

**GUIDELINE  
ON  
BENEFIT ILLUSTRATIONS FOR  
LONG TERM INSURANCE POLICIES**

**Insurance Authority**

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## **1. Introduction**

- 1.1 The Insurance Authority (“IA”) issues this Guideline pursuant to section 133 of the Insurance Ordinance (Cap. 41) (“Ordinance”), its principal function to regulate and supervise the insurance industry for the protection of existing and potential policy holders and its function to promote and encourage the adoption of proper standards of conduct, and sound and prudent business practices by authorized insurers. This Guideline also takes account of the Insurance Core Principles, Standards, Guidance and Assessment Methodology (“ICP”) promulgated by the International Association of Insurance Supervisors, in particular ICP 19 which stipulates that the conduct of the business of insurance should ensure that customers are treated fairly.
- 1.2 This Guideline aims to set out the standard requirements for benefit illustration documents to be provided to potential policy holders or existing policy holders to allow them to have adequate and clear information on the benefits of a life insurance policy.

## **2. Interpretation**

- 2.1 In this Guideline, unless the context otherwise specifies:
- (a) “Benefit illustration” means an illustration prepared and provided by the authorized insurer to the customer of a life insurance policy showing the projected surrender values and death benefits of the life insurance policy and containing, at minimum, the information shown in the Standard Illustrations in the Appendices to this Guideline;
  - (b) “Customer” bears the same meaning as policy holder or potential policy holder as those terms are used in the Ordinance;
  - (c) “Inforce re-projection illustrations” means benefit illustrations prepared and provided periodically by the authorized insurer to the policy holder of a life insurance policy during the policy period whilst the policy remains inforce, taking account of the performance of the policy to the date of the re-projection;
  - (d) “Life insurance policy” means a contract of insurance which is classed as long term business as defined under the Ordinance;

- (e) “Group policy” means a life insurance policy under which a group of employees of a company, partnership or sole proprietor, or members of an organization or other similar group of people, are insured; and
- (f) “Supplementary illustration” means a benefit illustration prepared by an authorized insurer in relation to any optional product features, which the policy holder may elect from time to time under his/her life insurance policy (such as premium holiday, partial surrender, top-up, premium offset option, policy loan etc.).

2.2 Unless otherwise specified, words and expressions used in this Guideline shall have the same meanings as given to them in the Ordinance.

### **3. Relevant Regulatory Requirements and Status of this Guideline**

3.1 This Guideline should be read in conjunction with the relevant provisions of the Ordinance and all other relevant rules, codes, circulars, and guidelines issued by the IA or other regulatory / professional bodies, including but not limited to the following:

- (a) Guideline on Underwriting Class C Business (GL15) issued by the IA;
- (b) Guideline on Underwriting Long Term Insurance Business (other than Class C Business) (GL16) issued by the IA;
- (c) Guideline on Sale of Investment-Linked Assurance Scheme (“ILAS”) Products (GL26) issued by the IA;
- (d) Principles of Life Insurance Policy Illustrations (AGN 5) issued by the Actuarial Society of Hong Kong (“ASHK”);
- (e) Best Estimate Assumptions (AGN 9) issued by the ASHK; and
- (f) Code on Investment-Linked Assurance Schemes issued by the Securities and Futures Commission.

3.2 This Guideline does not have the force of law, in the sense that it is not subsidiary legislation, and should not be interpreted in a way that would override the provision of any law. A non-compliance with the provisions

in this Guideline would not by itself render an authorized insurer liable to judicial or other proceedings. A non-compliance may, however, for example reflect on the IA's view of the continued fitness and properness of the directors, controllers and key persons in relevant control functions of the authorized insurers to which this Guideline applies. The IA may also take guidance from this Guideline in considering whether there has been an act or omission likely to be prejudicial to the interests of policy holders or potential policy holders (albeit the IA will always take account of the context, facts and impact of any matter before it in this respect).

#### **4. Scope**

- 4.1 This Guideline applies to all authorized insurers carrying on long term business and sets out the minimum requirements for point-of-sale benefit illustrations, supplementary illustrations and inforce re-projection illustrations which are required to be provided by authorized insurers in respect of the life insurance policies to which this Guideline applies.
- 4.2 The requirements laid down in this Guideline must be followed for all life insurance policies with cash value (except group policies). For the avoidance of doubt, individual policies with refundable features are regarded as life insurance policies with cash value for the purposes of this Guideline.
- 4.3 The issuance of inforce re-projection illustrations is optional for the following types of life insurance policies:
  - (a) reduced paid-up insurance policies and extended term insurance policies, where future dividends and coupons from those policies are forfeited and the deposit account (if any) is accumulated at a guaranteed interest rate;
  - (b) non-participating policies; and
  - (c) Investment-linked Assurance Schemes ("ILAS") policies (i.e. contracts of insurance in Class C (Linked long term) of Part 2 of Schedule 1 to the Ordinance).

## 5. General Principles

- 5.1 In respect of life insurance policies to which this Guideline applies, authorized insurers should provide benefit illustrations at the point-of-sale containing, at minimum, the information in the Standard Illustrations set out in the Appendices to this Guideline (“Standard Illustrations”). Authorized insurers are responsible for ensuring that the information provided in their benefit illustration documents is adequate, accurate, clear and not misleading.
- 5.2 Unless otherwise stated in this Guideline, any supplementary illustrations and inforce re-projection illustrations should also follow the minimum requirements under the Standard Illustrations.
- 5.3 An authorized insurer should prepare an inforce re-projection illustration based on the current policy option chosen by the policy holder (e.g. withdrawal, premium offset, top-up, etc.), and the updated actuarial assumptions and the authorized insurer’s current view of the market outlook. The re-projection should start from the policy year in which the re-projection is performed, taking into account the policy’s updated inforce policy status (e.g. attained age, current sum assured, etc.). Relevant warnings of associated risks and explanatory notes should be suitably modified and presented.
- 5.4 The specific requirements for particular product types are covered in the relevant Appendices of this Guideline.
- 5.5 Authorized insurers should require customers to sign a declaration on the benefit illustration documents provided at the point-of-sale. It is optional for insurers to require customers to sign supplementary illustrations. Digital signatures or other similar signature verification technology may be accepted. For the avoidance of doubt, authorized insurers are not required to obtain the customer’s signature for inforce re-projection illustrations.
- 5.6 When life insurance policies are sold through non-face-to-face distribution channels, such as the internet or through telemarketing, customers are deemed to have signed the benefit illustration documents provided that:
  - (a) an explanation of the key product features of the relevant policy is provided to the customer during the selling process;

- (b) in the case of internet sales, as part of the online purchase path, the customer is required to (and does) confirm that he/she has reviewed the benefit illustration documents; and
- (c) the benefit illustration documents are sent to the customer together with the delivery of the policy to the customer.

## **6. Supplementary Illustration**

- 6.1 Authorized insurers may provide supplementary illustrations in relation to optional product features, which the policy holder may elect from time to time (such as premium holiday, partial surrender, top-up, etc.). Certain column(s) of the supplementary illustration can be omitted if the same information is shown in the Standard Illustration.
- 6.2 For the avoidance of doubt, when a premium offset option is illustrated in a supplementary illustration, the requirements under paragraph 4.1(c) of Appendix 1 to GL16 issued by the IA must be met.
- 6.3 With regards to policy loans, an authorized insurer should provide a notice to the policy holder alerting the policy holder of lapsation risk arising as a result of the amount of the policy loan exceeding the account/surrender value, and (save in the case of ILAS policies) the expected timeline (in years) leading to policy lapsation based on the current assumptions for the policy loan (“Alert Notice”). The Alert Notice should be provided in the following situations:
  - (a) when a supplementary illustration on a basic plan with a policy loan is provided to the policy holder at the point-of-sale;
  - (b) when the policy holder applies for a policy loan;
  - (c) as soon as possible, after an automatic policy loan is first drawn down; and
  - (d) when issuing regular anniversary statements in relation to a policy in respect of which a policy loan has been drawn down.

In addition, an authorized insurer should provide a re-projection of the policy loan amount upon request with a clear indication that the interest rate on the policy loan will be amended from time to time depending upon

market conditions. A policy holder should be informed of his/her right to request for such re-projection when the Alert Notice is provided.

- 6.4 While the provision of benefit illustrations for riders is optional, where authorized insurers opt to provide benefit illustrations for riders at the point-of-sale or as inforce re-projection illustrations, at a minimum an illustration on the basic plan must be provided to the policy holder with a separate supplementary illustration combining the basic plan and the rider.

## **7. Customization**

- 7.1 Unless otherwise stated, authorized insurers may customize their benefit illustration documents to exclude information not applicable to the product or not relevant to customers and may include additional information provided that such additional information is not misleading and does not distract customers from the information disclosed in the Standard Illustration.
- 7.2 Any additional information provided in addition to the minimum requirements of the Standard Illustration must be relevant and of value to customers.
- 7.3 Authorized insurers must follow the format of the Standard Illustration so that, and without limitation, the “total premiums paid” column is shown before the benefit payment columns, and the surrender values are shown before the death benefits.
- 7.4 Authorized insurers should not highlight any figures (e.g. in bold, underlined or in any colour or font size which is different from the general text in the benefit illustration documents) which are not guaranteed.

## **8. Preparation and Timing of Provision of Benefit Illustration Documents**

- 8.1 The timing of the provision of benefit illustration documents is as follows:
- (a) in relation to benefit illustration documents provided at the point-of-sale, these should be provided to the potential policy holder for review and signature prior to the potential policy holder signing the application form (save where paragraph 5.6 above applies); and



- (b) inforce re-projection illustrations should be provided to the policy holder at least on an annual basis after policy issuance (for the avoidance of doubt, this does not apply in relation to policies where the provision of re-projection illustrations is optional – see paragraph 4.3 above).
- 8.2 Authorized insurers are required to provide illustrations reflecting the particulars of customers (rather than using a specimen illustration for all customers). The particulars of customers should include (but are not limited to) age, gender, or smoking habit (if applicable).
- 8.3 Benefit illustration documents should be in the same language(s) as used by authorized insurers in other pre-sale literatures. English or Chinese versions of the benefit illustration documents should be made available to customers upon request. Authorized insurers are responsible for the consistency of contents among all sales materials. Benefit illustration documents must be legible in the context of font size, format and layout.

## **9. Duties of the Appointed Actuary**

- 9.1 The appointed actuary of an authorized insurer (“Appointed Actuary”) is responsible for the accuracy of the calculations.

## **10. Proper Documentation**

- 10.1 Authorized insurers are required to maintain proper records in respect of benefit illustration documents provided to customers and all cases of complaints or disputes arising from matters relating to such benefit illustration documents. Authorized insurers are required to provide these records to the IA as soon as is practicable upon request.

## **11. Commencement**

- 11.1 This Guideline shall take effect from 23 September 2019 (“Effective Date”).

## 12. Transitional Provision

- 12.1 The IA recognizes that authorized insurers to which this Guideline applies may require time to update their documentation, controls and processes to align with the requirements in this Guideline. A transitional period of 12 months from the Effective Date (i.e. from 23 September 2019 to 22 September 2020) will therefore apply in respect of certain requirements of this Guideline (“Transitional Period”). The Transitional Period applies in respect of life insurance policies issued prior to the end of the Transitional Period. During this Transitional Period, authorized insurers shall comply with the provisions in paragraphs 4 to 10 of this Guideline and its Appendices unless either an alternative requirement is identified in the table below or a waiver from the requirement is indicated in the table below. If an alternative requirement is identified in the table below, during the Transitional Period the alternative requirement may be adopted in place of the stated requirement in this Guideline. If a waiver is indicated in the table below, the requirement in this Guideline in respect of which the waiver applies shall not begin to apply until the end of the Transitional Period, although early adoption by the authorized insurer is encouraged. As of 23 September 2020, authorized insurers must comply with all requirements in paragraphs 4 to 10 of this Guideline and its Appendices, in relation to all new policies issued on or after 23 September 2020 as well as existing policies (which are within the scope of this Guideline).

<b>Topics</b>	<b>Provisions in this Guideline</b>	<b>Alternative Requirements</b>
General Principles	Paragraphs 5.1 to 5.5	During the Transitional Period, authorized insurers may continue to use the benefit illustrations they used immediately prior to the Effective Date, provided such illustrations (prior to the Effective Date) complied with and (following the Effective Date) continue to comply with the requirements in the following documents issued by the Hong Kong Federation of Insurers (“HKFI”) which are hereby adopted for the purposes of the Transitional Period:
Supplementary Illustration	Paragraph 6	
Customization	Paragraph 7	
Preparation and Timing of Provision of Benefit Illustration Documents	Paragraph 8	
Benefit Illustration Documents for ILAS Policies	Appendix I	

<b>Topics</b>	<b>Provisions in this Guideline</b>	<b>Alternative Requirements</b>
Benefit Illustration Documents for Participating Policies	Appendix II	<ul style="list-style-type: none"> <li>• HKFI’s Guidance Note on ILAS Illustration Document (effective 1 January 2015);</li> </ul>
Benefit Illustration Documents for Universal Life (Non-Linked) Policies	Appendix III	<ul style="list-style-type: none"> <li>• HKFI’s Guidance Note on Illustration Document and Standard Illustration for Participating Policies (effective 1 January 2017 for new and existing policies of current products and 1 April 2016 for new products);</li> <li>• HKFI’s Guidance Note on Illustration Document and Standard Illustration for Universal Life (Non-Linked) Policies (effective 1 January 2017 for new and existing policies of current products and 1 April 2016 for new products); and</li> <li>• Questions and Answers on ‘Guidance Note on Illustration Document for Participating Policies’ and Guidance Note on Illustration Document for Universal Life (Non-Linked) Policies (effective 1 January 2017 for new and existing policies of current products and 1 April 2016 for new products).</li> </ul>
Requirements in relation to policies sold through non-face-to-face	Paragraph 5.6	The requirements in this Guideline as they apply to benefit illustration documents in relation to policies sold through non-face-to-face distribution channels are waived until the end of

<b>Topics</b>	<b>Provisions in this Guideline</b>	<b>Alternative Requirements</b>
distribution channels		the Transitional Period. In relation to illustrations provided (if any) for these policies during the Transitional Period, insurers should continue to adopt the practices they were using immediately before the Effective Date of this Guideline, ensure that such illustrations are adequate, accurate, clear and not misleading, and treat customers fairly. Early adoption of the requirements in this Guideline prior to the end of the Transitional Period is encouraged.
Benefit Illustration Documents for Non-Participating Policies	Appendix IV	The requirements in this Guideline as they apply to benefit illustration documents in relation to non-participating policies are waived until the end of the Transitional Period. In relation to illustrations provided (if any) for these policies during the Transitional Period, insurers should continue to adopt the practices they were using immediately before the Effective Date of this Guideline, ensure that such illustrations are adequate, accurate, clear and not misleading, and treat customers fairly. Early adoption of the requirements in this Guideline prior to the end of the Transitional Period is encouraged.

**September 2019**

## **Appendix I: Specific Requirements for Benefit Illustration Documents for ILAS Policies**

### **1. Assumed Net Rates of Return**

- 1.1 Authorized insurers may choose one of the two options below to illustrate the assumed net rates of return:
- (a) Four assumed net annual rates of return for illustration, 0%, 3%, 6% and 9% with separate tables showing the corresponding surrender value and death benefit respectively; and
  - (b) Three assumed net annual rates of return for illustration, 0%, 3% and 6% in the same table showing the corresponding surrender value and death benefit.
- 1.2 For both of the above options, aside the illustration of 0% assumed net annual rate of return, all other rates of return (i.e. 3%, 6% and 9%) are maximum rates that authorized insurers can adopt. Authorized insurers may choose to illustrate assumed net annual rates of return using lower rates of return, e.g. 0%, 2%, 5% and 7%.

### **2. Fees and Charges**

- 2.1 The illustration is prepared to reflect all policy level fees and charges but not fund management charges. Fund management charges are defined as solely the fees and charges levied by fund managers.
- 2.2 Any fees and charges applied by authorized insurers in the form of fund management charges should be reflected through the numerical illustration regardless of whether those fund management charges are deducted through unit deduction or are reflected through their unit price calculation (e.g. “mirror fund” is involved). For example, if there is a 1% fund management charge accruing to the authorized insurer and a 1.5% fund management charge accruing to the fund house, the numerical illustration will reflect the 1% charge mentioned above while the 1.5% fund management charge accruing to the fund house will be mentioned in the notes to the illustration.

### **3. Disclosure**

- 3.1 Authorized insurers may choose to show account value under each scenario before the benefit payment columns. If there is insufficient space, authorized insurers may take away the column with assumed net rate of return at 9% p.a., but not the others.
- 3.2 The projected surrender values and death benefits should be shown as at the end of each of the first five years of the policy, and at least for every five-year interval thereafter until maturity or the end of policy whichever is applicable, after deducting all relevant fees and charges as described in paragraph 2 of Appendix I to this Guideline. The number of policy years should not be illustrated higher than the customer's age at one-hundred (100) or the maturity of the policy, whichever is applicable. Besides, the last few rows should be illustrated by "at age 90", "at age 95" and "at age 100" to make it easier for customers to understand.
- 3.3 The notes to illustration should include reference to the fact that the fund management charges levied by the fund houses are not included in the illustration and, hence, a higher rate of return will be required to pay the fund management charges levied and achieve the rate of return shown in the illustration (which is net of the fund management charges levied).
- 3.4 A clear statement should be shown prominently in the benefit illustration documents to remind the customer of the situation where the policy may be terminated due to zero account value in a low investment yield scenario. This situation is only applicable to the scenarios that the projected account value will become zero before the end of the illustration period.
- 3.5 A warning statement should be shown prominently in the benefit illustration documents to alert the customers that early surrender or early premium discontinuance may result in significant loss.

# Standard Illustration for ILAS Policies

## X Y Z LIFE ASSURANCE COMPANY LIMITED

**IMPORTANT:**

**THIS IS A SUMMARY ILLUSTRATION OF THE SURRENDER VALUES AND DEATH BENEFITS OF [NAME OF PRODUCT]. IT IS INTENDED TO SHOW THE IMPACT OF FEES AND CHARGES ON SURRENDER VALUES AND DEATH BENEFITS BASED ON THE ASSUMPTIONS STATED BELOW AND IN NO WAY AFFECTS THE TERMS OF CONDITIONS STATED IN THE POLICY DOCUMENT.**

**THE ASSUMED RATES OF RETURN USED BELOW ARE FOR ILLUSTRATIVE PURPOSES. THEY ARE NEITHER GUARANTEED NOR BASED ON PAST PERFORMANCE. THE ACTUAL RATES OF RETURN MAY BE DIFFERENT!**

**Proposal Summary for ABC product**

1. Name of Life Insured:	Age :	Sex :	Smoker / Non Smoker
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**2. Benefit Summary**

Policy Currency:

Benefit Description	[Initial] Sum Assured <sup>1</sup>	[Initial] [M/Q/SA/A] Premium <sup>2</sup>	Premium Payment Term <sup>3</sup>	Benefit Term
Basic Plan				

Total [Initial] [M/Q/SA/A] Premium:

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*[Notes for insurers:*

<sup>1</sup> Where the sum assured varies, the initial sum assured at the policy commencement has to be stated. "N.A." could be stated if sum assured is not applicable.

<sup>2</sup> Where the premium varies over the premium payment term, the initial premium at the policy commencement has to be stated. The monthly, quarterly, semi-annually or annually premium actually paid by the policy holder is to be stated.

<sup>3</sup> In case of single premium, this column should state 'Single Premium' or '1' (to denote the premium payment term has only 1 premium payment).]

*First Option: with assumed net rate of return of 0%, 3%, 6% and 9% p.a.*

**3a. Basic Plan – Illustration Summary of Surrender Values**

Projected Surrender Values					
End of Policy Year	Total Premiums Paid	Assuming Net Rate of Return of 0% p.a.*	Assuming Net Rate of Return of [3%] p.a.*	Assuming Net Rate of Return of [6%] p.a.*	Assuming Net Rate of Return of [9%] p.a.*
1	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999
2					
3					
4					
5					
10					
15					
....					
At age 90					
At age 95					
At age 100					

**3b. Basic Plan – Illustration Summary of Death Benefits**

Projected Death Benefits					
End of Policy Year	Total Premiums Paid	Assuming Net Rate of Return of 0% p.a.*	Assuming Net Rate of Return of [3%] p.a.*	Assuming Net Rate of Return of [6%] p.a.*	Assuming Net Rate of Return of [9%] p.a.*
1	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999
2					
3					
4					
5					
10					
15					
....					
At age 90					
At age 95					
At age 100					



Second Option: with assumed net rate of return of 0%, 3% and 6% p.a.

**3. Basic Plan – Illustration Summary**

Projected Surrender Values and Death Benefits							
End of Policy Year	Total Premiums Paid	Assuming Net Rate of Return of 0% p.a.*		Assuming Net Rate of Return of [3%] p.a.*		Assuming Net Rate of Return of [6%] p.a.*	
		Surrender Value	Death Benefit	Surrender Value	Death Benefit	Surrender Value	Death Benefit
1	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999
2							
3							
4							
5							
10							
15							
...							
At age 90							
At age 95							
At age 100							

**4. Explanatory Notes**

\* The Surrender Values and Death Benefits shown in the above illustration are calculated based on the net rates of return. However, the net rates of return are net of any underlying/ reference fund charges levied by fund houses which vary with different underlying/ reference funds. Assuming the underlying/ reference fund charges are [1.50%] p.a., the gross rates of return on the underlying assets of the underlying/ reference funds used in this illustration are therefore *[First Option: [1.50%] p.a., [4.50%] p.a., [7.50%] p.a. and [10.50%] p.a. / Second Option: [1.50%] p.a., [4.50%] p.a. and [7.50%] p.a.]* respectively. For details of underlying/ reference fund charges, please refer to the offering documents of the underlying/ reference funds. Please note that this illustration might not be relevant to the actual rates of return, which depend on your choice of investment options. Please consult your advisor for further details. If you select any investment options linked to a money market fund or a fixed income fund, the above returns in the growth scenarios would be considered higher in many cases and unlikely to be achieved should low interest rate environment persists. You are strongly encouraged to consult your financial advisor who could provide further information on these underlying/ reference funds - both for your initial and subsequent investment option selections.

**[Under the assumed net rate of return at 0% [and b%] p.a., your policy will remain in force up to an attained age of x [and y] of the individual insured respectively. The policy will be terminated afterwards. Your policy may also be terminated under other adverse investment scenarios. If the actual investment return is below the above assumed net rate of return, the policy may be terminated earlier than above attained age(s). You could lose all your premiums paid and benefits accrued if any condition of automatic early termination is triggered.]**

**Warning**

- **You should only invest in this product if you intend to pay the premium for the whole of your chosen premium payment term.**
- **Should you terminate this policy early or cease paying premiums early, you may suffer a significant loss.**
- **Your policy may be terminated if the account value is insufficient to pay the fees and charges.**

**Declaration**

***I confirm having read and understood the information provided in this illustration and received the principal brochure.***

**Name of Applicant: \_\_\_\_\_ Signature: \_\_\_\_\_ Date: \_\_\_\_\_**

## **Appendix II: Specific Requirements for Benefit Illustration Documents for Participating Policies**

### **1. Assumption Setting**

- 1.1 In setting the best estimate assumptions for the base scenario, the Appointed Actuary should have regard to AGN 9 on Best Estimate Assumptions issued by ASHK, in particular Appendix A, which provides guidance and consideration covering benefit illustration assumptions.
- 1.2 Authorized insurers are allowed to illustrate benefit values with investment return not higher than the rate determined under best estimation.

### **2. Pessimistic and Optimistic Scenarios**

- 2.1 As required under GL16 issued by the IA, additional high and low return scenarios must be provided in the benefit illustration to show the variability of the ultimate results. A wider range of scenarios is expected for investment strategy with higher volatility. For consistency purposes, the terms “Pessimistic Scenario” and “Optimistic Scenario” must be used. The underlying change in investment returns and accumulation interest rate (if applicable) in these scenarios are required to be disclosed in the explanation notes underneath.
- 2.2 Authorized insurers are required to adopt the twenty-fifth (25th) and seventy-fifth (75th) percentiles of the investment returns in the projections as pessimistic and optimistic scenarios (except otherwise with the written consent of the IA after an authorized insurer has demonstrated to the satisfaction of the IA that it has practical difficulties for so doing) while keeping other assumptions (except dividend/coupon accumulation interest rates, if applicable) unchanged. Authorized insurers could adopt a return rate lower than 25th percentile as the pessimistic scenario but cannot adopt a return rate higher than 75th percentile as the optimistic scenario.

### 3. Disclosure

- 3.1 The insurance terminology in the benefit illustration documents should be consistent with other product documents (e.g. product brochure, policy provisions, etc.) using the admissible insurance terminology stated in Part I of the **Annex**. In case where an authorized insurer has a need to use its own terminology, the IA will consider granting written consent on an individual case basis depending on the justifications and whether the terminology is considered to be or likely to be misleading or not. For the avoidance of doubt, a list of inadmissible terminology which is considered to be misleading has shown in Part II of the **Annex** for attention.
- 3.2 For inforce re-projection illustration where the insurance terminologies differ to those in other documents for policies issued prior to the adoption of GL16 issued by the IA, a glossary with mapping of existing terminologies to admissible terminologies should be provided to policy holders.
- 3.3 Authorized insurers may choose to present the figures in separate tables showing surrender values before death benefits. The “total premiums paid” column must be shown in each table. For the requirements under paragraph 2 of Appendix II, pessimistic and optimistic scenarios are required to be shown on the same page. In case where an authorized insurer has a need to present on separate pages for pessimistic and optimistic scenarios, the IA will consider granting written consent on an individual case basis depending on the justifications and whether the presentation is considered to be or likely to be misleading or not.
- 3.4 Illustration of pessimistic and optimistic scenarios for supplementary illustration and inforce re-projection illustration is optional. If authorized insurers choose to show variation of illustration against baseline scenario, at a minimum, pessimistic scenario has to be shown.
- 3.5 Only the figures calculated as at the “end of policy year” should be shown. Illustrations of benefits are to be provided for the years:
- (a) Stated for not less than 30 years (with at least a 5-year interval after policy year 5), or the benefit term if shorter; and
  - (b) At age 65, or on the maturity of the policy if earlier; and
  - (c) At age 100, or on the maturity of the policy if earlier; and

(d) On the maturity of the policy.

# Standard Illustration of Participating Policies

## X Y Z LIFE ASSURANCE COMPANY LIMITED

**IMPORTANT:**  
**THIS IS A SUMMARY ILLUSTRATION OF THE PROJECTED SURRENDER VALUES AND DEATH BENEFITS OF YOUR POLICY. IT IS INTENDED TO SHOW THE PROPORTION OF ANY NON-GUARANTEED ELEMENTS AND THE IMPACT OF CHANGE OF SUCH ELEMENTS UNDER SPECIFIED SCENARIOS. IN NO WAY SHOULD IT AFFECT THE TERMS AND CONDITIONS STATED IN THE POLICY DOCUMENT.**

### Proposal Summary for ABC product

1. Name of Life Insured:	Age :	Sex :	Smoker / Non Smoker
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### 2. Benefit Summary

Policy Currency:

Benefit Description	[Initial] Sum Assured / Protection Amount <sup>1</sup>	[Initial] [M/Q/SA/A] Premium <sup>2</sup>	Premium Payment Term <sup>3</sup>	Benefit Term
Basic Plan  Supplementary Benefits e.g. Accidental Death Benefit Double Indemnity Hospital Income				

Total [Initial] [M/Q/SA/A] Premium:

=====

*[Notes for insurers:*

<sup>1</sup> The protection amount could be a sum assured or the value of a regular payment as in the case of hospital income riders attaching to the policy. Where the sum assured varies, the initial sum assured at the policy commencement has to be stated. "N.A." could be stated if sum assured is not applicable.

<sup>2</sup> Where the premium varies over the premium payment term, the initial premium at the policy commencement has to be stated. The monthly, quarterly, semi-annual or annual premium actually paid by the policy holder is to be stated.

<sup>3</sup> In case of single premium, this column should state 'Single Premium' or '1' (to denote the premium payment term has only 1 premium payment).]

**3. Basic Plan – Illustration Summary**

End of Policy Year	Total Premiums Paid	SURRENDER VALUE				DEATH BENEFIT			
		Guaranteed	Non-Guaranteed		Total	Guaranteed	Non-Guaranteed		Total
			Accumulated Dividends and Interest	Terminal Dividend			Accumulated Dividends and Interest	Terminal Dividend	
1	<b>9,999,999</b>	<b>9,999,999</b>	9,999,999	9,999,999	9,999,999	<b>9,999,999</b>	9,999,999	9,999,999	9,999,999
2									
3									
4									
5									
10									
15									
20									
25									
30									
At age 65 (5-year interval)									
At Age 100									

Explanation on above illustration:  
Please refer to the Explanation Notes Section.

## XYZ LIFE ASSURANCE COMPANY LIMITED

The table below illustrates the impact on Surrender Values under Pessimistic and Optimistic Scenarios. The projected benefits under the two scenarios are calculated assuming the investment returns are lower and higher than the company's current assumed investment return respectively; while other factors, such as claims experience, expense factors and persistency factors, affecting these values are assumed to remain unchanged. The two scenarios do not represent lower and upper bounds for the actual investment return; the actual amount of non-guaranteed benefits payable may be higher or lower than those illustrated. They only illustrate, for reference purposes, the projected variation of return of the company based on the investment policies and objectives adopted for this policy.

### 4. Basic Plan – Surrender Values – Illustration Under Different Investment Return

End of Policy Year	Total Premiums Paid	SURRENDER VALUE						
		Guaranteed	Pessimistic Scenario			Optimistic Scenario		
			Non-Guaranteed		Total	Non-Guaranteed		Total
			Accumulated Dividends and Interest	Terminal Dividend		Accumulated Dividends and Interest	Terminal Dividend	
1	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999
2								
3								
4								
5								
10								
15								
20								
25								
30								
At age 65 (5-year interval)								
At age 100								

Explanation on above illustration:

Please refer to the Explanation Notes Section.

## XYZ LIFE ASSURANCE COMPANY LIMITED

The table below illustrates the impact on Death Benefits under Pessimistic and Optimistic Scenarios. The projected benefits under the two scenarios are calculated assuming the investment returns are lower and higher than the company's current assumed investment return respectively; while other factors, such as claims experience, expense factors and persistency factors, affecting these values are assumed to remain unchanged. The two scenarios do not represent lower and upper bounds for the actual investment return; the actual amount of non-guaranteed benefits payable may be higher or lower than those illustrated. They only illustrate, for reference purposes, the projected variation of return of the company based on the investment policies and objectives adopted for this policy.

### 5. Basic Plan – Death Benefits – Illustration Under Different Investment Return

End of Policy Year	Total Premiums Paid	DEATH BENEFIT						
		Guaranteed	Pessimistic Scenario			Optimistic Scenario		
			Non-Guaranteed		Total	Non-Guaranteed		Total
			Accumulated Dividends and Interest	Terminal Dividend		Accumulated Dividends and Interest	Terminal Dividend	
1	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999
2								
3								
4								
5								
10								
15								
20								
25								
30								
At age 65 (5-year interval)								
At age 100								

Explanation on above illustration:

Please refer to the Explanation Notes Section.



## 6. Explanation Notes

- (i) Sections 3, 4 and 5 are only summary illustrations of the major benefits of your basic plan excluding any supplementary benefits as shown in Section 2 (if applicable) and assume that all premiums are paid in full when due. You should refer to your licensed insurance intermediary or the company for more information or, if appropriate, a more detailed proposal.
- [if applicable]*
- (ii) The amount of total premium(s) may differ slightly from the total of the premiums payable in the policy due to rounding differences.
- [only applicable to reversionary bonus plans]*
- (iii) The face value of any reversionary bonus and terminal bonus will be paid when the company is paying the Death Benefit, whereas the cash value of these bonuses will be paid when the policy is surrendered in whole or in part or terminated (other than due to the death of the Insured). The cash value of these bonuses may not be equal to the face value of the bonuses.
- [only applicable to reversionary bonus plans]*
- (iv) The face value of reversionary bonus is guaranteed once declared while the cash value of reversionary bonus is not guaranteed / [The face value and cash value of reversionary bonus are guaranteed once declared.]
- (v) The projected non-guaranteed benefits included in Section 3 are based on the company's dividend/bonus scales determined under current assumed investment return and are not guaranteed. The actual amount payable may change from time to time with the values being higher or lower than those illustrated. As another example, the possible potential impact of a change in the company's current assumed investment return on the Total Surrender Value and the Total Death Benefit are illustrated in Sections 4 and 5. Under certain circumstances, the non-guaranteed benefits may be **zero**.
- (vi) In Sections 4 and 5, benefits under Pessimistic Scenario are based on a decrease of about x% p.a. whereas benefits under Optimistic Scenario are based on an increase of about y% p.a. in comparing with the current assumed investment return.
- (vii) As illustrated in Sections 3, 4 and 5, you can leave the projected dividends and other cash payments with the company for interest accumulation at an interest rate which is not guaranteed. The interest rate used by the Company for interest accumulation in Section 3 is A % pa. The actual interest rate may change from time to time with rate higher or lower than A %. In accordance with the change in the investment return under Pessimistic and Optimistic Scenarios in Sections 4 and 5 as mentioned in note (v), the accumulation interest rate of B % and C % is used respectively. These rates are also not guaranteed. You may cash all or part of the amount of projected dividends and other cash payments without affecting the protection amount of Section 2 but the total values shown above will be reduced accordingly.
- (viii) When reviewing the values shown in the illustrations in Sections 3, 4 and 5, please note that the cost of living in the future is likely to be higher than it is today due to inflation.

## 7. Dividend / Bonus History

*[Website address that shows dividend / bonus history]*

You may browse the above website to understand the company's dividend / bonus history for reference purposes.

## Warning

- You should only apply for this product if you intend to pay the premium for the whole of the premium payment term.
- Should you terminate this policy early or cease paying premiums early, you may suffer a significant loss.

## Declaration

I confirm having read and understood the information contained in this summary of illustrated benefits, and received the product brochure and the information regarding the relevant dividend/bonus history (if applicable).

Name of Applicant : \_\_\_\_\_ Signature : \_\_\_\_\_ Date : \_\_\_\_\_

## **Appendix III: Specific Requirements for Benefit Illustration Documents for Universal Life (Non-Linked) Policies**

### **1. Rate of Return**

- 1.1 Authorized insurers should project the benefit values using two different assumptions:
- (a) Based on the minimum guaranteed crediting interest rates prescribed under the policy, excluding any non-guaranteed bonus. If the policy does not offer any guaranteed crediting interest rate, a conservative crediting interest rate of 0% per annum should be used (“Guaranteed Basis” or “Conservative Basis”).
  - (b) Based on the current assumed crediting interest rate (i.e. the current crediting interest rate assumption based on best estimate) forecasted by the authorized insurers (“Current Assumed Basis”), which may not be the same as the current crediting interest rate where declaration could be changed from time to time.
- 1.2 The crediting interest rates before any relevant policy fees and charges should be adopted.
- 1.3 In setting the best estimate assumptions under the Current Assumed Basis, the Appointed Actuary should have regard to AGN 9 issued by ASHK, in particular Appendix A, which provides guidance and consideration covering benefit illustration assumptions.
- 1.4 Authorized insurers are allowed to illustrate benefit values with crediting interest rate not higher than the rate determined under best estimation.

### **2. Fees and Charges**

- 2.1 Under the Guaranteed Basis or Conservative Basis, the maximum scale of fees and charges should be adopted in the projection. If the maximum scale of fees and charges is not applicable, the current scale of fees and charges should be adopted.
- 2.2 Under the Current Assumed Basis, the current scale of fees and charges should be adopted.

- 2.3 Authorized insurers are required to provide Summary of Fees and Charges specified in the Standard Illustration of Universal Life (Non-Linked) Policies at the point-of-sale and for inforce re-projection. Among other fees and charges, the following should be disclosed:
- (a) Surrender charge rates / surrender charge amount (if applicable) should be disclosed. For surrender charge rates shown, the basis to which the rates apply should be clearly stated.
  - (b) Cost of insurance rates in each of the first 10-policy-year should be disclosed. For charges in later years, authorized insurers can show the rates with a 5-year interval until policy maturity.
  - (c) In addition to the current rates of charges, the maximum rates of charges should be shown. In case there is no maximum charge, "N.A." should be marked in the column to represent 'not applicable'.

### **3. Pessimistic and Optimistic Scenarios**

- 3.1 The illustration based on an assumed crediting interest rate under pessimistic and optimistic scenarios is optional and can be shown only if:
- (a) The plan has significant (which is 20% or more) target equity investment; and
  - (b) In the opinion of the authorized insurer's Appointed Actuary, the optional illustration is not misleading to the applicants.
- 3.2 This illustration is allowed mainly for the demonstration of the variability of crediting interest rates due to exposure of equities. It should not be used as benchmark for future crediting interest rates, which would be considered to be misleading to applicants.
- 3.3 Authorized insurers are required to adopt the 25th and 75th percentiles of the investment returns in the projections as pessimistic and optimistic scenarios (except otherwise with the written consent of the IA after an authorized insurer has demonstrated to the satisfaction of the IA that it has practical difficulties for so doing) while keeping other assumptions (except dividend/coupon accumulation interest rates, if applicable) unchanged.

## 4. Disclosure

- 4.1 The insurance terminology in the benefit illustration documents should be consistent with other product documents (e.g. product brochure and policy provisions, etc.) using the admissible insurance terminology stated in Part I of the **Annex**. In case where an authorized insurer has a need to use its own terminology, the IA will consider granting written consent on an individual case basis depending on the justifications and whether the terminology is considered to be or likely to be misleading or not. For the avoidance of doubt, a list of inadmissible terminology which is considered to be misleading has shown in Part II of the **Annex** for attention.
- 4.2 For inforce re-projection illustration where the insurance terminologies differ to those in other documents for policies issued prior to the adoption of GL16 issued by the IA, a glossary with mapping of existing terminologies to admissible terminologies should be provided to policy holders.
- 4.3 Authorized insurers may choose to present the figures in separate tables showing surrender values before death benefits. The “total premiums paid” column and “account value” column under the Guarantee Basis / Conservative Basis and the Current Assumed Basis must be shown in each table. For the requirements under paragraph 3 of Appendix III, pessimistic and optimistic scenarios are required to be shown on the same page. In case where an authorized insurer has a need to present on separate pages for pessimistic and optimistic scenarios, the IA will consider granting written consent on an individual case basis depending on the justifications and whether the presentation is considered to be or likely to be misleading or not.
- 4.4 The term “Guaranteed Basis” can be used if and only if all values under the projection are guaranteed; otherwise, the term “Conservative Basis” should be used.
- 4.5 It is not allowed to include a projection other than the Guaranteed Basis / Conservative Basis or the Current Assumed Basis or pessimistic and optimistic scenarios.
- 4.6 Illustration of pessimistic and optimistic scenarios for supplementary illustration and inforce re-projection illustration is optional. If authorized insurers choose to show variation of illustration against

baseline scenario, both pessimistic and optimistic scenarios will have to be shown.

4.7 Only the figures calculated as at the “end of policy year” should be shown. Illustrations of benefits are to be provided for the years:

- (a) Stated for not less than 30 years (with at least a 5-year interval after policy year 5), or the benefit term if shorter; and
- (b) At age 65, or on the maturity of the policy if earlier; and
- (c) At age 100, or on the maturity of the policy if earlier; and
- (d) On the maturity of the policy.

# Standard Illustration for Universal Life (Non-Linked) Policies

## X Y Z LIFE ASSURANCE COMPANY LIMITED

**IMPORTANT:**  
**THIS IS A SUMMARY ILLUSTRATION OF THE PROJECTED SURRENDER VALUES AND DEATH BENEFITS OF YOUR POLICY. IN NO WAY SHOULD IT AFFECT THE TERMS AND CONDITIONS STATED IN THE POLICY DOCUMENT.**

**THE ASSUMED CREDITING INTEREST RATES USED ARE FOR ILLUSTRATIVE PURPOSES ONLY. UNLESS OTHERWISE STATED, THEY ARE NEITHER GUARANTEED NOR BASED ON PAST PERFORMANCE. THE ACTUAL CREDITING INTEREST RATES MAY BE DIFFERENT!**

### Proposal Summary for ABC product

1. Name of Life Insured:	Age :	Sex :	Smoker / Non Smoker
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### 2. Benefit Summary

Policy Currency:

Benefit Description	[Initial] Sum Assured / Protection Amount <sup>1</sup>	[Initial] [M/Q/SA/A] Premium <sup>2</sup>	Premium Payment Term <sup>3</sup>	Benefit Term
Basic Plan  Supplementary Benefits e.g. Accidental Death Benefit Double Indemnity Hospital Income				

Total [Initial] [M/Q/SA/A] Premium:

=====

*[Notes for insurers:*

<sup>1</sup> The protection amount could be a sum assured or the value of a regular payment as in the case of hospital income riders attaching to the policy. Where the sum assured varies, the initial sum assured at the policy commencement has to be stated. "N.A." could be stated if not applicable.

<sup>2</sup> Where the premium varies over the premium payment term, the initial premium at the policy commencement has to be stated. The monthly, quarterly, semi-annual or annual premium actually paid by the policy holder is to be stated.

<sup>3</sup> In case of single premium, this column should state 'Single Premium' or '1' (to denote the premium payment term has only 1 premium payment).]

**3a. Basic Plan – Illustration Summary**

The table below illustrates projected Account Values, Surrender Values and Death Benefits under Guaranteed Basis / Conservative Basis and Current Assumed Basis. Figures under Guaranteed Basis are calculated based on minimum guaranteed crediting interest rate, maximum scale of fees and charges and exclude non-guaranteed bonus (if any). / [Figures under Conservative Basis are not guaranteed and are calculated based on minimum guaranteed crediting interest rate / crediting interest rate of 0% p.a., maximum fees and charges / current fees and charges (which may be subject to changes), and exclude non-guaranteed bonus (if any).] Figures under Current Assumed Basis are calculated using current forecast crediting interest rate, current fees and charges (which may be subject to changes), and include non-guaranteed bonus (if any), and are not guaranteed. The actual amount payable may be lower or higher than those illustrated. Under certain circumstances, the non-guaranteed bonus may be zero (if applicable). The current assumed crediting interest rate illustrated by the company shall in no way be interpreted as a projection or estimation of the future returns. The future crediting interest rate may be lower or higher. Details of the maximum and current scale of fees and charges are presented in Summary of Fees and Charges.

End of Policy Year	Total Premiums Paid	Guaranteed Basis / Conservative Basis			Current Assumed Basis		
		[Description of Minimum Guaranteed Crediting Interest Rate / 0% p.a.]			[Description of Current Assumed Crediting Interest Rate]		
		Maximum / Current fees and charges are applied			Current fees and charges are applied		
		Account Value	Surrender Value	Death Benefit	Account Value	Surrender Value	Death Benefit
1	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	
2							
3							
4							
5							
10							
15							
20							
25							
30							
At age 65 (5-year interval)							
At Age 100							

Explanation on above illustration:  
Please refer to the Explanation Notes Section.

**3b. Basic Plan – Illustration Summary (Optional subject to paragraph 3 of Appendix III)**

The table below illustrates the impact on Account Values, Surrender Values and Death Benefits under Pessimistic and Optimistic Scenarios. All figures illustrated are not guaranteed and are calculated based on pessimistic and optimistic views of future crediting interest rates, current scale of fees and charges and include non-guaranteed bonus (if any). The two scenarios do not represent lower and upper bounds for the actual crediting interest rate. They only illustrate, for reference purposes, the projected variation of Account Values, Surrender Values and Death Benefits of this policy based on the investment policies and objectives adopted by the company. The actual amount payable may change from time to time with the values being lower or higher than those illustrated. Under certain circumstances, the non-guaranteed bonus may be zero (if applicable). The crediting interest rates illustrated by the company shall in no way be interpreted as a projection or estimation of the future returns. The future crediting interest rate may be lower or higher. Details of the current scale of fees and charges are presented in Summary of Fees and Charges.

End of Policy Year	Total Premiums Paid	Pessimistic Scenario			Optimistic Scenario		
		Crediting Interest Rate: X% p.a.			Crediting Interest Rate: Y% p.a.		
		Current fees and charges are applied			Current fees and charges are applied		
		Account Value	Surrender Value	Death Benefit	Account Value	Surrender Value	Death Benefit
1	<b>9,999,999</b>	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999
2							
3							
4							
5							
10							
15							
20							
25							
30							
At age 65 (5-year interval)							
At Age 100							

Explanation on above illustration:  
Please refer to the Explanation Notes Section.



#### 4. Explanation Notes

- (i) Section 3 is *[Sections 3a and 3b (optional) are]* only a summary illustration of the major benefits of your basic plan excluding any supplementary benefits as shown in Section 2 (if applicable) and assume that all premiums are paid in full as planned without exercising the premium holiday option. You should refer to your licensed insurance intermediary or the company for more information or, if appropriate, a more detailed proposal.
- [if applicable]*
  - (ii) The amount of total premium(s) may differ slightly from the total of the premiums payable in the policy due to rounding differences.
  - (iii) When reviewing the values shown in the above illustration in Section 3, please note that the cost of living in the future is likely to be higher than it is today due to inflation.

#### 5. Crediting Interest Rate History

*[Website address that shows historical crediting interest rate]*

You may browse the above website to understand the company's crediting interest rate history for reference purposes. Please be reminded that the crediting interest rates shown on the website are before any relevant policy fees and charges are applied (e.g. cost of insurance, policy administration fees, etc.).

## Summary of Fees and Charges

The scales of fees and charges used in the basic plan illustration in Section 3 are set out below. The current scale of fees and charges, unless otherwise specified, is not guaranteed and is subject to the company's sole discretion to change with prior written notice to policy holders [x] months before effective (note: the [x] cannot be less than 1).

1) Premium Charge  
[y]% of each premium paid will be deducted upfront.

2) Surrender Charge  
You will be subject to a surrender charge if policy termination occurs before [N]th policy year [or policy maturity if applicable] based on the following table.

Policy year	Surrender charge rate on [Account Value] / Surrender charge amount
1	
2	
3	
etc.	

3) Cost of Insurance  
Amount of cost of insurance depends on Insured's attained age, sex, smoking habit, sum assured and cost of insurance rates in the following table. The cost of insurance rates is applied to [sum at risk, which is the higher of sum assured less account value and zero]. The company retains the right to increase the cost of insurance rates up to the maximum rates as specified [if maximum rate is applicable] / The company retains the right to increase the cost of insurance rates above the current rates without limit [if maximum rate is not applicable].

Policy year	Attained age	Cost of insurance rate (Current rates)	Cost of insurance rate (Maximum rates)
1			<u>(Mark "N.A." if not applicable)</u>
2			
3			
...			
10			
15			
etc.			
(end of policy year)	(age at maturity)		

4) Policy Administration Fee  
The policy administration fee will be charged from your policy account according to a percentage of your [account value] varied with policy year based on the following table. The company retains the right to increase the policy

administration fee up to the maximum rates as specified [if maximum rate is applicable] / The company retains the right to increase the policy administration fee above the current rates without limit [if maximum rate is not applicable].

Policy year	% of [Account Value] (Current rates)	% of [Account Value] (Maximum rates)
1		(Mark "N.A." if not applicable)
2		
3		
etc.		

5) All other current and maximum (if available) fees and charges (e.g. policy fee, etc.) should also be included and disclosed as appropriate.

**Warning**

- You should only apply for this product if you intend to pay the premium for the whole of the premium payment term.
- Should you terminate this policy early or cease paying premiums early, you may suffer a significant loss.
- Your policy may be terminated if the Account Value is insufficient to pay the fees and charges.

**Declaration**

I confirm having read and understood the information contained in this summary of illustrated benefits together with the Summary of Fees and Charges of this illustration document, and received the product brochure and the information regarding the relevant crediting interest rate history (if applicable).

Name of Applicant : \_\_\_\_\_ Signature : \_\_\_\_\_ Date : \_\_\_\_\_

## **Appendix IV: Specific Requirements for Benefit Illustration Documents for Non-Participating Policies**

### **1. Principle**

- 1.1 Non-participating policies offer only guaranteed benefit values throughout the whole policy term.
- 1.2 For the avoidance of doubt, any products involving non-guaranteed element(s), such as declared guaranteed benefits to be maintained in a deposit account for accumulation with non-guaranteed interest rate, should follow the Standard Illustration for Participating Policies.

### **2. Disclosure**

- 2.1 The insurance terminology in the benefit illustration documents should be consistent with other product documents (e.g. product brochure and policy provisions, etc.), using the admissible insurance terminology stated in Part I of the **Annex**. In case where an authorized insurer has a need to use its own terminology, the IA will consider granting written consent on an individual case basis depending on the justifications and whether the terminology is considered to be or likely to be misleading or not. For the avoidance of doubt, a list of inadmissible terminology which is considered to be misleading has shown in Part II of the **Annex** for attention.
- 2.2 While the provision of inforce re-projection illustration is optional, if the insurance terminologies therein differ to those in other documents for policies issued prior to the adoption of GL16 issued by the IA, a glossary with mapping of existing terminologies to admissible terminologies should be provided to policy holders.
- 2.3 Only the figures calculated as at the “end of policy year” should be shown. Illustrations of benefits are to be provided for the years:
  - (a) Stated for not less than 30 years (with at least a 5-year interval after policy year 5), or the benefit term if shorter; and
  - (b) At age 65, or on the maturity of the policy if earlier; and

- (c) At age 100, or on the maturity of the policy if earlier; and
- (d) On the maturity of the policy.

# Standard Illustration for Non-Participating Policies

## X Y Z LIFE ASSURANCE COMPANY LIMITED

### Proposal Summary for ABC product

1.	Name of Life Insured:	Age :	Sex :	Smoker / Non Smoker
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### 2. Benefit Summary

Policy Currency:
------------------

Benefit Description	[Initial] Sum Assured / Protection Amount <sup>1</sup>	[Initial] [M/Q/SA/A] Premium <sup>2</sup>	Premium Payment Term <sup>3</sup>	Benefit Term
Basic Plan Supplementary Benefits e.g. Accidental Death Benefit Double Indemnity Hospital Income				

Total [Initial] [M/Q/SA/A] Premium:

=====

*[Notes for insurers:*

<sup>1</sup> The protection amount could be a sum assured or the value of a regular payment as in the case of hospital income riders attaching to the policy. Where the sum assured varies, the initial sum assured at the policy commencement has to be stated. "N.A." could be stated if not applicable.

<sup>2</sup> Where the premium varies over the premium payment term, the initial premium at the policy commencement has to be stated. The monthly, quarterly, semi-annual or annual premium actually paid by the policy holder is to be stated.

<sup>3</sup> In case of single premium, this column should state 'Single Premium' or '1' (to denote the premium payment term has only 1 premium payment).]

**3. Basic Plan – Illustration Summary**

End of Policy Year	Total Premiums Paid	Guaranteed Surrender Value	Guaranteed Death Benefit
1	<b>9,999,999</b>	<b>9,999,999</b>	<b>9,999,999</b>
2			
3			
4			
5			
10			
15			
20			
25			
30			
At age 65			
(5-year interval)			
At Age 100			

**4. Explanation Notes**

- (i) Section 3 is only a summary illustration of the major benefits of your basic plan excluding any supplementary benefits as shown in Section 2 (if applicable) and assumes that all premiums are paid in full when due. You should refer to your licensed insurance intermediary or the company for more information or, if appropriate, a more detailed proposal.
- [if applicable]*
- (ii) The amount of total premium(s) may differ slightly from the total of the premiums payable in the policy due to rounding differences.
- (iii) When reviewing the values shown in the above illustration in Section 3, please note that the cost of living in the future is likely to be higher than it is today due to inflation.

**Warning**

- You should only apply for this product if you intend to pay the premium for the whole of the premium payment term.
- Should you terminate this policy early or cease paying premiums early, you may suffer a significant loss.

**Declaration**

I confirm having read and understood the information contained in this summary of illustrated benefits, and received the product brochure/leaflet.

Name of Applicant : \_\_\_\_\_ Signature : \_\_\_\_\_ Date : \_\_\_\_\_

## Annex: List of Admissible and Inadmissible Insurance Terminologies

### Part I – List of ADMISSIBLE alternative insurance terminology

Insurance terminology in the templates (English)	Admissible alternative insurance terminology (English)	Insurance terminology in the templates (Chinese)	Admissible alternative insurance terminology (Chinese)
<b>Non-Participating, Participating and Universal life products</b>			
Benefit Term	Policy Term / Protection up to age	保障年期	保單年期 / 保單期 / 保險單期 / 保障至年齡 / 保障期至(歲)
--	--	身故賠償額	身故保障 / 身故賠償 / 身故權益 / 身故保障賠償 / 死亡賠償
--	Cash coupons	--	現金 / 可支取現金
--	Guaranteed monthly income / Monthly guaranteed annuity payment (Note A)	--	保證每月入息 / 每月保證年金金額
--	Paid up addition	--	紅利繳清保險
--	--	保費	供款
Premium Payment Term	Premium Term / Premium Payment Period / Premium Payment up to age	保費供款年期	保費繳費年期 / 保費繳款年期 / 保費繳付年期 / 保費繳付期 / 繳付保費年期 / 保費年期 / 保費繳費至年齡 / 保費繳付期至(歲)
--	Maturity Dividend / Maturity Bonus	--	期末紅利 / 期滿紅利
--	Special Dividend / Special Bonus	--	特別紅利
Reversionary Bonus	--	復歸紅利	歸原紅利 / 保額增值紅利
Surrender Value	Surrender Benefit / Cash Value	退保發還金額	退保保障 / 退保價值 / 現金價值 / 現金值 / 淨現金價值



Insurance terminology in the templates (English)	Admissible alternative insurance terminology (English)	Insurance terminology in the templates (Chinese)	Admissible alternative insurance terminology (Chinese)
Sum Assured	Sum Insured	保險金額 / 保障金額	保額 / 保障額 / 投保額
Supplementary Benefits	Supplementary Contract / Rider	--	--
Terminal Dividend / Terminal Bonus	--	終期紅利	--
--	--	戶口價值	賬戶價值
--	--	保險成本	保險費用 / 人壽保險費
--	--	保險成本費率	保險費用率
Premium Charge	Policy Premium Charge / Premium Expense Charge	保費費用	保單保費費用 / 保費行政費用
Sum At Risk	Net Amount At Risk	淨保額	風險額 / 淨承擔風險總值
--	--	萬用壽險	萬用人壽保險

## Part II – List of INADMISSIBLE alternative insurance terminology

Insurance terminology in the templates (English)	INADMISSIBLE insurance terminology (English)	Insurance terminology in the templates (Chinese)	INADMISSIBLE insurance terminology (Chinese)
<b>Non-Participating, Participating and Universal Life Products</b>			
Benefit Term	Coverage up to age	--	--
Sum Assured	Face Amount / Coverage / Benefit Amount <b>(Note B)</b>	保險金額	面值
Accumulated Dividends & Interest	Step up protection cash value / Step up protection face amount / Accumulated dividends / Balance of accumulated dividends	累積紅利及利息	積存紅利 / 積存的保單紅利 / 累積紅利 / 積存紅利餘額
Terminal Dividend/ Terminal Bonus	Maturity Dividend / Maturity Bonus / Special Dividend / Partner Bonus <b>(Note C)</b>	終期紅利	期滿紅利 / 期滿花紅 / 期末獎賞 / 期末紅利 / 特別紅利 / 特別獎賞 / 終期獎賞 / 終期花紅 / 期終額外紅利
Account Value	Accumulation Value / Accumulated Value / Policy Value	戶口價值	累積價值 / 保單價值 / 帳戶價值
Crediting Interest Rate	Crediting Rate / Interest Rate / Projected Crediting Rate	派息率	利率 / 給付利率 / 息率 / 存入利率 / 存入年利率
Current Assumed Basis	Current Basis / Projected (Non-Guaranteed) Basis	現時假設基礎	現行基礎 / 現時(非保證)基礎 / 預計(非保證)基礎
--	--	現時假設派息率	現時息率
Premium Charge	Administrative Charges / Management Charge	保費費用	行政管理費
Surrender Charge	Withdrawal Charge	退保費用	提早贖回費 / 提款手贖費

### Notes:

A. For products offering monthly income, the guaranteed monthly income cannot be used to mean

sum assured (or initial sum assured). This feature can be included as additional information on top of the sum assured (or initial sum assured).

- B. Authorized insurers can include additional information in the Standard Illustrations only if it is relevant to illustrate the product features and of value to customers. For example, the term “Face Amount” defined as the unit measure for premium should not be used in the illustration.
- C. Terminal Dividend refers to dividend payable upon death, surrender or maturity. If the dividend is only payable upon maturity, it should be named as Maturity Dividend / Maturity Bonus. For dividend / bonus to be issued under other situation, it could be labeled as Special Dividend / Bonus or other appropriate terms, provided that such label is not misleading with detail explanation presented in the illustration.