

Whole Life Insurance

# HSBC Wealth Goal Insurance Plan II

Looking after your best people is taking care of business



**HSBC**  
Life

HSBC Life (International) Limited

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# Retain your top talent, sustain your business growth

As a business owner, you are probably considering different potential tools for enhancing your employees' loyalty. With the long-term wealth growth potential and life protection offered by HSBC Wealth Goal Insurance Plan II (the "Plan" or the "Policy"), you may not only incentivise your best people to stay but motivate them to aim higher. After all, the more attention you give to their future, the bigger the contribution they will make to your company's prospects.

## How does HSBC Wealth Goal Insurance Plan II help your company and employees?



### Potential Wealth Growth

- Pay a single premium or premiums over a certain number of years to reap **long-term wealth growth** through the projected guaranteed and non-guaranteed policy values.
- For enhanced financial wellbeing, HSBC Wealth Goal Insurance Plan II provides a **Policy Value Management Option** starting from the 20<sup>th</sup> policy year onwards that enables the company to lock in part of the prevailing policy value to protect it against future market fluctuations. 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.



### Flexible changes of life insured

- The policyholder can **change the life insured up to three times** after the 3<sup>rd</sup> policy year or after the end of the premium payment period (whichever is later) provided that all premiums have been fully paid.

HSBC Wealth Goal Insurance Plan II is a long-term participating life insurance product with a savings element. It is not equivalent or similar to any kind of bank deposit.

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# How much protection can you enjoy?

## Life Cover<sup>1</sup>

In addition to the potential long-term wealth 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).

## Settlement Flexibility

The Plan offers 2 Death Benefit Settlement Options, giving the policyholder the flexibility to decide how best to take care of close ones financially in the unfortunate event of the life insured's passing. The Death Benefit will be paid to the beneficiary(ies) in accordance with the selected settlement option, which cannot be changed after the life insured's death. Subject to the terms of the policy, it will be made available as a lump sum payment or as regular instalments paid annually over 10, 20 or 30 years, to protect the beneficiary(ies) in the future.

## Extra Protection

Additional Accidental Death Benefit<sup>2</sup> is embedded in the basic plan of the Policy, subject to eligibility, with no additional premiums required. 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>3</sup> will be paid to the beneficiary(ies) in addition to the Death Benefit payable under the Policy.

## Policy Value Management Option<sup>4,5</sup>

As they reach certain life stages, and especially as they approach retirement, your employees may want more certainty over their policy value.

That's why the Plan includes a Policy Value Management Option<sup>4,5</sup>, which allows you to lock-in a portion of the Plan's Net Cash Value. Subject to the conditions set out below, you have control over whether to exercise this option as well as the amount under the Policy that you want to lock-in. Upon exercising this option, a portion of the Net Cash Value will be allocated to the Policy Value Management Balance<sup>6</sup>. The portion of the Net Cash Value allocated to the Policy Value Management Balance will be "lock-in" and such 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>4,5</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>7</sup> (including Policy Loans, interests and unpaid premium due) under this Policy.

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:

- i. The Net Cash Value to be allocated per transaction; and
- ii. The remaining Policy Amount<sup>8</sup> after the exercise of this option

Upon exercising the Policy Value Management Option<sup>4,5</sup>, the Policy Amount<sup>8</sup> and Total Basic Plan Premium Paid<sup>3</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>9</sup> (if any) and Death Benefit in accordance with the terms of the Policy.

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



### Hassle-free Application

Policy approval is generally guaranteed<sup>10</sup> and medical examinations are not required.

# Examples

The following examples are hypothetical and for illustrative purposes only. The amounts are expressed in US dollars (USD). The actual amount of the Special Bonus<sup>9</sup> is not guaranteed and is declared at the Company's discretion.

## Example 1:

### The Policy Value Management Option<sup>4,5</sup> has not been exercised during the policy term

Sam, aged 35, is the founder of CottGroup, a medium-sized garment manufacturing company. Sam has hired Paul as the CEO of the company, and enrolled him in HSBC Wealth Goal Insurance Plan II to provide him with extra employee benefits in order to make him stay with the company. The policy is owned by CottGroup, with Paul, the CEO, as the life insured.

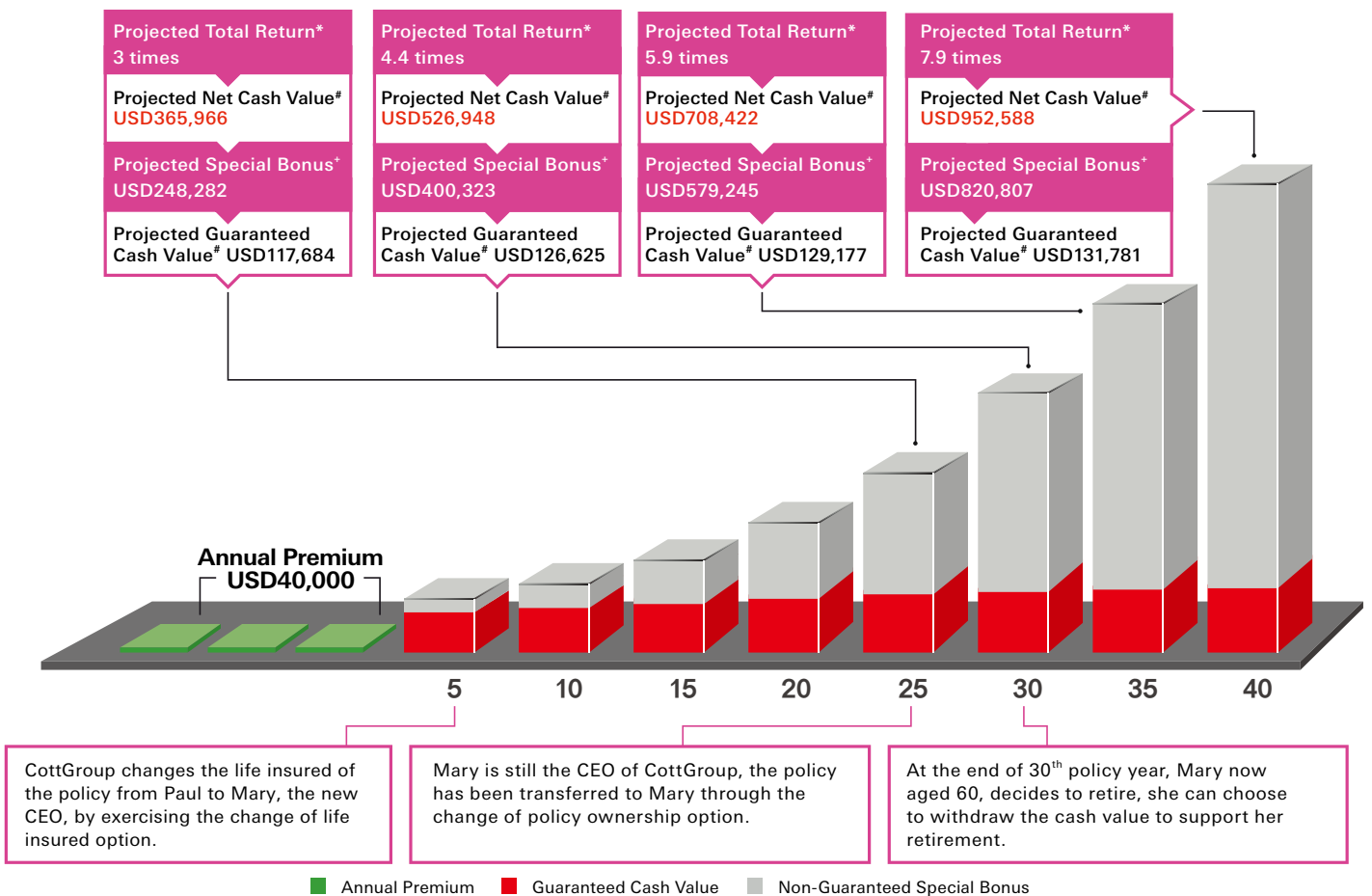
<b>Policyholder:</b>	CottGroup	<b>Life insured:</b>	Paul
<b>Issue age:</b>	age <sup>1</sup> 35	<b>Premium/Sum insured:</b>	USD120,000
<b>Premium payment mode:</b>	3 years	<b>Annual premium:</b>	USD40,000

In the 5<sup>th</sup> policy year, Paul resigns to immigrate to Canada with his family.

Mary, aged 35, succeeds Paul as the new CEO, CottGroup changes the life insured of the policy to Mary and provides her with extra employee benefits. To encourage Mary to stay with the company for a longer time, as a talent retention strategy, CottGroup signs an agreement with Mary agreeing to transfer the policy and the cash value of the Policy to her after she has remained as CEO for 20 years.

In the 25<sup>th</sup> policy year, the policy is transferred to Mary as a reward for her contribution. She continues to work and contribute to the company for 5 more years until she retires at her age of 60 (30<sup>th</sup> policy year). She can choose to withdraw the cash value to support her retirement plan and needs.

At the time of ownership transfer, Mary decides to arrange the death benefit payout to her husband, the beneficiary, in instalments paid over a settlement period of 10 years.



#### Remarks:

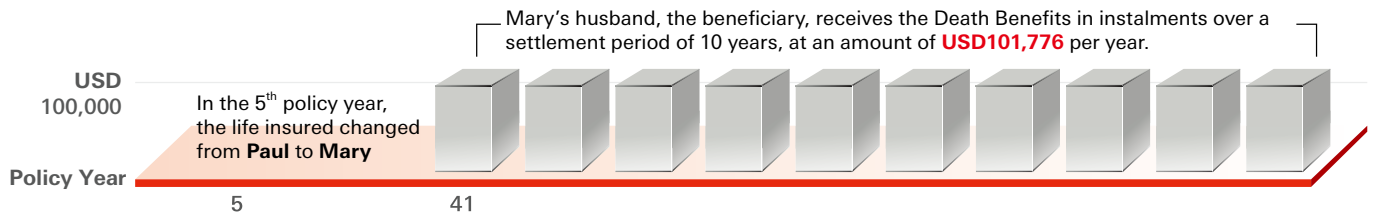
\*Projected Total Return (Projected Net Cash Value as a multiple of Total Basic Plan Premium Paid<sup>3</sup>).

<sup>#</sup>Projected Net Cash Value upon surrender is the sum of Projected Guaranteed Cash Value and Projected Special Bonus.

<sup>+</sup>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 benefit" for the details of key risk factors.

# Examples

In the unfortunate event of Mary's death at the end of the 40<sup>th</sup> policy year, a death benefit will be paid to her husband in instalments over 10 years to protect his long-term financial wellbeing.



## Example 2:

### The policyholder considers whether or not to exercise the Policy Value Management Option<sup>4,5</sup>



Mr Lee, aged 64<sup>1</sup>, is a senior executive whose policy has been in-force for more than 20 years. The policy, owned by the company he works for, was originally issued with Mr Lee as the life insured when he was age 40<sup>1</sup> with a Total Basic Plan Premium Paid<sup>3</sup> of USD400,000 over 10 years.

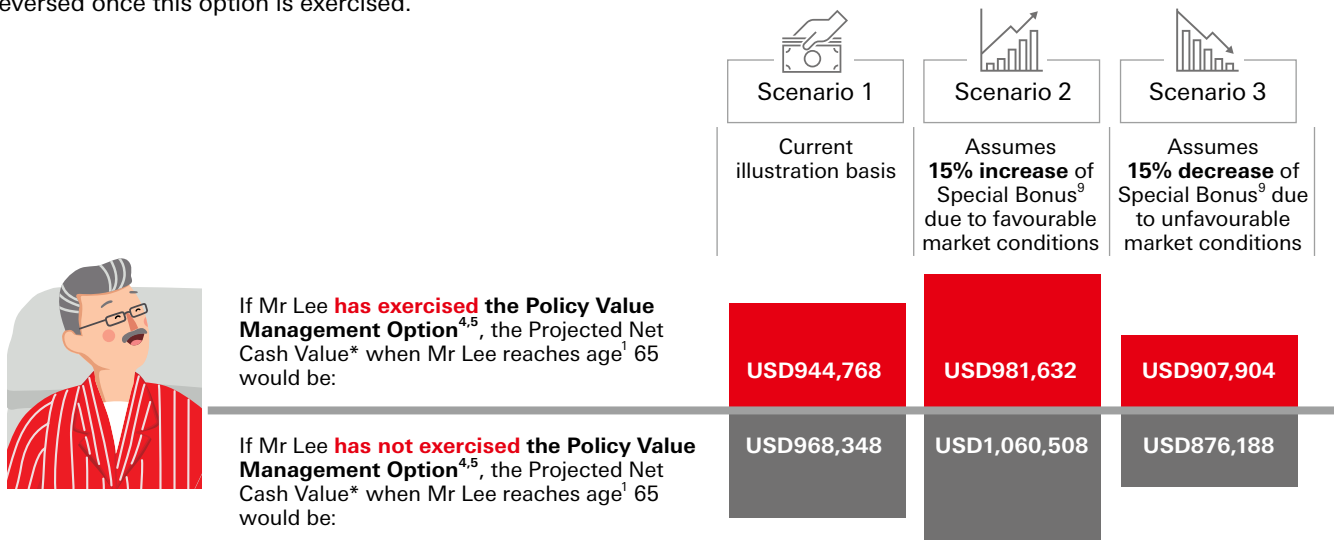
After Mr Lee has been working in the company for 20 years, the company transfers the Policy ownership to him as a reward for his long-time contribution. Since he has started thinking about his retirement, he is considering whether to lock in a portion of his policy's value.

<b>Issue age:</b>	age <sup>1</sup> 40	<b>Premium payment period</b>	10 years
<b>Annual premium</b>	USD40,000	<b>Total Basic Plan Premium Paid<sup>3</sup></b>	USD400,000

The following illustrations show how the Net Cash Value of the policy would change based on whether Mr Lee decides to exercise the Policy Value Management Option<sup>4,5</sup>.

<b>Projected Net Cash Value: USD910,832</b>	
<b>Lock-in Amount</b> (Mr Lee decides to lock-in <b>60%</b> of Projected Net Cash Value)	<b>Remaining Balance</b> ( <b>40%</b> of Projected Net Cash Value)
<b>USD546,499</b> (forms part of the Policy Value Management Balance <sup>6</sup> )	<b>USD364,333</b> (keeps in the Plan as per the terms of the Policy)

**Projected Net Cash Value** is the sum of Guaranteed Cash Value and Special Bonus<sup>9</sup>, less any Indebtedness<sup>7</sup>. Special Bonus<sup>9</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>6</sup>. No Policy Value Management Option<sup>4,5</sup> can be cancelled, terminated or reversed once this option is exercised.



\* It is assumed that no withdrawal from the Policy Value Management Balance<sup>6</sup> has been made and this Balance<sup>6</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.

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# Examples

The above illustrations show how the exercise of the Policy Value Management Option<sup>4,5</sup> may help to partially protect the Aggregate Cash Value of the Plan from the market volatility the underlying investment portfolio is subject to. That means, if the market falls after this option is exercised (Scenario 3), it could result in a decrease in the Special Bonus<sup>9</sup> (if any) from the Plan and the portion of the proceeds transferred to the Policy Value Management Balance<sup>6</sup> will be protected against the fall in the market and thereby reduce the risk exposures under the Plan.

However, if the market rises after this option is exercised (Scenario 2), it could result in an increase in the Special Bonus<sup>9</sup> (if any) from the Plan and the Aggregate Cash Value under the Plan would be lower than if Mr Lee had not chosen to exercise the option.

In other words, if the policyholder exercises the Policy Value Management Option<sup>4,5</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 Mr Lee had not chosen to exercise the option.

The above example only illustrates the potential changes in the Aggregate Cash Value when the Policy Value Management Option<sup>4,5</sup> is exercised. With the exercise of the option, the Policy Amount<sup>8</sup> and Total Basic Plan Premium Paid<sup>3</sup> under this Policy will be adjusted and reduced proportionally. Please refer to Product Summary and Policy Provisions for more details of the option.

## Assumptions for example 1 and 2:

- i. The above examples are hypothetical and for illustrative purposes only.
- ii. No partial surrender<sup>11</sup> has been made during the policy term.
- iii. All premiums have been paid in full during the premium payment period.
- iv. The Special Bonus<sup>9</sup> scale and returns of the underlying investment portfolio are assumed to remain unchanged throughout the policy term.
- v. No Policy Loan has been taken out while the Policy is in force.
- vi. In example 1, the remaining amount of the death benefit will be left with the Company to accumulate non-guaranteed interest (assuming 1% p.a.) until the full amounts of benefits have been paid to the beneficiary(ies).

## 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 (eg bonuses, interest) presented are not guaranteed and are for illustrative purposes only. The actual future amounts of benefits and/or returns may be higher or lower than the currently quoted benefits and/or returns. They are for illustrative purposes only and do not represent any actual payments or scenarios. You should refer to your insurance proposal for illustrated figures 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

Premium payment period	Issue age
Single Premium/3 years	15 days after birth to age <sup>1</sup> 70
5 or 10 years	15 days after birth to age <sup>1</sup> 65
15 years	15 days after birth to age <sup>1</sup> 50
20 years	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

Single premium, monthly or annually, through:

- HSBC bank account; or
- Cheque (only for initial premium but not for subsequent premium payments); or
- HSBC credit card (not applicable to single premium)

Note:

- 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.

## Minimum Premium Amount

Minimum premium required per Policy of different premium payment periods and payment modes:

Premium Payment Period	Payment Mode	
	Annual Premium	Monthly Premium
Single premium	USD25,000	-
3 years	USD8,333	USD729
5 years	USD5,000	USD438
10 years	USD2,500	USD219
15 years	USD1,668	USD146
20 years	USD1,250	USD109

Remarks: The amount of premium(s) as shown in this illustration may slightly differ from the premiums payable in the policy due to rounding differences.

## Guaranteed Cash Value (The cash value of your Policy at any time during the Policy term)

Guaranteed Cash Value refers to the cash value of your Policy that accumulates over time during the policy term. It is calculated based on the Policy Amount<sup>8</sup> at the relevant time.

## Net Cash Value

At any time, the amount equal to Guaranteed Cash Value plus Special Bonus<sup>9</sup>, if any, less any Indebtedness<sup>7</sup>.

# Product summary

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## **Special Bonus<sup>9</sup>**

The Special Bonus<sup>9</sup> (if any) is non-guaranteed. It will be declared at the Company's absolute discretion. The amount of any potential Special Bonus<sup>9</sup> will be determined by the Company when it becomes payable.

The Special Bonus<sup>9</sup> (if any) shall be paid when you fully or partially surrender<sup>11</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>4,5</sup>, a portion of the Guaranteed Cash Value and Special Bonus<sup>9</sup> (if any) will be allocated to the Policy Value Management Balance<sup>6</sup> to accumulate with interest.

The Company will update you the amount of the Special Bonus<sup>9</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 benefit" for the details of key risk factors.

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## **Surrender Benefit**

Guaranteed Cash Value plus the:

- Special Bonus<sup>9</sup> (if any); and
- Policy Value Management Balance<sup>6</sup> (if any);
- Less Indebtedness<sup>7</sup> (if any).

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## **Partial Surrender<sup>11</sup>**

You may request to partially surrender<sup>11</sup> this policy by reducing the Policy Amount<sup>8</sup>.

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 Policy Amount<sup>8</sup>, if any, will be payable to the Policyholder.

Upon the reduction of Policy Amount<sup>8</sup>, the Total Basic Plan Premium Paid<sup>3</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>9</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 Policy Amount<sup>8</sup> has taken effect.



# Product summary

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## **Policy Value Management Option<sup>4,5</sup>**

After the Policy has been in force for 20 policy years or longer and if there is no Indebtedness<sup>7</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>4,5</sup> and will be allocated to the Policy Value Management Balance<sup>6</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.

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:

- (i) The Net Cash Value to be allocated per transaction; and
- (ii) The remaining Policy Amount<sup>8</sup> after the exercise of this option

Upon exercising this option, the Policy Amount<sup>8</sup> and Total Basic Plan Premium Paid<sup>3</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>9</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.

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## **Policy Value Management Balance<sup>6</sup>**

The amount of the accumulation of the proceeds from exercising the Policy Value Management Option<sup>4,5</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>6</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.

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## **Aggregate Cash Value**

An amount equal to Net Cash Value plus Policy Value Management Balance<sup>6</sup>, if any.

# Product summary

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## Death Benefit

At the date of death of the life insured, the higher of (i) Total Basic Plan Premium Paid<sup>3</sup> plus an amount of USD2,500 or (ii) Guaranteed Cash Value plus

- Special Bonus<sup>9</sup> (if any); and
- Policy Value Management Balance<sup>6</sup> (if any) ;
- Less Indebtedness<sup>7</sup> (if any)

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## Death Benefit Settlement Option

The policyholder can choose one of the Death Benefit Settlement Options at the time of application or make the request after policy issuance during the lifetime of the life insured. Subject to the terms of the policy, the beneficiary(ies) will receive the Death Benefit:

- in a lump sum payment (Death Benefit will be paid in this option if the policyholder does not select any settlement option); or
- by regular instalments (only applicable to policies without any assignment).

Regular instalments will be paid to the beneficiary(ies) annually over the selected tenor:

- 10, 20 or 30 years. Remaining amount of benefits will be left in the Company to accumulate at the non-guaranteed interest if any as determined by the Company, until the full amount of benefits has been paid to the beneficiary(ies).
- The beneficiary(ies) does not have the right to change the Death Benefit Settlement Option set by the policyholder at any time.
- If the beneficiary(ies) passes away while he is receiving the Death Benefit in regular instalments, the remaining amount of the Death Benefit (or, if there is more than one beneficiary, the portion of the remaining amount of the Death Benefit attributable to that beneficiary) as at the beneficiary's death will be paid in a lump sum to the estate of the beneficiary(ies).
- Only 1 settlement option can be selected at any one time for all the beneficiaries of a Policy. After the life insured passes away, the selected settlement option cannot be changed.

The regular instalments option will not be accepted if no beneficiary(ies) has been designated by the policyholder under the Policy.

# Product summary

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## **Maturity Benefit**

Guaranteed Cash Value plus a Special Bonus<sup>9</sup> (if any) plus

- Policy Value Management Balance<sup>6</sup> (if any);
- Less Indebtedness<sup>7</sup> (if any)

will be paid when the life insured reaches the age<sup>1</sup> of 99. Your policy will terminate once we pay the Maturity Benefit.

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## **Change of life insured<sup>12</sup>**

You are entitled to the change of life insured<sup>12</sup> of your policy for up to three times after the third policy year or after the end of the premium payment period (whichever is later) provided all premiums are fully paid when due. Change of life insured<sup>12</sup> is subject to evidence of insurability and our approval which is based on the underwriting conditions of the life insured.

The maturity date of the policy will also be reset to age<sup>1</sup> 99 of the new life insured. A new incontestability period will also apply.

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## **Supplementary Benefits** (no additional premiums required)

Additional Accidental Death Benefit<sup>2</sup>

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## **Non-forfeiture Options<sup>13</sup>**

### **Option 1 – Surrender**

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.

### **Option 2 – Automatic Premium Loan**

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>13</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.

Please refer to Policy Provisions for details of Non-forfeiture options.

## Important notes

### **Cooling-off period**

The HSBC Wealth Goal Insurance Plan II 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 your policy, you have a right to cancel it within the cooling-off period 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). A written notice signed by you together with your policy (if received) should be received 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, a period of 21 calendar days immediately following either the day of delivery of the policy or the day of delivery of the cooling-off notice to the policyholder or the nominated 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 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<sup>14</sup>**

If the life insured commits suicide, whether sane or insane, within one year of the issue date or from the effective date of reinstatement, whichever is later, the death benefit payable under policyholder's policy will be limited to the refund of the amount of premiums policyholder paid to us less any amount we paid to the beneficiary(ies) 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>7</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>11</sup> or upon exercising the Policy Value Management Option<sup>4,5</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>7</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>7</sup> shall be prior to any claim of the policyholder or the beneficiary(ies) or the assignee(s) or other persons.

## Important notes

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

We 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 and/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**

We have 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

We have 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.

### **Applicable laws**

The laws governing the Policy are the laws of Bermuda. However, in the event of any dispute arising laws 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> 70, depending on the premium payment terms selected. The Plan is subject to the relevant requirements on nationality (country/region/territory) 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>13</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>13</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 insolvency risks 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>9</sup> (if any) is not guaranteed benefit and is determined by the Company from time to time.** Whether the Special Bonus<sup>9</sup> is payable and the size of the Special Bonus<sup>9</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>4,5</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>6</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.

## Key risks

### 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>11</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<sup>11</sup> 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>4,5</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

**You are subject to exchange rate risks.** If your Plan is denominated in **risk** 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

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 Wealth Goal Insurance Plan II, the policy dividends, if any, is in the form of:

**Special Bonus<sup>9</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>9</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 section "Product Summary" of this brochure for more details.

## What factors will affect your Special Bonus<sup>9</sup>?

The Special Bonus<sup>9</sup>, if any, is not guaranteed. The size of the Special Bonus<sup>9</sup> 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<sup>9</sup> paid would increase. If the performance is below expectation, the Special Bonus<sup>9</sup> paid would decrease.

Please refer to section "Key risks - Non-guaranteed benefit" 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>9</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>9</sup>, and, conversely, the worse the performance, the lower the Special Bonus<sup>9</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 level of Special Bonus<sup>9</sup> 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<sup>9</sup> scales.



# More about participating policy

## 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>9</sup>.

## Stable long-term payouts

When considering adjusting the Special Bonus<sup>9</sup> scales, we strive to maintain a more stable payout to you by smoothing, which means the Special Bonus<sup>9</sup> 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<sup>9</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 payouts to you through Special Bonus<sup>9</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 USD) and industries. The assets are carefully managed and monitored according to our own acceptable level of risk.

## Target asset allocation

Asset type:	Long-term target 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.

## More about participating policy

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<sup>4,5</sup> exercised, the assets supporting the Policy Value Management Balance<sup>6</sup> are 100% invested into fixed-income assets.

### Accumulation interest rate

You can choose to exercise the Policy Value Management Option<sup>4,5</sup> to allocate a portion of the Net Cash Value to the Policy Value Management Balance<sup>6</sup> (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>9</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.

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## Endnotes

1. The Policy Anniversary at which the policyholder or the life insured reaches the specified age based on age at next birthday.
2. 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) subject to a maximum benefit limit of USD3,000,000 or its equivalent per life insured across all additional accidental death benefit issued by us. Please refer to the Policy Provisions of the Supplementary Benefits for detailed terms and conditions and exclusions.
3. 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.
4. 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>6</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>7</sup> under the Policy.
5. 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 Policy Amount<sup>8</sup> after the exercise of this option. Such minimum amount requirements are determined by the Company from time to time without prior notice to Policyholder.
6. Policy Value Management Balance means the amount of the accumulation of the proceeds from exercising the Policy Value Management Option<sup>4,5</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.
7. 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.
8. Policy Amount is an amount used to determine the premiums payable under the Policy and your cash values and Special Bonuses<sup>9</sup> to be received under the basic plan of this policy. It does not represent the amount of death benefit payable or cash value of your policy.
9. The amount of Special Bonus is not guaranteed and the payment is subject to the Company's discretion.
10. The maximum total premium amount for pending guaranteed approval/simplified underwriting applications and in-force policies (per life insured) may differ and is subject to insurance age of the life insured. Total premium amount refers to the total premium amount of this policy determined by the Company. For details of the underwriting requirements, please contact Insurance Sales Managers. The Company reserves the right to accept or decline any applications for this policy based on the information provided by the life insured and/or policyholder during enrolment.
11. Upon the partial surrender of the Policy, a portion of the Special Bonus<sup>9</sup> (if any) attributable to the reduced portion of the Policy Amount<sup>8</sup> 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.
12. Each policyholder is entitled to change the life insured of the Policy for up to three times after the third policy year or after the end of the premium payment period (whichever is later) provided all premiums are fully paid when due. Change of life insured is subject to evidence of insurability and approval by the Company which is based on the underwriting conditions of the life insured. Any such request will be assessed on case-by-case basis and is at our discretion, with consideration of multiple factors at our discretion, including but not limited to the change in underlying claim risk, change in policy term, latest economic outlook.
13. Non-forfeiture Value means the Net Cash Value calculated as at the date immediately preceding the due date of the relevant unpaid premium.
14. If the life insured commits suicide, whether sane or insane, within one year of the issue date or from the effective date of reinstatement, whichever is later, the death benefit payable under policyholder's policy will be limited to the refund of the amount of premiums policyholder paid to us less any amount we paid to the policyholder and/or the beneficiary(ies) since the policy date. Please refer to Policy Provisions of the Basic Plan for detailed terms and conditions.

## More information

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 II is the right product to help your business to achieve more.

You can visit any HSBC Business Centres and arrange for a Financial Needs Analysis Questionnaire with us.

**Click** [www.hsbc.com.hk](http://www.hsbc.com.hk)

**Visit** any HSBC Business Centres



You can find more information about the product on HSBC's website by scanning the QR code.

# HSBC Wealth Goal Insurance Plan II

## 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 Wealth Goal Insurance Plan II 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.

June 2022

HSBC Life (International) Limited is the proud winner of the following awards:

HSBC Life (International) Limited  
(Digital Policy Value Projections)



投資者及理財教育獎  
Investor and Financial  
Education Award 2021



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