dividends<sup>(3)</sup>, investment policy and strategy, please refer to section "Notes on Participating Policy". For the most updated information on dividends<sup>(3)</sup>, investment policy and strategy, and the historical fulfilment ratios of this Plan, please refer to the Company website: [https://bank.hangseng.com/1/2/insurance/par\\_dividend](https://bank.hangseng.com/1/2/insurance/par_dividend)

### **Commission disclosure**

The "Hang Seng Insurance" would provide "Hang Seng Bank" the relevant commission and performance bonus in accordance to the selling of this plan. The existing sales staff remuneration policy employed by "Hang Seng Bank" would take various aspects of staff performance into account but not solely on the sales amount.

### **Dispute resolution**

- a) "Hang Seng Bank" is an insurance agent authorised by Hang Seng Insurance Company Limited and the product is a product of Hang Seng Insurance Company Limited but not "Hang Seng Bank"; and
- b) In respect of an eligible dispute (as defined in the Terms of Reference for the Financial Dispute Resolution Centre in relation to the Financial Dispute Resolution Scheme) arising between "Hang Seng Bank" and you out of the selling process or processing of the related insurance product transaction, "Hang Seng Bank" will enter into a Financial Dispute Resolution Scheme process with you; however any dispute over the contractual terms of the insurance products should be resolved between Hang Seng Insurance Company Limited and you directly.

"Treasure Life II" is underwritten by Hang Seng Insurance Company Limited which is authorised and regulated by the Insurance Authority of the HKSAR. "Hang Seng Bank" is an insurance agent authorised by Hang Seng Insurance Company Limited.

**Customer Enquiry 2198 7838 hangseng.com**

### **Tax Reporting and Financial Crime**

"Hang Seng Insurance" and other members of the HSBC Group have certain obligations to Hong Kong and foreign legal or regulatory bodies and government or tax authorities, and are bound by HSBC Group's requirements, regarding you and your policy and "Hang Seng Insurance" may from time to time request consent and information from you in relation to these obligations and requirements.

There are consequences, which will be set out in your policy terms, if you fail to provide to "Hang Seng Insurance" consent or information that is requested from you or if you present a financial crime risk to a member of the HSBC Group. Such consequences include that "Hang Seng Insurance" may:

- take such actions as are necessary to enable it or a member of the HSBC Group to meet these obligations and requirements;
- be unable to provide new, or continue to provide all of the services to you;
- be required to withhold payments or benefits that would otherwise be due to you or your policy and permanently pay those over to tax authorities; and
- terminate your policy.

The amount you get back from the policy in the event of benefits or payments withholding and/or policy termination by "Hang Seng Insurance" as mentioned above plus the total amount that you have received from the policy (if any) before policy termination may be less than the total amount of the premium(s) you have paid. "Hang Seng Insurance" recommends that you seek your own independent professional advice on your tax liabilities.

This product brochure is issued by "Hang Seng Insurance" containing only a consolidated and summary description of this Plan and is for reference only. You should read this product brochure in conjunction with the respective product factsheet(s), Notes on Participating Policy and illustration and refer to the policy provisions for the detailed terms and conditions and charges of this Plan.

Please refer to the relevant policy for exact terms, conditions and exclusions of this Plan, and the policy will be considered final. For details of this Plan and the policy terms, please contact any "Hang Seng Bank" branch.

"Hang Seng Insurance" will provide a specimen copy of the policy provision upon request.

## **Notes on Participating Policy**

"Hang Seng Insurance" issues participating policies, which are life insurance contracts providing both guaranteed and non-guaranteed benefits. The guaranteed benefits may include the following: 1) guaranteed death benefits, 2) guaranteed cash values, 3) guaranteed annuity payments and 4) guaranteed maturity values. The non-guaranteed benefits include policy dividends, which may be paid or varied at the discretion of "Hang Seng Insurance". The policy dividend, if any, is in form of annual dividend which is declared by the "Hang Seng Insurance" on an annual basis. Once declared, the amount of annual dividend for the year becomes vested and will be credited to your policy.

The key feature of participating policies over other forms of insurance policies is that in addition to the guaranteed benefits receivable, policyholders will also benefit from additional dividend payments if the performance of relevant participating policies is better than that required to support the underlying guarantees. The better the performance, the greater the annual dividend payments, and, conversely, the worse the performance, the lower the annual dividend payments.

## **Dividend Philosophy**

Annual dividend allows policyholders to participate in the financial performance of the life insurance operations. Whether annual dividend is payable and the size of the dividend which "Hang Seng Insurance" distributes or pays depend on the performance of relevant participating policies with regard to investment returns on the assets supporting the policies, 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). Performance of policies managed similarly are pooled together when deciding the amount of annual dividend to be paid. Please refer to section "Product risks - Risk affecting Non-guaranteed benefit determination" on the product brochure for the detail of key risk factors.

"Hang Seng Insurance" conducts regular review on the level of annual dividend payable to policyholders. Both actual performance in the past and management's outlook of long-term future performance will be assessed against expected (assumptions underlying the prevailing dividend scale of us), if there are variances arisen, they will then be considered sharing with policyholders through the adjustment of annual dividend scales. If the performance over the long term is better than expected, then the annual dividend amount paid would increase. If performance is worse than expected, then annual dividend amount paid would decrease.

When considering the adjustment of annual dividend scales, "Hang Seng Insurance" operates a smoothing philosophy, so the level of annual dividend will only be changed if the actual performance is significantly different from expected over a certain period of time or if management's expectation of long-term future performance changes.

In order to achieve broad fairness between policyholders of participating products, "Hang Seng Insurance" will carefully consider the experiences of different groups of policies so that each group of policies will receive a fair return reflecting mostly its own performance. "Hang Seng Insurance" has also established a dedicated committee to review the fairness of treatment to policyholders and to provide independent advice on the management of the participating policies and the determination of dividend level.

## **Investment Strategy**

"Hang Seng Insurance" operates an investment strategy with key objectives as follows:

- i. Ensure that we can meet the guaranteed benefits that we have committed to you;
- ii. Deliver to you competitive long-term returns through the non-guaranteed policy dividends; and
- iii. Abide by a pre-defined set of risk appetite.

### Participating Policy (Policy Currency: HKD / USD)

The assets supporting the participating policies assets are carefully managed and monitored according to a predefined set of risk appetite. The asset portfolio predominantly consists of fixed income assets issued by government and corporate entities with good credit quality and long-term prospects. Growth assets, including equity, property, hedge fund, private equity and etc. are managed on prudent basis and utilized in order to enhance investment performance in the long run. Subject to our investment strategy, derivatives may be used for hedging or efficient portfolio management.

The asset portfolio is well diversified in different types of assets, and is invested in different geographical markets (mainly Asia, US and Europe) and industries. Investment for fixed income assets are mainly in HKD and USD to match the currency of the underlying policies while growth assets are invested in various currencies for diversification.

### Target Asset Allocation

The current long-term target strategy is to allocate assets attributed to this product as follows:

Asset Type	Allocation % Participating Policy (Policy Currency: HKD / USD)
Fixed Income	80%-100%
Growth Assets	0%-20%

*There could be slight deviation from the above range due to market fluctuation.*

Actual allocations will take into consideration past investment performance of the assets supporting the policies, prevailing market conditions and future outlook, and the guaranteed and non-guaranteed benefits of the policies. As the performance of the growth assets investment plays an important role in determining the level of non-guaranteed benefits, under normal circumstances and free from any investment and operational constraints, it is expected that the allocation to growth assets will fall within the higher end of the range as specified, in order to optimize the chance of achieving the illustrated level of non-guaranteed benefits. The management and investment strategy of the asset portfolio may be subject to change depending on the market conditions and economic outlook, and we would inform policy owners should there be any material changes.

### Accumulation Interest Rate

Policyholders can choose to accept their policy dividends, and/or endowment coupon<sup>3</sup> and/ or annuity payments<sup>4</sup> either in cash or to leave them with "Hang Seng Insurance" to accumulate with interests (if applicable). The rates of interests are not guaranteed and will be determined by "Hang Seng Insurance" from time to time. The review on such accumulation interest rates will be conducted regularly with reference to the portfolio bond yields, prevailing market conditions, outlook on bond yields, and the likelihood of policyholders leaving their payment for accumulation.

*The policy in determining the policy dividends and accumulation interest rates may be reviewed and adjusted by "Hang Seng Insurance" from time to time. For more updated information, please visit [https://bank.hangseng.com/1/2/insurance/par\\_dividend](https://bank.hangseng.com/1/2/insurance/par_dividend). You may also visit the above website to understand the historical fulfilment ratio of dividend distribution for reference purposes. However, the past performance or current performance of "Hang Seng Insurance's" business may not be a guide for future performances.*

This product brochure is issued by "Hang Seng Insurance" containing only a consolidated and summary description of the Plan and is for reference only. You should read this product brochure in conjunction with the respective product factsheet(s), Notes on Participating Policy and illustration and refer to the policy provisions for the detailed terms and conditions and charges of this Plan.

Please refer to the relevant policy for exact terms, conditions and exclusions of this Plan, and the policy will be considered final. For details of this Plan and the policy terms, please contact any "Hang Seng Bank" branch. "Hang Seng Insurance" will provide a specimen copy of the policy provision upon request.

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