

## Why do we offer insurance policies denominated in a foreign currency?

At HSBC Life, we offer comprehensive insurance solutions to help you to fulfill the various wealth needs along your life journey. You can choose not only from different product types but also from different currency options to address your particular financial needs. When your policy is denominated in a foreign currency, it is true that you will be exposed to currency fluctuations and exchange rate risks. But you might still want to hold an insurance policy in foreign currency like USD. Here are some reasons why:

### Factors affecting your decision

You might want to hold an insurance policy in non-HKD currency if:



#### **You already have the foreign currency in hand and want to enhance its potential return**

- You can simply pay the plan premium using your existing foreign currency holdings (e.g. to purchase a USD denominated policy with your USD saving), so no exchange rate risks exposed at the time when the plan is purchased and paying premium.
- For participating policies, in addition to the guaranteed benefits, you may receive additional non-guaranteed dividend payments and accumulate with the policy to earn interest if the fund performance is better than the required to support the guaranteed benefits. The prevailing accumulation interest rate on dividends is 3.2% / 3.35% for HKD policy and 3.7% / 3.75% for USD policy<sup>1</sup>.



#### **You want to diversify your portfolio with different currencies**

- Although it does not guarantee against loss, diversification is one of the wealth planning strategies with the aim to reach long-term financial goals while minimising risk.



#### **You want to receive policy benefits in foreign currency to address your future need for foreign currency**

- HSBC Life will pay you the policy benefits in the same currency as your plan<sup>2</sup>, i.e. you will receive USD if you purchase a USD-denominated policy.
- If you are planning to live abroad or expecting to pay your children's overseas education tuition fee in the years ahead, getting the policy benefits in non-local currency could be considered.

#### Remarks

1. The accumulation interest rate is non-guaranteed and subject to change at our sole discretion. Please refer to the anniversary statement for the latest dividend accumulation interest rate.
2. We will pay the policy benefits in settlement currency for products that specify which currency their benefits will be paid in with explicit clauses. Please refer to your policy documents for details. For RMB denominated endowment plans, the currency of policy benefit is subject to any policy or regulatory requirements and restrictions on conversion of RMB.