

# More about participating policy

We issue participating life insurance policies providing both guaranteed and non-guaranteed benefits. The guaranteed benefits may include the Death Benefit, Guaranteed Cash Value and other benefits that vary depending on your chosen plan. The non-guaranteed benefits comprise the policy dividends which allow policyholders to share in the financial performance of the life insurance operation.

For HSBC Health Goal, the policy dividends, if any, is in the form of **Special Bonus<sup>6</sup>** which is declared upon early termination of the policy due to, for example, death or surrender, the exercise of Policy Value Management Option or at policy maturity.

The Special Bonus<sup>6</sup> amount may change from time to time based on the performance over the life of the policy before the time of declaration and prevailing investment market conditions. The actual amount will not be determined until it is payable. Please refer to the "Product summary" section of this brochure for more details.

## What factors will affect your Special Bonus<sup>6</sup>?

Special Bonus<sup>6</sup> (if any) is not guaranteed; the size of the Special Bonus<sup>6</sup> and whether it is payable depends on factors including but not limited to:

- the investment performance of the assets supporting the policies;
- claims, lapses, and expenses experiences; and
- the long-term expected future performance of the investment and other experiences mentioned above

If the performance over the long term is better than expected, the Special Bonus<sup>6</sup> paid would increase. If performance is below expectation, the Special Bonus<sup>6</sup> paid would decrease.

Please refer to the "Key risks – Non-guaranteed benefit" section of this brochure for more details.

## What are the key benefits of participating policies?

The key feature of participating policies over other forms of insurance policies is that in addition to the guaranteed benefits, you will also benefit from an additional Special Bonus<sup>6</sup> payment if the investment performance is better than that required to support the guaranteed benefits. The better the performance, the greater the Special Bonus<sup>6</sup>, and, conversely, the worse the performance, the lower the Special Bonus<sup>6</sup>.

## Dividend philosophy

### Establishing a risk-sharing mechanism

We have a clear interest in the performance of your participating policy as our participating business operates on the principle of sharing risks between you and ourselves to achieve a reasonable balance. We regularly review the Special Bonus<sup>6</sup> levels payable to you. Both the past actual performance and management's expectation of the long-term future performance will be assessed against the assumed level. If variances arise, considerations will be undertaken regarding sharing these with you through Special Bonus<sup>6</sup> adjustments.

## Fairness across policyholder groups

To ensure fairness between policyholders of participating products, we will carefully consider the experience (including investment performance) of various policy groups such as products, product generations, currencies and issue years so that each policy group will receive a fair return based mainly on its own performance. To balance the interest between you and us, a dedicated committee formed from a group of professionals will provide independent advice on managing the participating policies and determining the Special Bonus<sup>6</sup>.

## Stable long-term returns

When considering adjusting the Special Bonus<sup>6</sup> scales, we strive to maintain a more stable payout to you by smoothing. This means the Special Bonus<sup>6</sup> levels will only be changed if the actual performance is significantly different from the assumed level over a period of time, or if management's long-term future performance expectations change substantially.

We may also reduce the extent of smoothing or even stop smoothing the effects of the change in asset values for a time in the determination of the Special Bonus<sup>6</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.

## Investment policy and strategy

We follow an asset strategy that

- (i) helps to ensure that we can meet the guaranteed benefits that we have committed to you;
- (ii) delivers competitive long-term returns to you through Special Bonus<sup>6</sup>; and
- (iii) maintains an acceptable level of risk

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 ratings (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 utilised to deliver returns that are more reflective of economic performance over the long term.

Our investment portfolios are well diversified across various types of assets, and are invested in varied geographical markets (mainly Asia, the United States and Europe), currencies (mainly US dollars) and industries. The assets are carefully managed and monitored according to our own acceptable level of risk.

## Target asset allocations

Asset type	Long-term allocation percentage
Fixed Income Assets (government bonds, corporate bonds and alternative credit)	30%-50%
Growth Assets	50%-70%

Note: there could be slight deviation from the above range due to market fluctuation.

We consider other factors when deciding the actual asset allocations, including, but not limited to:

- current and expected future market conditions;
- guaranteed and non-guaranteed benefits of the policies;
- the acceptable risk level of the policies;
- expected economic growth after adjustment for inflation over a period of time; and
- investment performance of the assets supporting the policies

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 exercised, the assets supporting the Policy Value Management Balance are 100% invested into fixed-income assets.

## **Accumulation interest rate**

You can choose to exercise the Policy Value Management Option to allocate a portion of the Net Cash Value<sup>5</sup> to the Policy Value Management Balance (if any) to accumulate with interest (if any).

Interest rates are not guaranteed, and will be reviewed by us regularly with reference to the following factors:

- Portfolio yields of fixed income asset;
- Prevailing market conditions;
- Expectations of future fixed income asset yields;
- The cost associated with the provision of this interest accumulation service; and
- The likelihood and duration of policyholders leaving their payment for accumulation

The policy of determining the Special Bonus<sup>6</sup> (if any) and accumulation of interest rates may be reviewed and adjusted by us from time to time.

For more updated information, please visit our website [www.hsbc.com.hk/insurance/info/](http://www.hsbc.com.hk/insurance/info/).

You may also visit the above website to refer our dividend history. The past or current performance of our business may not be a guide for future results.

# Endnotes

1. Terminal Illness Benefit will terminate when the life insured attains the age of 65 (ANB) or payout of the relevant benefits or the Policy is terminated (whichever is earlier). Your policy will terminate once we pay this benefit. No Terminal Illness Benefits shall be payable under any of the below conditions:

- any pre-existing condition from which the life insured was suffering prior to the Issue Date of the Policy or the effective date of this Benefit or the effective date of 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.

Please refer to the relevant policy provisions for details of terms and conditions and exclusions.

2. Global Medical Care Services (the "Services") are provided by Preferred Global Health Ltd ("PGH"), a leading global patient care organisation ("the organisation") to the life insured (hereinafter called "the patient") of HSBC Health Goal Insurance Plan policy. The Services consist of Personal Care Manager, Diagnosis Verification and Treatment Plan, Doctor-to-Doctor Dialogue and US Care Management services. US Care Management service is only applicable to HSBC Health Goal Insurance Plan policy with Notional Amount<sup>4</sup> of USD2 million or more. The Services provided by the organisation or through the service providers arranged by the organisation are used as a resource for consultative medical advice and treatment recommendations for the patient who seek further opinions/suggestions on his/her medical conditions. The Services are value-added services provided by the organisation while this policy is effective. **It is your/patient's responsibility to pay for all the treatment and medical costs and the related costs/expenses incurred by you/the patient, whether directly or indirectly in relation to the receiving of the Services.**

**You are subject to the relevant terms and conditions as determined by the organisation for the use of their services. The Company does not represent PGH. The Company will not be held liable or responsible for the above content provided by PGH. The Company is not directly affiliated in any way with Harvard, and any reference to Harvard is only for identification and reference purposes on content provided by PGH and does not imply an association between the Company and Harvard. Please seek the advice of your medical professional for further guidance. We have the absolute discretion to revise and change the terms and conditions for the offering of the Services under this policy at any time without giving you prior notice.**

3. Total Basic Plan Premium Paid refers to the total amount of premiums due for the basic plan (whether or not actually paid) as of the date of death of the life insured. If you choose to prepay the required premiums, the balance of the prepaid premiums will not be counted as the Total Basic Plan Premium Paid until such part of premium is due.
4. Notional Amount is an amount used to determine the premiums payable under this policy and your cash values, Special Bonus<sup>5</sup> and amounts of Cancer/Heart Disease/Stroke Benefit (Additional Payment) to be received under the basic plan of this policy. It does not represent the amount of death benefit payable.
5. Net Cash Value means an amount equal to the Guaranteed Cash Value plus Special Bonus<sup>6</sup> less any outstanding policy loan, interest and premiums.
6. The amount of Special Bonus, if any, is not guaranteed and subjected to our absolute discretion.

# HSBC Health Goal Insurance Plan

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

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

## **Hong Kong Special Administrative Region 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 Special Administrative Region.

The Hongkong and Shanghai Banking Corporation Limited (“HSBC”) is registered in accordance with the Insurance Ordinance (Cap. 41 of the Laws of Hong Kong) as an insurance agency of the Company for the distribution of life insurance products in the Hong Kong Special Administrative Region. HSBC Health Goal Insurance Plan is a product of the Company but not HSBC, underwritten by the Company and it is only intended for sale through HSBC in the Hong Kong Special Administrative Region.

In respect of an eligible dispute (as defined in the Terms of Reference for the Financial Dispute Resolution Centre in relation to the Financial Dispute Resolution Scheme) arising between HSBC and the HSBC Commercial Banking Customer out of the selling process or processing of the related transaction, HSBC is required to enter into a Financial Dispute Resolution Scheme process with the HSBC Commercial Banking Customer; however, any dispute over the contractual terms of the above insurance product should be resolved between the Company and the HSBC Commercial Banking Customer 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 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.

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