

Critical Illness Insurance

Insure yourself against life's unexpected events



HSBC
Insurance

HSBC Comprehensive Critical
Illness Protection Plan

HSBC COMPREHENSIVE CRITICAL ILLNESS PROTECTION 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.

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 Comprehensive Critical Illness Protection 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

INSURE YOURSELF AGAINST LIFE'S UNEXPECTED EVENTS

Living busy lives in a fast-pace city can take its toll, with the number of people suffering from critical illnesses such as cancer becoming increasingly common. Hong Kong has seen a 33% increase in new cancer cases between 2005 and 2015¹. Of these, 9% are under the age of 44¹, a stark reminder that younger people are also vulnerable to serious illness. When rising medical costs are factored in, families like yours could be adversely affected by these unforeseen events.

The good news is that HSBC Comprehensive Critical Illness Protection Plan (the "Plan" or the "Policy") offers life insurance with critical illness element. This means that if the unexpected should occur, you and your family are well protected.

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

HOW MUCH PROTECTION CAN YOU ENJOY?

1. Life cover

This Plan comes with life protection. In the unfortunate event of the death of the Life Insured while the Policy is in force, the Beneficiary(ies) will receive the Death Benefit. Please refer to the Product Summary for details.

2. Comprehensive coverage for up to 60 Critical Illnesses²

- **Enjoy peace of mind with Base Critical Illnesses Benefit**

The Plan provides the Life Insured with protection for up to 60 Critical Illnesses², covering diseases like cancer, heart attack and stroke until the age³ of 99. If the Life Insured is diagnosed by a Registered Medical Practitioner with one of the covered Critical Illnesses² in the Cancer or Non-Cancer Illness Groups as listed in the section of Critical Illness Benefit Schedule:

Single claim amount until Life Insured's age³ of 99

Cancer or Non-Cancer Illness Group



100% of Sum Insured will be payable



Any future premiums will be waived



(for both Basic Plan and Supplementary Benefits)

- **Ease your worries with Multiple Critical Illness Benefit⁴**

While any one of the covered Critical Illnesses is diagnosed, the Multiple Critical Illness Benefit⁴ enables claims of up to 200 per cent for Cancer and Non-Cancer Illness Groups.

Maximum claim amount under each Illness Group until Life Insured's age³ of 85

Cancer Illness Group



Up to 200% of Sum Insured[#]
(= 100% Sum Insured x 2 covered diseases*)



Non-Cancer Illness Group



Up to 200% of Sum Insured[#]
(= 100% Sum Insured x 2 covered diseases*)

[#] Inclusive of the claim amount under Base Critical Illness Benefit.

* Each occurrence can be claimed one time only except in cases of cancer, stroke and heart attack, where a claim can be made twice if there is reoccurrence of such illnesses.

Please refer to the Examples for more details on the exclusions and limitations of the Multiple Critical Illness Benefit.

3. Optional coverage for 68 Early Stage Critical Illnesses (with additional premiums required)

With our optional Early Stage Critical Illness Benefit (Advance Payment)⁴, should the Life Insured be diagnosed with one of the 68 covered Early Stage Critical Illnesses before the age³ of 85, 20% of the Basic Plan Sum Insured will be paid in advance, subject to a cap of HKD300,000/USD37,500 per claim limit for certain illnesses. Please refer to the Product Summary and respective factsheet for detailed terms and conditions and exclusions.

4. Extra protection

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

- **Payor's Benefit**
You can take out a Policy to cover your child whose age⁵ is 18 or under. If the Policyholder was to die or become temporarily disabled for a continuous period of 183 days, the subsequent premiums will be waived until the Policyholder recovers or the Payor's Benefit terminates (whichever is earlier).
- **Unemployment Benefit**
If the Policyholder has become unemployed for at least 30 consecutive days before the age³ of 65, the Grace Period for payment of the premiums will be extended for up to 365 days, during which the Life Insured will still enjoy the Policy's full protection.
- **Waiver of Premium on Disability Benefit**
If the Life Insured suffers disability while the Policy is in force and before the Life Insured's age³ of 65 and remains so disabled for a continuous period of 183 days, all subsequent premiums due (for the Basic Plan and the Supplementary Benefits) after such disability began and during its uninterrupted continuance will be waived.

In addition to Early Stage Critical Illness Benefit (Advance Payment) above, there are more optional Supplementary Benefits available for you to choose with additional premiums. These provide you with wider insurance protection, while they are optional to you for selection at the time when the Basic Plan is purchased.

- **Accidental Death and Dismemberment Benefit**
If the Life Insured dies or suffers major dismemberment resulting directly from or independently of all other causes from bodily injury caused by an external and violent accident before the Life Insured's age³ of 65, a certain percentage of the protection amount will be paid based on the severity of the injury.
- **Hospital Cash Benefit**
If the Life Insured is hospitalised for more than 24 hours while the Policy is in force and before the age³ of 65, a daily hospital cash payment will be paid, up to a maximum of 730 days. Double cash benefit will be paid if the Life Insured needs intensive care or any unplanned overseas hospitalisation.

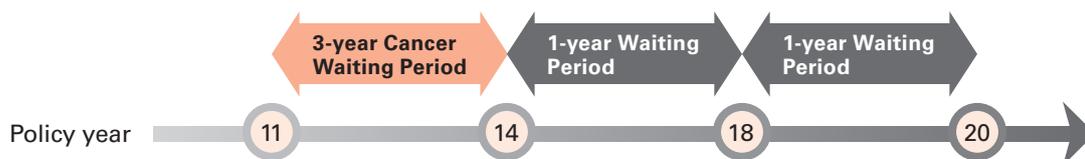
Please refer to the respective factsheets (if any) and Policy Provisions for detailed terms and conditions and exclusions of the above Supplementary Benefits.

EXAMPLES

The figures below are used for examples 1 to 4 and the amounts shown are illustrated in Hong Kong Dollars (HKD).

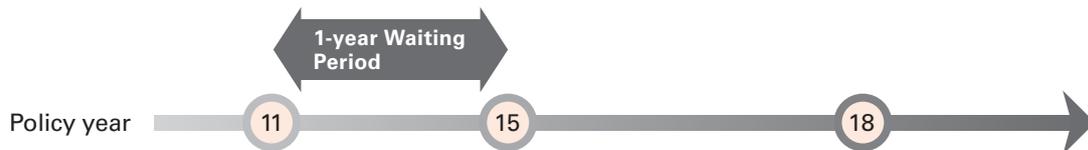
Age ⁵ of Life Insured	: 40 (Female, Non-smoker)		
Early Stage Critical Illness Benefit (Advance Payment)	: Not selected		
Premium payment period	: 10 years	Annual premium	: 81,580
Total premiums paid	: 815,800	Sum Insured	: 1,000,000

Example 1



Benefit	Base Critical Illness Benefit	Multiple Critical Illness Benefit		
Diagnosed with	Cancer	Another Cancer	Heart Attack	Stroke
Benefit amount	Under Cancer Illness Group (% of Sum Insured)			
	100% (HKD1,000,000)	100% (HKD1,000,000)	0%	0%
Benefit amount	Under Non-Cancer Illness Group (% of Sum Insured)			
	0%	0%	100% (HKD1,000,000)	100% (HKD1,000,000)
Remarks	Annual dividends will not be credited for rest of the Policy Term	Total Claims Paid ⁶ under Cancer Illness Group has reached 200% of Sum Insured and no further claim can be made under this Group		Total Claims Paid ⁶ under Non-cancer Illness Group has reached 200% of Sum Insured and no further Critical Illness claim can be made
Total claim amount	HKD4,000,000			

Example 2



Benefit	Base Critical Illness Benefit	Multiple Critical Illness Benefit	
Diagnosed with	Cancer	Heart Valve Surgery	Another Heart Valve Surgery
Benefit amount	Under Cancer Illness Group (% of Sum Insured)		
	100% (HKD1,000,000)	0%	0%
	Under Non-Cancer Illness Group (% of Sum Insured)		
	0%	100% (HKD1,000,000)	0%
Remarks	Annual dividends will not be credited for rest of the Policy Term		The max. no. of each Critical Illness claim under Non-Cancer Illness Group is one only, except for claims under "Heart Attack" and "Stroke". No further claim for Heart Valve Surgery can be made
Total claim amount	HKD2,000,000		

Example 3



Benefit	Base Critical Illness Benefit	Multiple Critical Illness Benefit	
	Diagnosed with	Cancer	Another Cancer
Benefit amount	Under Cancer Illness Group (% of Sum Insured)		
	100% (HKD1,000,000)	0%	0%
	Under Non-Cancer Illness Group (% of Sum Insured)		
	0%	0%	100% (HKD1,000,000)
Remarks	Annual dividends will not be credited for rest of the Policy Term	The cancer claim cannot be processed since the 3-year Cancer Waiting period requirement is not fulfilled.	As the two claims arise from the same accident, the claim amount equals to 100% of Sum Insured
Total claim amount	HKD2,000,000		

Example 4



Benefit	Base Critical Illness Benefit	Compassionate Death Benefit
Diagnosed with	Cancer	The Life Insured has died
Benefit amount	Under Cancer Illness Group (% of Sum Insured)	
	100% (HKD1,000,000)	0%
	Under Non-Cancer Illness Group (% of Sum Insured)	
	0%	0%
Remarks	All future premiums will be waived (for Basic Plan and Supplementary Benefits) as the claim is made within the 10-year premium payment period. Annual dividends will not be credited for rest of the Policy Term	The Compassionate Death Benefit will be paid which is equal to 5% of the Sum Insured plus sum of accumulated dividends and interest (if any)
Total claim amount	HKD1,050,000 + sum of accumulated dividends and interest (if any)	

Notes:

- Multiple Critical Illness Benefit is subject to the waiting period between each claim. The example assumes that the waiting period between each claim is fulfilled. Please refer to Product Summary for the applicable waiting period.
- The maximum Total Claims Paid⁶ for the Cancer Illness Group and the Non-Cancer Illness Group is 200% of the Sum Insured each.
- The examples above are for reference only. Please refer to the Policy Provisions for detailed terms and conditions.

PRODUCT SUMMARY

Premium Payment Period / Issue Age	Premium Payment Period	Issue Age⁵
	Single Premium or 3-year or 5-year	15 days to Age ⁵ of 65
	10-year	15 days to Age ⁵ of 60
	15-year	15 days to Age ⁵ of 55
	20-year	15 days to Age ⁵ of 50
Benefit Term	Up to age ³ of 99	
Policy Currency	HKD / USD	
Minimum Sum Insured (per Policy)	HKD200,000 / USD25,000	
Maximum Sum Insured (per Life Insured)	HKD10M / USD1.25M	
Premium Payment Method	<p>Single premium, monthly or annual, through:</p> <ul style="list-style-type: none"> • HSBC bank account, or • Cheque (Only available for initial premium but not for subsequent premium), or • HSBC credit card (not applicable to single premium) 	
Base Critical Illness Benefit	<p>Should the Life Insured be diagnosed with any one of the 60 covered Critical Illnesses of the Cancer Illness Group or Non-Cancer Illness Group before age³ of 99 by a Registered Medical Practitioner, the following benefits will be payable:</p> <ul style="list-style-type: none"> • 100% of the Sum Insured (subject to deduction due to total claims paid under Early Stage Critical Illness Benefit of the corresponding Illness Group, if applicable) will be payable to the Policyholder. This benefit is only available for claims once and no further claims can be made under this Benefit once paid ; and • All the future outstanding premiums of the Basic Plan and Supplementary Benefits, if any, will be waived once Total Claims Paid⁶ is equal to or more than 100% of the Sum Insured. 	

Multiple Critical Illness Benefit

Should the Life Insured be diagnosed with any one of the 60 covered Critical Illnesses in any of the two Illness Groups before age³ of 85 by a Registered Medical Practitioner and Total Claims Paid⁶ is equal to or greater than 100% of the Sum Insured, Multiple Critical Illness Benefit equal to 100% of the Sum Insured will be payable to the Policyholder. If this is the first claim to be made under each of the two Illness Groups, total claims paid under Early Stage Critical Illness Benefit (if applicable and if it had not been included in Base Critical Illness Benefit payment deduction) in the corresponding Illness Group (if any) will be deducted from the amount payable under Multiple Critical Illness Benefit. The maximum aggregate claim amounts under this Policy for all Base Critical Illness Benefit, Multiple Critical Illness Benefit and Early Stage Critical Illness Benefit, if applicable, in each of the two Illness Groups is 200% of the Sum Insured. Any claim under the Multiple Critical Illness Benefit is subject to the following eligibility of Multiple Critical Illness Benefit.

Eligibility of Multiple Critical Illness Benefit

- To be eligible to make further Critical Illness claims under this Multiple Critical Illness Benefit, the period elapsed between the dates of first diagnosis of the two critical illness claims
 - i) is at least one year apart; and
 - ii) can fulfil the “Three-Year Cancer Waiting Period”[^] requirement if both claims belong to the Cancer Illness Group; and
 - iii) is at least five years apart if the subsequent claims are made against any covered Critical Illness after the prior claims for “Loss of Independence Existence” or “Terminal Illness” under the Non-Cancer Illness Group has been paid, whichever is the longest.
- In the case that more than one Critical Illness is diagnosed in the same event, (a single illness that causes two or more covered Critical Illnesses with the same diagnosis date or an accident that results in two or more of the covered Critical Illnesses) we will only pay the benefit relating to one of these Critical Illnesses for which the highest benefit amount is payable.
- Each of the Critical Illnesses in the Non-Cancer Illness Group can only be claimed once at most, except “Heart Attack” and “Stroke” which can be claimed twice respectively.
- Multiple Critical Illness Benefit will automatically terminate upon
 - i) the Total Claims Paid⁶ reaching 400% of the Sum Insured (where 200% of the Sum Insured is the maximum entitlement for each of the Cancer Illness Group and the Non-Cancer Illness Group respectively), or
 - ii) the Life Insured reaches age³ of 85, whichever is earlier.

	<p>Multiple Critical Illness Benefit is payable if the Life Insured has survived for no less than 14 days following the diagnosis of a Critical Illness; whereas Death Benefit is payable if the Life Insured has survived for less than 14 days following the diagnosis of a Critical Illness.</p>
<p>Three-Year Cancer Waiting Period</p>	<p>^ Three-Year Cancer Waiting Period means:</p> <ul style="list-style-type: none"> (a) in relation to cancer of a different organ than the Immediately Preceding Cancer, three years following (and excluding) the date of diagnosis of the Immediately Preceding Cancer; and (b) in relation to cancer of the same organ as the Immediately Preceding Cancer, three years following (and excluding) the first date as of which there are: <ul style="list-style-type: none"> (i) no signs and no symptoms, and (ii) no symptomatic, clinical and/or imaging evidence of the Immediately Preceding Cancer; provided that: <ul style="list-style-type: none"> – there have been no signs, nor symptoms, nor any diagnosis of the cancer described in clause (a) or (b) above (as the case may be), nor any symptomatic, clinical or imaging evidence of such cancer, for the entire duration of the above relevant three year period, as confirmed by a Registered Medical Practitioner in the appropriate medical specialty, and supported by clinical, radiological, histological and laboratory evidence in regular follow ups; and – the dates of diagnosis of cancer and the Immediately Preceding Cancer, respectively, are separated by at least three years. <p>For purposes of the definition of “Three-Year Cancer Waiting Period”, if an organ in the body has both a left and a right component (such as, but not limited to, the lungs or kidneys), the left side and right side of the organ shall be considered one and the same organ.</p> <p>Immediately Preceding Cancer means the immediate last diagnosed cancer under the Cancer Illness Group for which any of the Critical Illness Benefits has been paid.</p>
<p>Optional Early Stage Critical Illness Benefit (Advance Payment) (with additional premiums required)</p>	<p>Should the Life Insured be diagnosed with any one of the 68 covered Early Stage Critical Illnesses in any of the two Illness Groups before age³ of 85 by a Registered Medical Practitioner, Early Critical Illness Benefit equal to 20% of the Basic Plan Sum Insured (except for certain illnesses as mentioned below) will be payable to the Policyholder. Please refer to Early Stage Critical Illness Benefit (Advance Payment) factsheet for a detailed list of Early Stage Critical Illnesses and the Illness Groups.</p>

	<p>The maximum aggregate claim amount for Early Stage Critical Illness Benefit is 100% of the Basic Plan Sum Insured. Any claims under this optional Supplementary Benefit is subject to the following terms:</p> <ul style="list-style-type: none"> • Each of the 68 Early Stage Critical Illness can only be claimed once except "Carcinoma-in-situ or Early Stage Cancer" and "Coronary Angioplasty" which can be claimed twice respectively. • Per claim benefit amount limit for "Carcinoma-in-situ or Early Stage Cancer" and "Coronary Angioplasty" is HKD300,000/USD37,500 across all the Life Insured's in-force Critical Illness policies issued by us. • Death Benefit, Surrender Value, Base Critical Illness Benefit and Multiple Critical Illness Benefit will be reduced by the amount of benefit paid under Early Stage Critical Illness Benefit accordingly. The premium payable under this Policy will not be reduced. • Upon the payment of any Base Critical Illness Benefit, this benefit will automatically terminate. • Coverage of some Early Stage Critical Illnesses terminates before the Life Insured's age³ is 85 (please refer to Early Stage Critical Illness (Advance Payment) factsheet for details). • In the case that more than one Early Stage Critical Illness is diagnosed in the same event, the benefit relating to one of those Early Stage Critical Illness for which the highest benefit amount will be payable. <p>Please refer to the Policy Provisions of Early Stage Critical Illness Benefit (Advance Payment) for the detailed terms and conditions.</p>
Annual Dividend	<p>The dividend will be determined annually by the Company at the Company's discretion and credited on each Policy Anniversary where the Total Claims Paid⁶ under this Policy is less than 100% of the Sum Insured, provided that all premiums due up to such Policy Anniversary have been paid before the expiry of the grace period or are deemed to be paid after the operation of the Automatic Premium Loan (if applicable).</p> <p>Please refer to section "More about Participating Policy" for more information.</p>
Surrender Value	<p>Surrender Value is the amount derived from the tabular Surrender Value shown in Policy Schedule 2 and is calculated based on the relevant Sum Insured at any time.</p>
Net Surrender Value	<p>Net Surrender Value is an amount equal to the positive balance of the Surrender Value less the Total Claims Paid⁶, plus any accumulated dividends with interest (if any).</p>

Death Benefit	<ul style="list-style-type: none"> • The higher of the Sum Insured or the Total Basic Plan Premium Paid⁷; less the Total Claims Paid⁶ (if any), subject to a minimum of zero; • Plus compassionate Death Benefit which is 5% of the Sum Insured; • Plus accumulated non-guaranteed dividends with interest (if any)
Embedded Benefits (no additional premiums required)	Payor's Benefit
	Unemployment Benefit
	Waiver of Premium on Disability Benefit
Optional Benefits (with additional premiums required)	Early Stage Critical Illness Benefit (Advance Payment)
	Accidental Death and Dismemberment Benefit
	Hospital Cash Benefit
Major Exclusion - Basic Plan	<ul style="list-style-type: none"> • Any pre-existing condition from which the Life Insured was suffering prior to the Issue Date, the Policy Date or the effective date of the last reinstatement, whichever is the latest; or • Any illness contracted by the Life Insured within the first ninety (90) days following the Issue Date, the Policy Date or the effective date of the last reinstatement, whichever is the latest, or • Any Human Immunodeficiency Virus (HIV) or any HIV-related illness including Acquired Immune Deficiency Syndrome (AIDS) or any mutations, derivation or variations thereof (except for the Critical Illness "HIV Due to Blood Transfusion and Occupationally Acquired HIV"). Please refer to Policy Schedule 4 for the definition of the Critical Illnesses. • "Loss of Independence Existence" and "Terminal Illness" will not be covered after Total Claims Paid⁶ reaches 100% of the Sum Insured. <p>The above are only the major exclusions and please refer to the Policy Provisions and the respective Supplementary Benefits Provisions (where applicable) for the detailed list of exclusions.</p>

The content in this product brochure is for reference only. You should read this document in conjunction with the respective insurance proposal and Policy Provisions for details.

BENEFIT SUMMARY

Critical Illness Benefit Schedule

Full Coverage of 60 Critical Illnesses	
Illness Group	
Cancer Illness Group (Maximum claim: 200% of the Sum Insured)	1. Cancer
Non - Cancer Illness Group (Maximum claim: 200% of the Sum Insured)	Conditions related to the Cardiovascular System
	2. Coronary Artery Bypass Surgery
	3. Other Serious Coronary Artery Disease
	4. Cardiomyopathy
	5. Eisenmenger's Syndrome
	6. Heart Attack
	7. Heart Valve Surgery
	8. Primary Pulmonary Arterial Hypertension
	9. Infective Endocarditis
	10. Dissecting Aortic Aneurysm
	11. Surgery to Aorta
	Conditions related to the Nervous System
	12. Alzheimer's Disease
	13. Bacterial Meningitis
	14. Benign Brain Tumour
	15. Brain Surgery
	16. Chronic Adrenal Insufficiency (Addison's Disease)
	17. Coma
	18. Creutzfeldt-Jacob Disease (CJD)
	19. Encephalitis
	20. Major Head Trauma
	21. Motor Neurone Disease
	22. Multiple Sclerosis
	23. Muscular Dystrophy
	24. Myasthenia Gravis
	25. Paralysis
	26. Parkinson's Disease
	27. Poliomyelitis
	28. Stroke
	29. Tuberculosis Meningitis
	30. Apallic Syndrome
31. Hemiplegia	

Full Coverage of 60 Critical Illnesses	
Illness Group	
Non - Cancer Illness Group (continued) (Maximum claim: 200% of the Sum Insured)	Conditions related to the Major Organs and Functions
	32. Chronic Relapsing Pancreatitis
	33. Crohn's Disease
	34. End Stage Liver Failure
	35. End Stage Lung Disease
	36. Fulminant Hepatitis
	37. Irreversible Kidney Failure
	38. Major Organ Transplant
	39. Medullary Cystic Disease
	40. Progressive Scleroderma
	41. Severe Rheumatoid Arthritis
	42. Severe Ulcerative Colitis
	43. Systemic Lupus Erythematosus with Lupus Nephritis
	44. Aplastic Anaemia
	Conditions related to Other Illnesses
	45. Amputation of Feet due to Complication from Diabetes
	46. Blindness
	47. Elephantiasis
	48. Loss of Hearing
	49. Loss of One Limb and One Eye
	50. Loss of Limbs
	51. Pheochromocytoma
	52. Third Degree Burns
	53. Ebola
	54. HIV Due to Blood Transfusion and Occupationally Acquired HIV
	55. Myelofibrosis
	56. Necrotising Fasciitis
	57. Loss of Independent Existence (Cover up to age ³ of 74)
	58. Loss of Speech
	59. Progressive Supranuclear Palsy
	60. Terminal Illness

IMPORTANT NOTES

Cooling-off Period

The HSBC Comprehensive Critical Illness Protection Plan is a life insurance plan with critical illness 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 total Net Surrender 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 Net Surrender Value. You will be advised of the rate of interest determined by the Company which may change from time to time. When the Policy Loan with accrued interest exceeds the Net Surrender Value, the Policy may lapse. Please be reminded that any Indebtedness⁵ on this Policy outstanding at the time of any payment under the Policy shall be deducted from the amount otherwise payable under this Policy. The Company's claim for any Indebtedness⁵ shall be prior to any claim of the Policyholder or the Beneficiary(ies) or the assignee(s) or other persons.

No application for Policy Loan will be accepted after the Total Claims Paid⁶ reaches 100% of the Sum Insured.

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 Net Surrender 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

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

Surrender policy

If you surrender the Policy, you will receive the Net Surrender Value of the Policy less Indebtedness⁸ (if any).

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 to age⁵ of 65. The Plan is subject to the relevant requirements on nationality and/or addresses and/or residency of the Policyholder and/or Life Insured as determined by the Company from time to time.

Policy currency

The Plan is available in Hong Kong dollars and 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, the non-forfeiture option which you have selected will then take effect provided that the Non-forfeiture Value⁹ is greater than zero. If no non-forfeiture option is elected, an Automatic Premium Loan will be granted to cover the unpaid premium provided that the Non-forfeiture Value⁹ is greater than 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 Value⁹ is not enough to cover the unpaid premium, the Policy will lapse.

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 benefits

The scales for calculating dividends are not guaranteed and are determined by the Company from time to time.

Whether dividends are payable and the size of the dividends 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 experience of policy surrender (full or partial) and policy lapse is uncertain**, and therefore it has impacts on both the current performance and future return of the portfolio of the policies.

- **Expense 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 accumulated dividends 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 or missing of the payment of premiums due **may lead to policy lapse and the amount, if any, you get back may be significantly less than what you have paid.**

Risks from surrender

If you surrender 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 a long-term period. 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.** You may also apply for withdrawal of any amounts that are accumulated within the Policy but the amount available for withdrawal is not guaranteed. **Any partial surrender, Policy Loan, accrued loan interest and withdrawal will reduce the death benefit and Net Surrender Value.**

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** 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 the 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 form of annual dividends which are declared by the Company on an annual basis. Once declared, the amount of annual dividend for the year becomes vested and will be credited to your Policy. Please refer to "Product Summary" above for more details of annual dividends.

The policy dividends are not guaranteed, whether they are payable and the size of the dividends 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. Please refer to section "Key risks - Non-guaranteed benefit" for the details of key risk factors. If the performance over the long term is better than assumed level, then dividends paid would increase and if performance is worse than the assumed level then dividends paid would reduce.

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

Dividend philosophy

The Company conducts regular review on the level of dividends payable to Policyholders. Both the actual performance in the past and also management's outlook of the long term future performance will be assessed against the assumed level, and where variances arise, gains and losses will be shared with Policyholders in a fair and equitable manner through the adjustment of dividend scales.

When considering the adjustment of dividend scales, the Company also operates a smoothing philosophy in order to maintain a more stable payout to Policyholders, so the level of dividends will only 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.

In order to ensure the 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 dividends.

Investment policy and strategy

The Company follows an asset strategy that:

- i) Helps to ensure that we can meet the guaranteed benefits that we have committed to you;
- ii) Delivers to you competitive long-term returns through the non-guaranteed dividends; and
- iii) Abides by a pre-defined set of risk tolerances.

The assets supporting the participating policies predominantly consist of 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 and hedge fund, as well as structured products including derivatives, are utilized in order 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, US and Europe), currencies (mainly HKD and USD) and industries. The assets are carefully managed and monitored according to a pre-defined set of risk appetite.

Target asset allocation

Asset type	Allocation%
Fixed income	80% - 100%
Growth assets	0% - 20%
- Equities	0% - 15%
- Alternative investments	0% - 15%

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

Actual allocations will take into consideration past investment performance of the assets supporting the policies, prevailing market conditions and future outlook and the guaranteed and non-guaranteed benefits of the policies. This includes assessing factors such as risk tolerance and real economic growth over the appropriate time horizon.

Accumulation interest rate

Policyholders can amongst other options, choose to leave the dividends in the Plan to accumulate with interests (if any). The rates of interest are not guaranteed and will be determined by the Company from time to time. The review on such accumulation interest rates will be conducted regularly with reference to the portfolio bond yields, prevailing market conditions, outlook on bond yields, and the likelihood of Policyholders leaving their payment for accumulation.

The Policy in determining the dividends 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 Source: "Overview of Hong Kong Cancer Statistics of 2015" from Hong Kong Cancer Registry and data generated from Cancer Statistics Query Systems (CanSQS).
- 2 Critical Illness refers to the 60 Critical Illnesses listed in the Policy Provision.
- 3 The Policy Anniversary at which the Policyholder or the Life Insured (as the case may be) reaches the specified age based on age at next birthday.
- 4 Please refer to the Policy Provision for the detailed terms and conditions.
- 5 Age means the age of the Life Insured or Policyholder where applicable at his or your next birthday.
- 6 Total Claims Paid refers to the total accumulated claims paid by the Company under the Policy including Base Critical Illness Benefit payment, Multiple Critical Illness Benefit payment and Early Stage Critical Illness Benefit payment (if applicable) under the two Illness Groups (Cancer Illness & Non-Cancer Illness Groups).
- 7 Total Basic Plan Premium Paid under Death Benefit refers to the total amount of premiums (excluding loaded premiums and premiums of Supplementary Benefits, if applicable) due (whether or not actually paid) in respect of the Basic Plan as of the date of death of the Life Insured.
- 8 Indebtedness is the sum of all outstanding Policy Loan, and any interest accrued on such Policy Loan, plus any outstanding premiums under this Policy.
- 9 Non-forfeiture Value means for the purpose Automatic Premium Loan, the Net Surrender Value calculated as at the date immediately preceding the due date of the relevant unpaid premium.

MORE INFORMATION

Planning for your financial future is important. Let us review your current and future needs to help you decide if HSBC Comprehensive Critical Illness Protection Plan is the right product to help you fulfil your personal goals.

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