

# Whole of Life Insurance

Grow your wealth for a better tomorrow



**HSBC**  
Insurance

HSBC Wealth Goal Insurance Plan

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# HSBC WEALTH GOAL INSURANCE PLAN

## **HSBC Life (International) Limited**

HSBC Life (International) Limited (“the Company”) is incorporated in Bermuda with limited liability, and is one of the HSBC Group’s insurance underwriting subsidiaries.

### **Registered office**

37 Front Street, Hamilton HM 11, Bermuda

### **Hong Kong SAR office**

18/F, Tower 1, HSBC Centre, 1 Sham Mong Road, Kowloon, Hong Kong

The Company is authorised and regulated by the Insurance Authority (IA) to carry on long-term insurance business in the Hong Kong SAR.

HSBC Wealth Goal Insurance Plan is underwritten by the Company.

The Hongkong and Shanghai Banking Corporation Limited (referred to as “HSBC”) is an insurance agent of the Company. This product is a product underwritten by the Company and it is intended only for sale through HSBC in the Hong Kong SAR.

For monetary disputes arising between HSBC and you out of the selling process or processing of the related transaction, HSBC will enter into a Financial Dispute Resolution Scheme process with you; however any dispute over the contractual terms of the product should be resolved between the Company and you directly.

The Company accepts full responsibility for the accuracy of the information contained in the Product Brochure and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement misleading. The information shown therein is intended as a general summary. Please refer to your insurance policy for the detailed terms and conditions.

July 2018

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# GROW YOUR WEALTH FOR A BETTER TOMORROW

It's never too early to start planning for your future, whether you're focused on saving for a comfortable retirement or simply want to grow your wealth.

## How does HSBC Wealth Goal Insurance Plan work?

HSBC Wealth Goal Insurance Plan (the "Plan" or the "Policy") is a whole life insurance plan which is designed specifically for people with long-term wealth savings objectives. As a participating life insurance plan, it offers:



an opportunity for **long-term capital growth**



life protection coverage up to **Age<sup>1</sup> 99** with Supplementary Benefits



a choice of premium payment terms denominated in **US dollars**



a Policy Value Management Option<sup>2,3</sup> to **lock-in a portion of your policy value** when you need more certainty

**The Plan is not equivalent or similar to any kind of deposit.**

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## WHAT CAN YOU GET FROM THE PLAN?

The Plan offers the opportunity for long-term capital growth in the form of:

- **Guaranteed Cash Value** (the guaranteed element of your Plan that increases gradually throughout the policy term);
- **Special Bonus**<sup>4</sup> (non-guaranteed payment made at the Company's discretion); and
- **Policy Value Management Balance**<sup>5</sup> (where applicable) upon exercising the Policy Value Management Option<sup>2,3</sup>

These benefits under the Policy are payable upon one of the following events occurs:

- (i) you fully or partially surrender<sup>6</sup> the Policy;
- (ii) the Plan matures (when the Life Insured reaches the Age<sup>1</sup> of 99);
- (iii) the death of the Life Insured;
- (iv) the payout of the Terminal Illness Benefit<sup>7</sup>;
- (v) the Policy lapses or terminates.

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## HOW MUCH PROTECTION CAN YOU ENJOY?

### Life Cover<sup>8</sup>

In addition to the potential long-term capital growth, the Life Insured can enjoy life protection during the policy term. In the unfortunate event of death of the Life Insured, the Beneficiary(ies) will receive the Death Benefit (please refer to Product Summary for details).

### Extra Protection

The following Supplementary Benefits are embedded in the Basic Plan of the Policy, subject to eligibility, with no additional premiums required:

- **Unemployment Benefit<sup>9</sup> (Not applicable to single premium policy)**  
If the Policyholder has become unemployed for at least 30 consecutive days before the Age<sup>1</sup> of 65, the Grace Period for payment of the premiums will be extended up to 365 days, during which the Life Insured will still enjoy the Policy's full protection.
- **Additional Accidental Death Benefit<sup>10</sup>**  
In the unfortunate event that the death of the Life Insured results from an accident before the end of the policy term or the Age<sup>1</sup> of 80 (whichever is earlier), an additional 30% of the Total Basic Plan Premium Paid<sup>11</sup> will be paid to the Beneficiary(ies) in addition to the Death Benefit payable under the Policy.
- **Terminal Illness Benefit<sup>7</sup>**  
The Death Benefit will be paid in advance if the Life Insured is diagnosed with a terminal illness before the Age<sup>1</sup> of 65 and such illness is likely to result in death within one year. The Policy will terminate upon the payment of the Terminal Illness Benefit<sup>7</sup>.

Please refer to the Policy Provisions of the Supplementary Benefits for detailed terms and conditions and exclusions of the above Supplementary Benefits.

### Hassle-free Application

Policy approval is generally guaranteed<sup>12</sup> and medical examinations are not required.

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## Policy Value Management Option<sup>2,3</sup>

Having reached a certain stage in life, and especially as you approach retirement, you may want more certainty and protection over your policy value.

That's why the Plan includes a Policy Value Management Option<sup>2,3</sup>, which allows you to lock-in a portion of the Plan's Net Cash Value. You have control over whether to exercise this option (which is subject to the three conditions mentioned below) as well as the amount under the Policy that you want to lock-in<sup>2,3</sup>. Upon exercising this option, a portion of the Net Cash Value will be allocated to the Policy Value Management Balance<sup>5</sup>. The "lock-in" amount is guaranteed and will be accumulated at an interest rate which is non-guaranteed and is determined by the Company from time to time.

This Policy Value Management Option<sup>2,3</sup> may be exercised , provided that:

- (i) This Policy has been in force for 20 Policy Years or longer;
- (ii) All premiums have been paid when due; and
- (iii) There is no Indebtedness<sup>13</sup> (including Policy Loans, interests and unpaid premium due) under this Policy.

Upon exercising the Policy Value Management Option<sup>2,3</sup>, the Sum Insured and Total Basic Plan Premium Paid<sup>11</sup> under the Policy will be adjusted and reduced proportionally. Consequential adjustments will be made in the calculations of Guaranteed Cash Value, Special Bonus<sup>4</sup> (if any) and Death Benefit in accordance with the terms of the Policy.

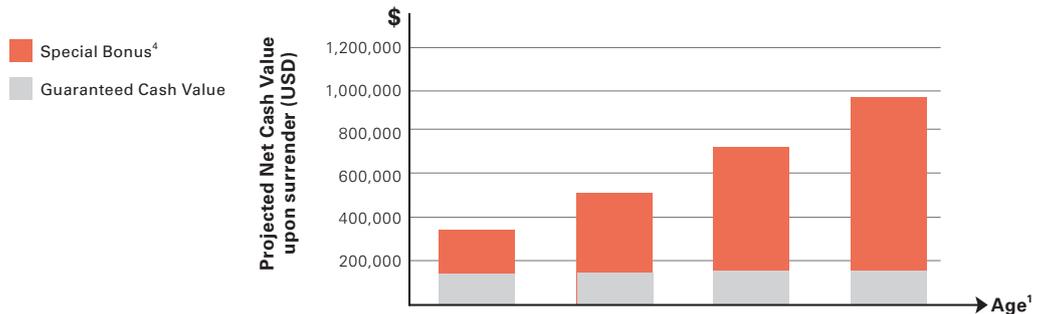
## EXAMPLES

The following examples are hypothetical and for illustration only. The amounts are expressed in US dollars (USD). The actual amount of the Special Bonus<sup>4</sup> is not guaranteed and is declared at the Company's discretion.

### Example 1 – The Policy Value Management Option<sup>2,3</sup> has not been exercised during the policy term

Mr. Chan is a 35 year-old professional who plans to retire at Age<sup>1</sup> 65. He is looking for an insurance plan that offers long-term returns to cover his daily expenses during retirement. He decides to apply for the HSBC Wealth Goal Insurance Plan at Age<sup>1</sup> 35.

Issue Age	: <b>Age<sup>1</sup> 35</b>	Premium payment period	: <b>3 years</b>
Annual premium	: <b>40,000</b>	Projected Total Basic Plan Premium Paid <sup>11</sup>	: <b>120,000</b>



Mr.Chan's Age <sup>1</sup>	Age 35	Age 60	Age 65	Age 70	Age 75
Policy Year	1st	25th	30th	35th	40th
If Mr. Chan chooses to surrender <sup>14</sup> the Policy at relevant Age <sup>1</sup>		Age <sup>1</sup> 60	Age <sup>1</sup> 65	Age <sup>1</sup> 70	Age <sup>1</sup> 75
Projected Guaranteed Cash Value		116,097	126,120	128,663	131,257
Projected Special Bonus <sup>4</sup>		249,842	400,803	586,565	839,407
Receive Projected Net Cash Value upon surrender (Projected Guaranteed Cash Value+Projected Special Bonus <sup>4</sup> )		365,939	526,923	715,228	970,664
Projected Total Return* (Projected Net Cash Value as a multiple of Total Basic Plan Premium Paid <sup>11</sup> )		<b>3.1 times</b>	<b>4.4 times</b>	<b>6 times</b>	<b>8.1 times</b>

\* The above projected returns shown in different Policy Years are calculated using the current assumed investment returns and therefore are not guaranteed. They are illustrated for your reference only. Please refer to the "Key risks – Non-guaranteed benefits" for the details of key risk factors.

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### Example 2 - The Policyholder considers whether or not to exercise the Policy Value Management Option<sup>2,3</sup>

Mr. Lee is a senior executive, aged<sup>1</sup> 64, whose Policy has been in-force for more than 20 years. The Policy was issued at Age<sup>1</sup> 40 with a Total Basic Plan Premium Paid<sup>11</sup> of USD400,000 over 10 years. He has started to think about his retirement and is considering whether he wants to lock-in a portion of his policy value.

Issue Age	: <b>Age<sup>1</sup> 40</b>	Premium payment period	: <b>10 years</b>
Annual premium	: <b>40,000</b>	Projected Total Basic Plan Premium Paid <sup>11</sup>	: <b>400,000</b>

The following illustrations show, based on different assumed scenarios, how the Net Cash Value of the Policy would change depending on whether Mr. Lee decides to exercise the Policy Value Management Option<sup>2,3</sup>.

Projected Net Cash Value at Age <sup>1</sup> 64	: <b>910,524</b>
Lock-in Amount (Mr. Lee decides to lock-in 60% of Projected Net Cash Value)	: <b>546,314</b> <b>(forms part of the Policy Value Management Balance<sup>5</sup>)</b>
Remaining Balance (40% of Projected Net Cash Value)	: <b>364,210 (keeps in the Plan as per the terms of the Policy)</b>

**Projected Net Cash Value** is the sum of Guaranteed Cash Value and Special Bonus<sup>4</sup>, less any Indebtedness<sup>13</sup>. Special Bonus<sup>4</sup> will vary based on different assumed scenarios. **Projected Aggregate Cash Value** is the sum of Projected Net Cash Value and Policy Value Management Balance<sup>5</sup>. No Policy Value Management Option<sup>2,3</sup> can be cancelled, terminated or reversed once this option is exercised.

<b>Scenario 1</b> Current illustration basis	<b>Scenario 2</b> Assumes 15% increase of Special Bonus <sup>4</sup> due to favourable market conditions	<b>Scenario 3</b> Assumes 15% decrease of Special Bonus <sup>4</sup> due to unfavourable market conditions
<b><i>If Mr. Lee has exercised the Policy Value Management Option<sup>2,3</sup>, the Projected Aggregate Cash Value* when Mr. Lee reaches Age<sup>1</sup> 65 would be:</i></b>		
944,441	981,257	907,625
<b><i>If Mr. Lee hasn't exercised the Policy Value Management Option<sup>2,3</sup>, the Projected Net Cash Value when Mr. Lee reaches Age<sup>1</sup> 65 would be:</i></b>		
968,000	1,060,040	875,960

\* It is assumed that no withdrawal from the Policy Value Management Balance<sup>5</sup> has been made and this Balance<sup>5</sup> will accumulate at a non-guaranteed accumulation interest rate of 2% p.a. which is subject to adjustment from time to time at the Company's discretion.

The above illustrations show how the exercise of the Policy Value Management Option<sup>2,3</sup> could help to partially protect the Aggregate Cash Value of the Plan from the volatility of the underlying investment portfolio. That means, if the market falls after this option is exercised (Scenario 3), it could result in a decrease in the Special Bonus<sup>4</sup> (if any) of the Plan and the portion of the proceeds being transferred to the Policy Value Management Balance<sup>5</sup> will be protected against the fall in the market and thereby reduce the risk exposures under this Plan.

However, if the market rises after this option is exercised (Scenario 2), it could result in an increase in the Special Bonus<sup>4</sup> (if any) of the Plan and the Aggregate Cash Value under this Plan would be lower than if he had not chosen to exercise the option.

In other words, if the Policyholder exercises the Policy Value Management Option<sup>2,3</sup>, the Aggregate Cash Value under the Policy at a future point in time may be higher or lower than it would have been if you had not chosen to exercise the option.

The above example only illustrates the potential changes of the Aggregate Cash Value upon exercising the Policy Value Management Option<sup>2,3</sup>. Upon exercising the option, the Sum Insured and Total Basic Plan Premium Paid<sup>11</sup> under this Policy will be adjusted and reduced proportionally. Please refer to Product Summary and Policy Provisions for more details of the option.

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### **Assumptions for examples 1 and 2**

- i. No partial surrender<sup>6</sup> has been made during the policy term.
- ii. All premiums have been paid in full during the premium payment period.
- iii. No Policy Loan has been taken out while the Policy is in force.

#### Notes for example 1 and 2:

- The figures and charts shown above are based on the listed assumptions and are subject to rounding adjustment.
- Past, current, projected and/or potential benefits and/or returns (e.g. bonuses, interest) presented are not guaranteed and are for illustrative purpose only. The actual future amounts of benefits and/or returns may be higher than or lower than the currently quoted benefits and/or returns. They are for illustrative purpose only and do not represent the actual payments and the actual scenario. You should refer to your insurance proposal for illustrated figure and details.
- You should also remain aware of the impact of inflation over time, which will likely significantly reduce the spending power of accumulated amounts over time.

## PRODUCT SUMMARY

Premium Payment Period / Issue Age	<b>Premium Payment Period</b>	<b>Issue Age</b>
	3/5/10 years or single premium	15 days after birth to Age <sup>1</sup> 55
	15-year	15 days after birth to Age <sup>1</sup> 50
	20-year	15 days after birth to Age <sup>1</sup> 45
Policy Currency	US dollars only	
Policy Term	Up to Age <sup>1</sup> 99	
Premium Payment Method	<p>Single premium, monthly or annual, through:</p> <ul style="list-style-type: none"> <li>• HSBC bank account; or</li> <li>• Cheque (only for initial premium but not for subsequent premium payments); or</li> <li>• HSBC credit card (not applicable to single premium)</li> </ul> <p>Note:</p> <ul style="list-style-type: none"> <li>• If you choose to pay your premiums monthly for a Policy Year, the total premium paid for that Policy Year will be higher than if you pay annually.</li> </ul>	
Minimum Sum Insured (per Policy)	USD25,000	
Maximum Sum Insured (per Life Insured, on total premium paid basis)	<ul style="list-style-type: none"> <li>• Guaranteed Approval: HKD40,000,000 / USD5,000,000<sup>12</sup></li> <li>• Simplified Underwriting: HKD70,000,000 / USD8,750,000<sup>12</sup></li> </ul>	
Guaranteed Cash Value	Guaranteed Cash Value is calculated based on the Sum Insured amount and the tabular cash value rates shown in the Policy Schedule. Such rates, and therefore the Guaranteed Cash Value, will vary by Policy Year.	
Net Cash Value	At any time, the amount equal to Guaranteed Cash Value plus Special Bonus <sup>4</sup> , if any, less any Indebtedness <sup>13</sup> .	

Special Bonus <sup>4</sup>	<p>The Special Bonus<sup>4</sup> (if any) is non-guaranteed. It will be declared at the Company's absolute discretion. The amount of any potential Special Bonus<sup>4</sup> will be determined by the Company when it becomes payable.</p> <p>The Special Bonus<sup>4</sup> (if any) shall be paid when you fully or partially surrender<sup>6</sup> or terminate the Policy, when it matures or lapses or in the event of the death of the Life Insured. Upon exercising the Policy Value Management Option<sup>2,3</sup>, a portion of the Guaranteed Cash Value and Special Bonus<sup>4</sup> (if any) will be allocated to the Policy Value Management Balance<sup>5</sup> to accumulate with interest.</p> <p>The Company will update you the amount of the Special Bonus<sup>4</sup> (if any) of each Policy Anniversary on the respective annual statement. Such amounts as shown on the annual statement(s) may be lower or higher than those illustrated on the earlier annual statement(s) issued. Please refer to section "Key risks – Non-guaranteed benefits" for the details of key risk factors.</p>
Surrender Benefit	<p>Guaranteed Cash Value plus the:</p> <ul style="list-style-type: none"> <li>• Special Bonus<sup>4</sup> (if any); and</li> <li>• Policy Value Management Balance<sup>5</sup> (if any) ;</li> <li>• Less Indebtedness<sup>13</sup> (if any).</li> </ul>
Partial Surrender <sup>6</sup>	<p>You may request to partially surrender<sup>6</sup> this Policy by reducing the Sum Insured. Any reduction of Sum Insured request is subject to the following two minimum amount requirements which shall be determined by the Company from time to time:</p> <ul style="list-style-type: none"> <li>(i) a minimum amount of reduction of Sum Insured per transaction; and</li> <li>(ii) a minimum amount of the Sum Insured after such transaction</li> </ul> <p>To apply for it, you have to submit a written request in a form prescribed by the Company. If the request is approved by the Company, the Net Cash Value attributable to the reduced portion of the Sum Insured, if any, will be payable to the Policyholder.</p> <p>Upon the reduction of Sum Insured, the Total Basic Plan Premium Paid<sup>11</sup> under this Policy will be adjusted and reduced proportionally. Consequential adjustments will be made in the calculations of Guaranteed Cash Value, Special Bonus<sup>4</sup> (if any) and Death Benefit in accordance with the terms of the Policy. A Policy Endorsement with the revised Policy Schedule will be issued to the Policyholder upon the reduction of Sum Insured has taken effect.</p> <p>Upon the partial surrender<sup>6</sup> of this Policy, a portion of the Special Bonus<sup>4</sup> (if any) attributable to the reduced portion of the Sum Insured may, at the Company's discretion, be declared and such amount, if any, will be payable as part of the partial surrender payment.</p>

<p>Policy Value Management Option<sup>2,3</sup></p>	<p>After the Policy has been in force for 20 Policy Years or longer and if there is no Indebtedness<sup>13</sup> outstanding and all premiums have been paid when due, you may apply to exercise this option to lock-in a portion of the Plan's Net Cash Value. The amount you choose to lock-in is guaranteed upon exercising the Policy Value Management Option<sup>2,3</sup> and will be allocated to the Policy Value Management Balance<sup>5</sup> to accumulate with a non-guaranteed interest rate, which will be adjusted from time to time as determined by the Company. To apply for this option, you need to submit a written request in a form prescribed by the Company.</p> <p>The exercise of this option is subject to the following two minimum amount requirements which shall be determined by the Company and adjusted from time to time without prior notice to Policyholders:</p> <ul style="list-style-type: none"> <li>(i) The Net Cash Value to be allocated per transaction; and</li> <li>(ii) The remaining Sum Insured after the exercise of this option</li> </ul> <p>Upon exercising this option, the Sum Insured and Total Basic Plan Premium Paid<sup>11</sup> under the Policy will be adjusted and reduced proportionally and consequential adjustments will be made in the calculations of Guaranteed Cash Value, Special Bonus<sup>4</sup> (if any) and Death Benefit. If the request is approved by the Company, a Policy Endorsement with the revised Policy Schedule will be issued to the Policyholder. Cancellation, termination or reversal will not be allowed after this option is exercised.</p>
<p>Policy Value Management Balance<sup>5</sup></p>	<p>The amount of the accumulation of the proceeds from exercising the Policy Value Management Option<sup>2,3</sup> which is allocated to the Policy to accumulate at such non-guaranteed interest rate(s) that are determined at the Company's discretion from time to time, and less any previously withdrawn amounts. Such Balance<sup>5</sup>, if any, can be withdrawn in cash by the Policyholder at any time before the Policy matures by submitting to us a written request in a form prescribed by the Company.</p>
<p>Aggregate Cash Value</p>	<p>An amount equal to Net Cash Value plus Policy Value Management Balance<sup>5</sup>, if any.</p>
<p>Death Benefit</p>	<p>At the date of death of the Life Insured, the higher of (i) Total Basic Plan Premium Paid<sup>11</sup> plus an amount of USD2,500 or (ii) Guaranteed Cash Value plus</p> <ul style="list-style-type: none"> <li>• Special Bonus<sup>4</sup> (if any); and</li> <li>• Policy Value Management Balance<sup>5</sup> (if any) ;</li> <li>• Less Indebtedness<sup>13</sup> (if any)</li> </ul>

Maturity Benefit	<p>Guaranteed Cash Value plus a Special Bonus<sup>4</sup> (if any) plus</p> <ul style="list-style-type: none"> <li>• Policy Value Management Balance<sup>5</sup> (if any);</li> <li>• Less Indebtedness<sup>13</sup> (if any)</li> </ul> <p>will be paid when the Life Insured reaches the Age<sup>1</sup> of 99.</p>
Supplementary Benefits (no additional premiums required)	<ul style="list-style-type: none"> <li>• Unemployment Benefit<sup>9</sup> (Not applicable to single premium policy)</li> <li>• Additional Accidental Death Benefit<sup>10</sup></li> <li>• Terminal Illness Benefit<sup>7</sup></li> </ul>
Non-forfeiture Options	<p><b>Option 1 – Surrender</b></p> <p>You may surrender this Policy at any time for its Aggregate Cash Value as at the date such request is processed, by filing a written request with us in a form prescribed by the Company. Upon full surrender, the Company’s liability under this Policy shall be fully discharged.</p> <p><b>Option 2 – Automatic Premium Loan</b></p> <p>If any premium under this Policy remains outstanding at the end of the day on which it was due and the Non-forfeiture Value<sup>15</sup> is greater than the amount of the relevant unpaid premium, you will automatically be deemed to have requested and obtained a Policy Loan equal to the amount of the unpaid premium on the due date of such premium and to have applied the Policy Loan to pay such premium. Interest will apply on such loan at a rate determined by the Company which may change from time to time.</p> <p>Please refer to Policy Provisions for details of Non-forfeiture options.</p>

The contents in this Product Brochure are for reference only. You should read this document in conjunction with the respective insurance proposal and Policy Provisions for details.

## IMPORTANT NOTES

### **Cooling-off period**

The HSBC Wealth Goal Insurance Plan is a long-term life insurance plan with a savings element. Part of the premium pays for the insurance and related costs including but not limited to policy acquisition, maintenance and claims costs.

If you are not satisfied with the Policy, you have a right to cancel it and obtain a refund of any premiums and levies paid, subject to any market value adjustment (applicable to single premium policies) (see section below for details of market value adjustment), by giving written notice. To cancel, you must sign on such notice, return the Policy (if received) and ensure that such notice and the Policy are received directly by the office of HSBC Life (International) Limited at 18/F, Tower 1, HSBC Centre, 1 Sham Mong Road, Kowloon, Hong Kong within the Cooling-off Period (that is, 21 days after the delivery of the Policy or issue of a Notice informing the availability of the Policy to you or your representative, whichever is earlier).

After the expiration of the Cooling-off Period, if you cancel the Policy before the end of the policy term, the projected Net Cash Value that you receive may be less than the total premium you have paid.

### **Market value adjustment for single premium policy**

During the Cooling-off Period, single premium policy is subject to market value adjustment, which refers to the amount of the shortfall (if any) by which the value of investment for the single premium at the time when the cancellation notice on the Policy is received by the Company has fallen below the amount of the single premium paid.

### **Suicide**

If the Life Insured dies by suicide within one year of the Issue Date or from the effective date of reinstatement, whichever is later, whether sane or insane, the Company's liability will be limited to the amount of premiums paid to the Company less any amount paid by the Company to you since the Policy Date. Please refer to Policy Provisions of the Basic Plan for detailed terms and conditions.

### **Policy Loan**

You may apply for a Policy Loan provided that the amount borrowed (including any previous unpaid borrowed amount) does not exceed 90% of the Guaranteed Cash Value after Indebtedness<sup>13</sup>. You will be advised of the rate of interest determined by the Company which may change from time to time.

Any partial surrender<sup>6</sup> or upon exercising the Policy Value Management Option<sup>2,3</sup> may reduce the Guaranteed Cash Value and Death Benefit of the Policy. When the Policy Loan with accrued interest exceeds the Guaranteed Cash Value, the Policy may lapse.

Please be reminded that any Indebtedness<sup>13</sup> on this Policy outstanding at the time of any payment under the Policy will be deducted from the amount otherwise payable. The Company's claim for any Indebtedness<sup>13</sup> shall be prior to any claim of the Policyholder or the Beneficiary(ies) or the assignee(s) or other persons.

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### **Tax reporting and financial crime**

The Company may from time to time request information from you regarding you and your Policy for the Company and other members of the HSBC Group to meet certain obligations to legal or regulatory bodies and government or tax authorities in Hong Kong and overseas. If you fail to provide to the Company information that is requested from you or if you present a financial crime risk to a member of the HSBC Group, such consequences as set out in your policy terms include that the Company may:

- Take such actions as are necessary to enable it or a member of the HSBC Group to meet its obligations;
- Be unable to provide new, or continue to provide all 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.

Should any benefits or payments be withheld or the Policy be terminated by the Company, the amount you get back plus the total amount you have received before policy termination (if any) may be less than what you have paid. The Company recommends that you seek your own independent professional advice on your tax liabilities and tax position in relation to your Policy.

### **Termination conditions**

The Company has the right to terminate the Policy under any of the following circumstances:

- If you cannot make the overdue premium payment by the end of the Grace Period; or
- The Policy Loan with accrued interest exceeds the Guaranteed Cash Value; or
- We reasonably consider that by continuing the Policy or the relationship with you, we may break any laws or the Company, or a member of the HSBC Group, may be exposed to action censure from any authority; or
- If the Company has the right to terminate pursuant to the terms of any Supplementary Benefits.

Please refer to the Policy Provisions for detailed terms and conditions on termination.

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### **Applicable laws**

The laws governing the Policy are the laws of Bermuda. However, in the event of any dispute arising in the Hong Kong SAR, the non-exclusive jurisdiction of the Hong Kong SAR courts will apply.

### **Eligibility**

The Plan is generally available to anyone who is between 15 days after birth and Age<sup>1</sup> 55, depending on the premium payment terms selected. The Plan is subject to the relevant requirements on nationality and/or addresses and/or residency of the Policyholder and/or the Life Insured as determined by the Company from time to time.

### **Policy currency**

The Plan is available in US dollars. Both premiums and benefits can be paid in currencies other than the policy currency. Please refer to section "Key risks – Policy currency risk" for the details of key risk factors.

### **Missing payment of premium**

There is a 30-day Grace Period for premium payments that are due. If you cannot make the payment by the end of the Grace Period, an Automatic Premium Loan will be granted to cover the unpaid premium provided that the Non-forfeiture Value<sup>15</sup> is greater than the amount of the unpaid premium. Interest will apply on such loan at a rate determined by the Company which may change from time to time. When the Non-forfeiture Value<sup>15</sup> is not enough to cover the unpaid premium, the Policy will lapse and any Net Cash Value as at the first unpaid premium due date will be paid to the Policyholder.

## KEY RISKS

### Credit and insolvency risks

The product is an insurance policy issued by the Company. **You are subject to the credit risk of the Company.** Your premiums paid will form part of the Company's assets. You do not have any rights or ownership over any of those assets. Your recourse is against the Company only.

### Non-guaranteed benefit

**The scale for calculating the Special Bonus<sup>4</sup> (if any) is not guaranteed and is determined by the Company from time to time.** Whether the Special Bonus<sup>4</sup> is payable and the size of the Special Bonus<sup>4</sup> to be paid **depend on how well the Company has performed with regard to investment returns on the assets supporting the policies as well as other factors including but not limited to claims, lapse experience, expenses and the long-term future performance outlook.** The key risk factors are described below:

- **Investment risk factors – The investment performance of the assets supporting the policies could be affected by changes in interest rate and its outlook** (which affect both interest earnings and values of assets), fluctuations in price of growth assets and various market risks including but not limited to currency risk, credit spread and default risk.
- **Claims factors – The actual experience of mortality and morbidity is uncertain**, which may lead to a higher than expected claim or living benefit payment and impact the overall performance of the product.

- **Persistency factors – The actual experiences of policy surrender (full or partial), policy lapse and exercise of Policy Value Management Option<sup>2,3</sup> are uncertain**, and therefore it has impacts on both the current performance and future return of the portfolio of the policies.
- **Expense factors – The actual amount of any direct expenses** (e.g. commission, underwriting, policy acquisition and maintenance expenses) **and indirect expenses** (e.g. general overhead costs) **incurred and apportioned to the group of policies may be higher than expected** and impact the overall performance of the product.

The interests earned on the Policy Value Management Balance<sup>5</sup> (where applicable) are determined based on an interest rate that is not guaranteed and may be adjusted by the Company at its discretion from time to time.

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

Any delay in or missing of the payment of premiums due **may lead to policy lapses and the amount, if any, you get back may be significantly less than what you have paid.**

### **Risk from surrender**

If you surrender or partially surrender<sup>6</sup> your Policy in early years, **the surrender proceeds to be received under the Policy may be significantly less than the premiums paid.**

### **Liquidity risk**

**This Policy is designed to be held for the entire Policy Term. Should you have liquidity needs for any unexpected events, you may apply for a Policy Loan or surrender the Policy** in full or in part, 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 less than the premiums paid.**

In the event that you exercise the Policy Value Management Option<sup>2,3</sup>, the Aggregate Cash Value under the Policy (which is used in the calculation of the surrender value and Death Benefit under the Policy) at a future point in time may be lower or higher than it would have been if you had not chosen to exercise the option.

### **Inflation risk**

**Cost of living is likely to be higher in the future** than it is today due to inflation, therefore **you or your assigned Beneficiary(ies) may receive less from the Policy in real terms in the future** even if the Company meets all its contractual obligations.

### **Policy currency risk**

**You are subject to exchange rate risks.** If your Plan is denominated in currencies other than local currency, or, if you choose to pay premium or receive benefit in currencies other than the policy currency(ies), **the actual amount paid or received by you will be subject to change according to the prevailing exchange rate** to be determined by the Company from time to time between the policy currency and the local / payment currencies. The fluctuation in exchange rates may have impact on the amount of payments including but not limited to premium payments, levy payments and benefit payments.

## MORE ABOUT PARTICIPATING POLICY

### **Participating policy**

Policies under the Plan are participating policies that consist of both guaranteed and non-guaranteed benefits. The non-guaranteed benefits comprise the policy dividends, which allow Policyholders to participate in the financial performance of the life insurance operation. The policy dividends, if any, are in the form of a Special Bonus<sup>4</sup>, which is an entitlement declared upon early termination of the Policy (e.g. death, surrender, etc.), the exercise of Policy Value Management Option<sup>2,3</sup> or at policy maturity. The amount of Special Bonus<sup>4</sup>, if payable, may change from time to time based on the performance over the entire period before such declaration as well as the prevailing market condition and the actual amount of the Special Bonus<sup>4</sup> (if any) will not be determined until it is payable. Please refer to the page on “Product Summary” for more details of the Special Bonus<sup>4</sup>.

The Special Bonus<sup>4</sup> is not guaranteed. Whether it is payable and the amount to be paid depends on how well the Company has performed with regard to investment returns on the assets supporting the policies, as well as other factors including but not limited to claims, lapse experience, expenses and the long-term future performance outlook. Please refer to the section on “Key risks - Non-guaranteed benefit” for the details of key risk factors. If the performance over the longer term is better than the assumed level, then the Special Bonus<sup>4</sup> to be paid would increase and if performance is worse than the assumed level then the Special Bonus<sup>4</sup> to be paid would reduce.

The key feature of participating policies over other forms of insurance policies is that in addition to the guaranteed benefits, Policyholders will also benefit from an additional Special Bonus<sup>4</sup> payment if the insurance company’s performance

is better than that required to support the guaranteed benefits. The better the performance, the greater the Special Bonus<sup>4</sup>, and, conversely, the worse the performance, the lower the Special Bonus<sup>4</sup>.

### **Dividend philosophy**

The Company conducts regular review on the level of Special Bonus<sup>4</sup> payable to Policyholders. Both actual performance in the past and also management’s outlook of the long-term future performance will be assessed against the assumed level. Where variances arise, gains and losses will be shared with Policyholders in a fair and equitable manner through the adjustment of Special Bonus<sup>4</sup> scales.

When considering the adjustment of scales for Special Bonus<sup>4</sup>, the Company also operates a smoothing philosophy in order to maintain a more stable payout to Policyholders, so the level of Special Bonus<sup>4</sup> will be changed if the actual performance is significantly different from the assumed level over a period of time or if management’s expectation of the long-term future performance changes substantially. We could reduce the amount of smoothing or even stop smoothing out the effects of the change in asset values for a time in the determination of Special Bonus<sup>4</sup>. We would do this to protect the interests of the remaining Policyholders. For example, we may reduce smoothing when payouts with smoothing are higher than payouts without smoothing.

In order to ensure fairness between Policyholders of the Plan, the Company will carefully consider the experiences of different groups of policies (e.g. different products, currencies, issue years etc.) so that each group of policies will receive a fair return reflecting mostly its own performance. To balance the interest between Policyholders and shareholders, a dedicated committee is

established to provide independent advice on the management of the participating policies and the determination of Special Bonus<sup>4</sup>.

#### **Investment policy and strategy**

The Company follows an asset strategy that:

- i) Helps to ensure we can meet the guaranteed benefits we have committed to you;
- ii) Delivers competitive long-term returns through the Special Bonus<sup>4</sup>; and
- iii) Abides by a pre-defined set of risk tolerances.

The assets supporting the participating policies consist of fixed income and growth assets. The fixed income assets predominately include fixed income assets issued by corporate entities with good credit quality (average A-rated or above) and long-term prospects. Growth assets, including equity-type investments and alternative investments such as property, private equity or hedge funds, as well as structured products including derivatives, are used to deliver returns reflecting real economic growth in the long run.

Our investment portfolios are well diversified in different types of assets and are invested in different geographical markets (mainly Asia, the US and Europe), currencies (mainly US dollars) and industries. The assets are carefully managed and monitored according to a pre-defined set of risk appetites.

#### **Target asset allocation**

Asset type	Long-term Target Allocation%
Fixed income	30% - 50%
Growth assets	50% - 70%

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. This includes assessing factors such as risk tolerance and real economic growth over the appropriate time horizon. Subject to our investment policy, actual asset allocation could deviate from the above long-term target allocation from time to time.

For policies with the Policy Value Management Option<sup>2,3</sup> exercised, the assets supporting the Policy Value Management Balance<sup>5</sup> are 100% invested into fixed income assets.

#### **Accumulation interest rate**

Policyholders can choose to exercise the Policy Value Management Option<sup>2,3</sup> to allocate a portion of the Net Cash Value to the Policy Value Management Balance<sup>5</sup> to accumulate with interest (if any). The rates of interest are not guaranteed and will be determined by the Company from time to time. We review such accumulation interest rates regularly with reference to the portfolio bond yields, prevailing market conditions, outlook on bond yields and the likelihood and duration of Policyholders leaving their payments for accumulation.

The policy in determining the Special Bonus<sup>4</sup> (if any) and accumulation interest rates may be reviewed and adjusted by the Company from time to time. For more updated information, please visit our website [<https://www.personal.hsbc.com.hk/1/2/hk/insurance/life/detail#policy>]. You may also visit the above website to understand the Company's dividend history for reference. The past performance or current performance of the Company's business may not be a guide for future performances.

## ENDNOTES

- 1 The Policy Anniversary at which the Policyholder or the Life Insured reaches the specified age based on age at next birthday.
- 2 You may apply to exercise this Policy Value Management Option to allocate a portion of the Net Cash Value as of the date of such request is processed, to the Policy Value Management Balance<sup>5</sup> provided that:
  - This Policy has been in force for 20 Policy Years or more;
  - All premiums are paid up when due; and
  - There is no Indebtedness<sup>13</sup> under the Policy.
- 3 The exercise of the Policy Value Management Option is subject to the minimum amount requirements on (i) the Net Cash Value to be allocated per transaction; and (ii) the Sum Insured after the exercise of this option. Such minimum amount requirements are determined by the Company from time to time without prior notice to Policyholder.
- 4 The amount of Special Bonus is not guaranteed and the payment is subject to the Company's discretion.
- 5 Policy Value Management Balance means the amount of the accumulation of the proceeds from exercising the Policy Value Management Option<sup>2,3</sup> which is allocated to the Policy to accumulate at such non-guaranteed interest rate(s) that are determined at the Company's discretion from time to time, and less any previously withdrawn amounts.
- 6 Upon the partial surrender of the Policy, a portion of the Special Bonus<sup>4</sup> (if any) attributable to the reduced portion of the Sum Insured may be declared at the Company's discretion and such amount, if any, will be payable as part of the partial surrender payment subject to the applicable requirements. Please refer to the Policy Provisions for detailed terms and conditions of partial surrender.
- 7 Terminal Illness Benefit will terminate when the Life Insured attains the Age<sup>1</sup> of 65 or payout of the benefit or the Policy is terminated (whichever is earlier). Please refer to the Policy Provisions of the Supplementary Benefits for detailed terms and conditions and exclusions.
- 8 If the Life Insured dies by suicide within one year of the Issue Date or from the effective date of reinstatement, whichever is later, whether sane or insane, the Company's liability will be limited to the amount of premiums paid to the Company less any amount paid by the Company to you since the Policy Date. Please refer to Policy Provisions of the Basic Plan for detailed terms and conditions.
- 9 Unemployment Benefit is applicable to Policyholder's Age<sup>1</sup> between 19 and 55 who is the holder of the Hong Kong Identity Card. The benefit will terminate when the Policyholder attains the age<sup>1</sup> of 65 or all due premiums have been paid or the Policy is terminated (whichever is earlier). Such benefit is not applicable to single premium policy. Please refer to the Policy Provisions of the Supplementary Benefits for detailed terms and conditions and exclusions.
- 10 Additional Accidental Death Benefit will terminate when the Life Insured attains the Age<sup>1</sup> of 80 or payout of the benefit or the Policy is terminated (whichever is earlier). Please refer to the Policy Provisions of the Supplementary Benefits for detailed terms and conditions and exclusions.
- 11 Total Basic Plan Premium Paid refers to the total amount of premium due under the Basic Plan (whether or not actually paid) as of the date of death of the Life Insured. Please refer to the Policy Provisions for detailed terms and conditions.

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## MORE INFORMATION

- 12 For the same Life Insured, if the total premiums of all the pending Guaranteed Approval Applications and in-force policies of HSBC Wealth Goal Insurance Plan, RetireEnrich Protection Plus, EarlyIncome Annuity Plan, RetireIncome Annuity Plan and Income Goal Insurance Plan are more than the “guaranteed approval” limit of HKD40,000,000/ USD5,000,000, the Life Insured is required to complete a number of simple health questions.

For the same Life Insured, if the total premiums of all the pending and in-force HSBC Wealth Goal Insurance Plan, RetireEnrich Protection Plus, EarlyIncome Annuity Plan, RetireIncome Annuity Plan and Income Goal Insurance Plan Simplified Underwriting Policies plus the Guaranteed Approval Applications of the Life Insured are more than the simplified underwriting limit of HKD70,000,000/ USD8,750,000, the application will be rejected. The Company reserves the right to accept or reject any Applications for the Plan based on the information provided by the Life Insured during Application.

- 13 Indebtedness means the sum of all outstanding Policy Loans or Automatic Premium Loans advanced in accordance with the Policy, any accrued interest on such loans, and any outstanding premiums or payments under this Policy.
- 14 Upon full surrender, the Company’s liability under this Policy shall be fully discharged.
- 15 Non-forfeiture Value means the Net Cash Value calculated as at the date immediately preceding the due date of the relevant unpaid premium.

Planning for your financial future is important. Let us review your current and future needs to help you decide if HSBC Wealth Goal Insurance Plan is the right product to help you fulfil your personal goals.

You can visit any HSBC branch to arrange for a financial planning review with us.

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