

# 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 Ruby Global Life Insurance Plan, the policy dividends, if any, is in the form of:

**Special bonus** which is declared upon early termination of the policy due to, for example, death or surrender or at policy maturity.

The special bonus 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?

The special bonus, if any, is not guaranteed. The size of the special bonus and whether it is payable depend 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 investment and other experiences mentioned above

If the performance over the long term is better than expected, the special bonus paid would increase. If the performance is below expectation, the special bonus 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 payment if the investment performance is better than that required to support the guaranteed benefits. The better the performance, the greater the special bonus, and, conversely, the worse the performance, the lower the special bonus.

## 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 level of special bonus payable to you. Both the past actual performance and management's expectation for the long-term future performance will be assessed against the assumed level. If variances arise, considerations will be taken for sharing these with you through adjusting special bonus scales.

### 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.

## Stable long-term returns

When considering adjusting the special bonus scales, we strive to maintain a more stable payout to you by smoothing, which means the special bonus level 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. 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; 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 USD) and industries. The assets are carefully managed and monitored according to our own acceptable level of risk.

## Target asset allocations

Asset type	Allocation percentage
Fixed income assets (government bonds, corporate bonds and alternative credit such as infrastructure debt)	80%-100%
Growth assets	0%-20%
• Equities	0%-15%
• Alternative investments	0%-15%

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:

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

Subject to our investment policy, actual asset allocation could deviate from the above target asset allocation from time to time.

The policy of determining the special bonus (if any) may be reviewed and adjusted by us from time to time. For more updated information, please visit our website [<https://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.

# HSBC Ruby Global Life 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 (referred to as “HSBC”) is an insurance agent of the Company. HSBC Ruby Global Life Insurance Plan is underwritten by the Company and it is only intended for sale through HSBC in the Hong Kong Special Administrative Region.

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.

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