

# Universal Life Insurance

Shaping the foundation for your child's future



**HSBC**  
Insurance

Goal Access Universal Life Plan (Education)

HSBC Life (International) Limited

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# GOAL ACCESS UNIVERSAL LIFE PLAN (EDUCATION)

## **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 Goal Access Universal Life Plan (Education) 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

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## SHAPING THE FOUNDATION FOR YOUR CHILD'S FUTURE

As loving parents, we all want to give our children the best possible education. To achieve this, it is essential to accumulate sufficient funds to cover ever rising school fees, while ensuring the financial flexibility to accommodate your child's changing needs, including expenses for study trips, talent classes and more.

### How does the Goal Access Universal Life Plan (Education) work?

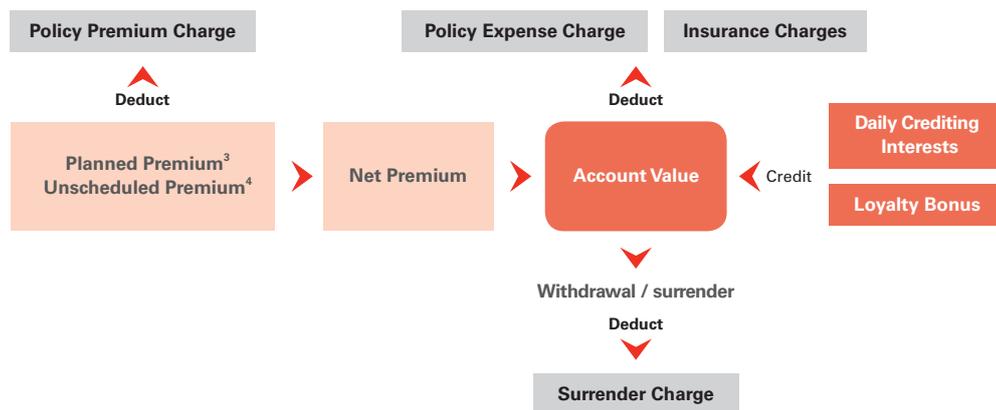
Goal Access Universal Life Plan (Education) ("the Plan" or the "Policy"), provides life protection for your child, while building up a fund for your child's education and future.

The Plan is a long-term universal life insurance policy with savings element. It includes a life insurance cover for your child throughout the policy term, while offering potential return to their education fund in the form of non-guaranteed daily interest and loyalty bonus until the insured child reaches the age<sup>1</sup> of 22.

You will also have the flexibility to partially withdraw<sup>2</sup> cash from your Policy and adjust the Sum Insured<sup>2</sup> to help you cope with your changing needs and those of your child. A Maturity Privilege option entitles your child to apply for a new whole life insurance plan or an endowment insurance plan (subject to availability) to continue their protection.

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

## HOW DOES THE PLAN WORK?



### Notes:

- i. When you pay Planned Premium<sup>3</sup> or Unscheduled Premium<sup>4</sup>, an upfront Policy Premium Charge is deducted and the net premium amount would accumulate as the Account Value.
- ii. Policy Expense Charge and Insurance Charge are deducted from the Account Value on a monthly basis.
- iii. An increase in Sum Insured is subject to underwriting and an increase in the Policy Expense Charge and Insurance Charge. Such increase in Sum Insured is subject to minimum and maximum amounts as determined by the Company from time to time.
- iv. A decrease in Sum Insured<sup>2</sup> is subject to a minimum remaining Sum Insured being maintained under the Policy, as determined by the Company from time to time. Reduction in Sum Insured<sup>2</sup> is also subject to applicable Surrender Charge.
- v. Interests according to the prevailing General Crediting Interest Rate are credited to the Account Value on a daily basis. The General Crediting Interest Rate, though it is not guaranteed and may vary while your Policy is in-force, will not be less than the Guaranteed Minimum Crediting Interest Rate.
- vi. You may access the Account Value by withdrawal which is subject to applicable Surrender Charge in the first eight policy years. The Account Value will also be paid out upon policy surrender (subject to applicable Surrender Charge in the first eight policy years) or upon policy maturity.
- vii. Loyalty Bonus will be credited to the Account Value of the Policy when the Policy matures.

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## WHAT CAN YOU GET DURING THE POLICY TERM?

### Potential returns on your child's education funds

- The Plan offers potential returns for your child's education fund, with crediting interest rate (if any) credited to the Account Value on a daily basis.
- When the Policy matures, a loyalty bonus, will be credited to the Account Value of your Policy to further enhance the value of your savings.

### Financial Flexibility for your evolving needs

- You may choose to pay the **Planned Premiums**<sup>3</sup> **monthly**<sup>5</sup> or **annually** over five years, or in one lump sum as a **single** premium.
- Should unexpected events occur, you may **withdraw cash**<sup>2</sup> from the Account Value of your Policy after a defined period, depending on the premium payment frequency.
- Whether it is regular or single premium, you can adapt to your changing protection needs by **increasing or decreasing the Sum Insured**<sup>2</sup>.
- **Unscheduled Premiums**<sup>4</sup> can be contributed to enhance the Account Value of your Policy.

### Initiating a continued protection for your child

During the policy term, the Plan will also initiate a life protection for your child with the payment of the Death Benefit in the unfortunate event of the insured child passes away. When your child reaches the age<sup>1</sup> of 22, the plan has a **Maturity Privilege** option allowing your child to continue his protection and to apply for a new whole life insurance plan or an endowment insurance plan (subject to availability) without the need for medical check-ups or other medical underwriting requirements.

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## HOW MUCH PROTECTION CAN YOU ENJOY ?

### Life cover<sup>6</sup>

The Life Insured can enjoy life protection while the Policy is in force. In the unfortunate event of death of the Life Insured, the Beneficiary (ies) will receive the Death Benefit (please refer to the Product Summary for details).

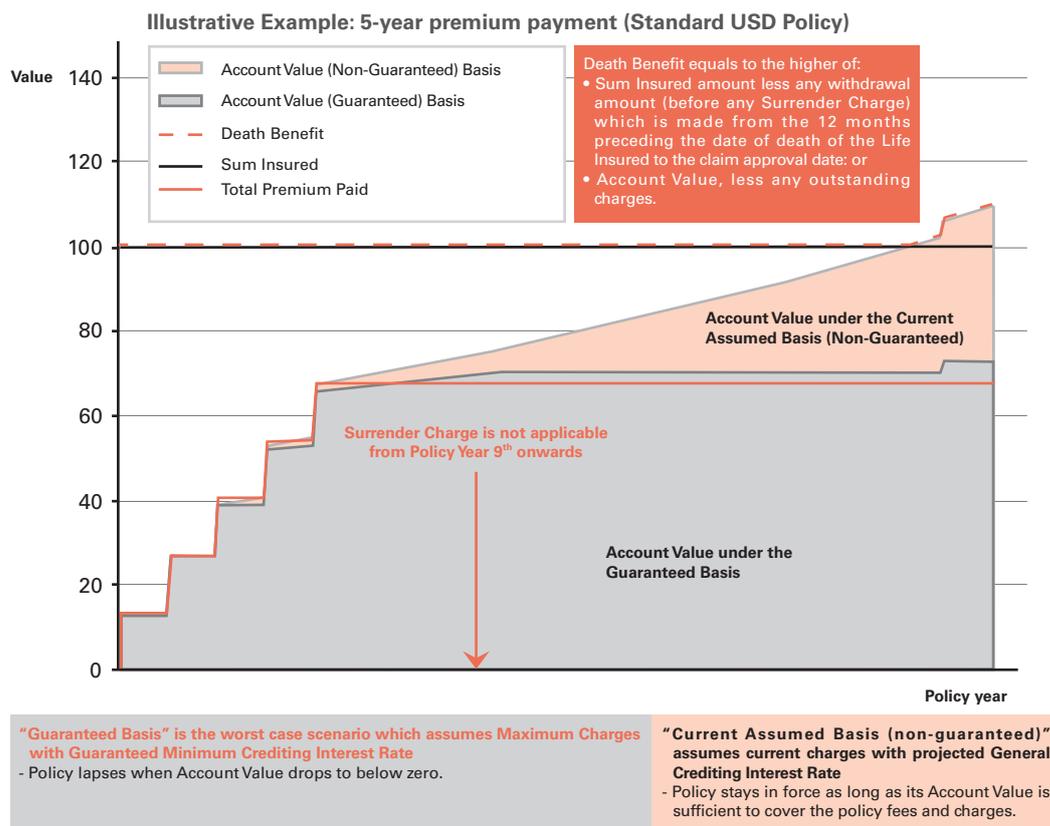
### Extra protection

The following Supplementary Benefits are embedded in the Basic Plan, subject to eligibility, with no additional premium required:

- **Payor's Benefit<sup>7</sup>**– In the unfortunate event that if policyholder was to die or to become temporarily disabled for a continuous period of 183 days before the age<sup>1</sup> of 65, the Company will pay the future outstanding Planned Premiums<sup>3</sup> under the Policy until the Policyholder's full recovery or until the end of the premium payment period (whichever comes first).
- **Terminal Illness Benefit<sup>8</sup>**– The Death Benefit will be paid in advance if the Life Insured is diagnosed with a terminal illness before the age<sup>1</sup> of 65 and such illness is likely to result in death within 365 days. The Policy will be terminated upon the payment of the Terminal Illness Benefit<sup>8</sup>.

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

## ILLUSTRATIVE EXAMPLE



### Important Notes:

- The illustrative example is for reference only and the graph is not shown in scale.
- The example is illustrated based on the assumption that the Policy is bought to cover the life of a male non-smoker, with Insurance Age<sup>9</sup> 5, who has chosen a 5-year premium payment period. It also assumes that there is no change to the Policy after inception.
- The Account Value under the Guaranteed Basis may not be able to cover the applicable policy fees and charges. If the Account Value drops to zero or less, the Policy may lapse.
- Actual Account Value and Death Benefit vary case by case depending on the prevailing General Crediting Interest Rate and applicable policy charges. The actual future Account Value may be lower or higher than that illustrated above.

## PRODUCT SUMMARY

Issue Age	15 days after birth to Insurance Age <sup>9</sup> of 10
Policy Term	Up to age <sup>1</sup> 22
Policy Currency	US dollars only
Premium Payment Period	5 years or single premium
Premium Payment Method	<p>For Planned Premiums<sup>3</sup>, either:</p> <ul style="list-style-type: none"> <li>(i) Single premium; or</li> <li>(ii) Monthly<sup>5</sup> or annual payment, through: <ul style="list-style-type: none"> <li>• HSBC bank account; or</li> <li>• Cheque; or</li> <li>• HSBC credit card (not applicable to single premium)</li> </ul> </li> </ul> <p>Unscheduled Premium<sup>4</sup> can be made at any time while this Policy is in force and it is subject to the minimum and maximum amounts which are determined by the Company.</p>
Type of Premiums Payment	<p><b>Planned Premium<sup>3</sup>:</b></p> <ul style="list-style-type: none"> <li>• All Planned Premiums<sup>3</sup> must be paid in accordance with the premium payment period selected upon policy application. At the outset, you will know exactly how much Planned Premiums<sup>3</sup> you have to pay into your Policy.</li> <li>• The Policy will lapse when the Planned Premium<sup>3</sup> has been overdue for 65 consecutive calendar days.</li> <li>• Any outstanding Planned Premiums<sup>3</sup> must be paid before any benefits are payable under the Policy.</li> </ul> <p><b>Unscheduled Premium<sup>4</sup></b></p> <ul style="list-style-type: none"> <li>• Unscheduled Premiums<sup>4</sup> can be contributed to the Policy to increase the Account Value. The minimum and maximum transaction amounts<sup>4</sup> apply and acceptance of the Unscheduled Premium<sup>4</sup> is at the Company's discretion.</li> </ul> <p>Note:</p> <ul style="list-style-type: none"> <li>• The Planned Premium<sup>3</sup> and Unscheduled premiums<sup>4</sup> will be allocated to the Account Value after deduction of the Policy Premium Charge.</li> </ul>
Maturity Benefit	Account Value less outstanding charges (if any)
Surrender Benefit	Account Value less Surrender Charge (if applicable)

Maturity Privilege	When the Plan matures as child reaches the age <sup>1</sup> of 22, he or she can apply for a new whole life insurance plan or an endowment insurance plan (subject to availability) within 30 days after the maturity of the current Policy without going through further underwriting.
Death Benefit	<p>The higher of:</p> <ul style="list-style-type: none"> <li>• Sum Insured amount less any withdrawal amount (before any Surrender Charge) which is made from the 12 months preceding the date of death of the Life Insured to the claim approval date; or</li> <li>• Account Value, less any outstanding charges.</li> </ul> <p>The Account Value is determined on the date of the written notification of the Life Insured's death being received by the Company.</p>
Adjustable Sum Insured	<p>The Sum Insured can be adjusted after the end of the premium payment period for a regular premium policy, or on or after the first Policy Anniversary for a single premium policy.</p> <p>Notes:</p> <ul style="list-style-type: none"> <li>• Increasing the Sum Insured is subject to (i) underwriting; and (ii) an increase in the Policy Expense Charge and Insurance Charge. For details, please refer to "Policy Expense Charge" and "Insurance Charge" under the section "Details of Charges".</li> <li>• Reducing the Sum Insured may induce Surrender Charge. For details, please refer to "Surrender Charge" under the section "Details of Charges".</li> </ul>
Withdrawal	<p>For a regular premium policy, withdrawal from the Account Value of the Policy can be made after the end of the premium payment period. For a single premium policy, withdrawal from the Account Value of the Policy can be made on or after the first Policy Anniversary.</p> <p>Notes:</p> <ul style="list-style-type: none"> <li>• Withdrawals are subject to (i) a Surrender Charge applicable in the first eight policy years; (ii) a minimum amount of USD625 per withdrawal; and (iii) a minimum Account Value balance of USD2,500 after withdrawal, where (ii) and (iii) will be determined by the Company from time to time.</li> <li>• Withdrawals will reduce the Account Value which may reduce the Death Benefit and increase the chance of policy lapses. The Policy will lapse when the Account Value is not sufficient to cover the policy charges for 45 consecutive calendar days.</li> </ul>

General Crediting Interest Rate	Daily interests are accrued in the Account Value based on the General Crediting Interest Rate declared by the Company from time to time. The General Crediting Interest Rate, though it is not guaranteed and may vary while your Policy is in force, will not be less than the Guaranteed Minimum Crediting Interest Rate.																						
Guaranteed Minimum Crediting Interest Rate	2% p.a. for the first eight policy years and 0% p.a. thereafter.																						
Loyalty Bonus	<p>The Loyalty Bonus will be distributed to the Account Value of the Policy when the Policy matures.</p> <p>Loyalty Bonus = Loyalty Bonus Rate x average Account Value of the past 60 policy months<sup>10</sup> before the Policy maturity.</p> <p>The Loyalty Bonus rate is determined by the issue age. The Loyalty Bonus rates for different issue ages are as follows:</p> <table border="1" data-bbox="531 1093 1364 1462"> <thead> <tr> <th>Issue Age</th> <th>Loyalty Bonus Rate</th> </tr> </thead> <tbody> <tr><td>1</td><td>5%</td></tr> <tr><td>2</td><td>4.75%</td></tr> <tr><td>3</td><td>4.5</td></tr> <tr><td>4</td><td>4.25%</td></tr> <tr><td>5</td><td>4%</td></tr> <tr><td>6</td><td>3.75%</td></tr> <tr><td>7</td><td>3.5%</td></tr> <tr><td>8</td><td>3.25%</td></tr> <tr><td>9</td><td>3%</td></tr> <tr><td>10</td><td>2.75%</td></tr> </tbody> </table>	Issue Age	Loyalty Bonus Rate	1	5%	2	4.75%	3	4.5	4	4.25%	5	4%	6	3.75%	7	3.5%	8	3.25%	9	3%	10	2.75%
Issue Age	Loyalty Bonus Rate																						
1	5%																						
2	4.75%																						
3	4.5																						
4	4.25%																						
5	4%																						
6	3.75%																						
7	3.5%																						
8	3.25%																						
9	3%																						
10	2.75%																						
Embedded Supplementary Benefits (with no additional premiums required)	<ol style="list-style-type: none"> <li>Terminal Illness Benefit<sup>8</sup></li> <li>Payor's Benefit<sup>7*</sup></li> </ol> <p>* Not applicable to single premium Policy.</p>																						

The content in this Product Brochure are for reference only. You should read this document in conjunction with the respective insurance proposal and policy provisions for details.

## DETAILS OF FEES AND CHARGES

Charges	Applicable Rate and Details	Charged from
Policy Premium Charge	6% applied to all Planned Premiums <sup>3</sup> and Unscheduled Premiums <sup>4</sup> paid before such premiums are allocated to the Account Value of your Policy.	All premium paid into your Policy
Policy Expense Charge	0.053 per 1,000 Sum Insured per month for the first eight Policy Years only. The Company reserves the right to increase this charge at any time, but to no more than 125% of the amount shown above.	Account Value
Insurance Charge	<p>The Insurance Charge per month is calculated as follows:</p> $\frac{\text{Sum at Risk}}{1,000} \times \text{Monthly Cost of Insurance Rates}$ <p>The Sum at Risk is calculated as:</p> $\mathbf{A - B}$ <p>where,</p> <p><b>A</b> is the Sum Insured less any withdrawal amount (before any Surrender Charge) made in the 12 months preceding or on the relative Monthiversary, subject to a minimum of 0; and</p> <p><b>B</b> is the Account Value. The cost of insurance rates varies by age, gender, underwriting class and country of residency. A full list of current monthly cost of insurance rates can be found in your proposal illustration. The Company reserves the right to increase the cost of insurance rates at any time, but to no more than 150% of the standard rates.</p>	Account Value

**Surrender Charge**

A Surrender Charge is payable in the following situations:

1. Surrender and Lapse:

$$\text{Surrender Charge rate} \times \text{Account Value}$$

2. Withdrawal:

$$\text{Surrender Charge rate} \times \text{Withdrawal amount}$$

3. Reduce Sum Insured:

$$\text{Account Value} \times \text{Surrender Charge rate} \times \% \text{ of reduction In Sum Insured}$$

Account Value/ withdrawal before the remaining amount is returned to you

Surrender Charge rates are set out in the table below:

During Policy year	Surrender Charge rate	
	Single premium	5- year premium payment
1	12%	55%
2	11%	22%
3	10%	15%
4	8%	10%
5	6%	6%
6	4%	4%
7	2%	2%
8	1%	1%
9 and thereafter	0%	0%

For details of the applicable charges, please refer to your proposal illustrations and policy provisions.

## IMPORTANT NOTES

### **Cooling-off Period**

The Goal Access Universal Life Plan (Education) is a long-term life insurance plan with 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 the Policy, you have a right to cancel it and obtain a refund of any premiums and levies(s) paid 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 Account Value that you may receive may be less than the total premium you have paid.

### **Suicide**

If the Life Insured dies by suicide, whether sane or insane, within one year of the Issue Date or from the effective date of reinstatement, whichever is the later, 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. If the Life Insured dies by suicide, whether sane or insane, within one year of the date of any increase in the Sum Insured, such increase shall be deemed not to have taken effect in determining the Death Benefit payable and any additional premiums or charges arising as a consequence of the increase in Sum Insured shall be reversed. Please refer to Policy Provisions of the Basic Plan for detailed terms and conditions.

### **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 the Account Value is negative for 45 consecutive calendar days while the Policy is in force; or
- If you are unable to pay the Planned Premium<sup>3</sup> for 65 consecutive calendar days from its due date; or
- If the Company has the right to terminate pursuant to the terms of any Supplementary Benefits; or
- The Company reasonably consider that by continuing the Policy or the relationship with you, the Company 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.

### **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 and Insurance Age<sup>9</sup> of 10. 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 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**

In order to keep the Policy in force, you must pay all Planned Premiums<sup>3</sup> when due and the Account Value must be sufficient to cover the policy charges. Your Policy will lapse when the Account Value is not sufficient to cover policy charges for 45 consecutive calendar days or when Planned Premiums<sup>3</sup> have been overdue for 65 consecutive calendar days.

## 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 benefit

**The amount of benefit you will get upon policy surrender or death of the Life Insured is uncertain as the entitlement amount depends on the prevailing Account Value of your Policy,** which will be increased as credit interest earned and Loyalty Bonus paid and will be decreased as applicable policy charges deducted.

**The General Crediting Interest Rate is not guaranteed and is determined at the discretion of the Company.** The General Crediting Interest Rate, which applies to each Policy, **depends on the investment returns on the underlying assets supporting the policies, as well as other factors, including but not limited to claims, lapse experience, expenses and the long term future investment returns outlook.** If the investment returns over the long term are better than expected, then the General Crediting Interest Rate would increase and vice versa. The key risk factors are further 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), and various market risks including but not limited to credit risk and currency 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** (eg. Commission, underwriting, policy acquisition and maintenance expenses) **and indirect expenses** (eg. General overhead costs) **incurred and apportioned to the group of policies may be higher than expected** and impact the overall performance of the product.

Still, the General Crediting Interest Rate is subject to a Guaranteed Minimum Crediting Interest Rate depending on the policy year as determined by the Company at the time when the Policy is issued.

Moreover, the rates of Policy Expense Charge and Insurance Charge, may be increased at the discretion of the Company. Please refer to the section "Details of fees and charges" for details. In the situation where the General Crediting Interest Rate fluctuates or Policy Expense Charge or Insurance Charge increases, **there is a risk that the interest generated under the Policy is unable to cover the policy charges, and lead to 1) Surrender Value less than total premium paid, 2) policy lapses and 3) shorter life protection period.** During the whole policy term, your **Policy may be terminated if the total Account Value is not sufficient to cover all applicable charges. You could lose all your premiums paid and benefits accrued if any condition of early termination is triggered.**

### **Risks from the delay or missing the payment of premiums due**

Any delay in or missing of the payment of Planned Premium<sup>3</sup> due **may lead to a lower Account Value, Surrender Value, and Death Benefits, resulting in potential policy lapses and a shorter life protection period.**

### **Loss of life protection/Death Benefit**

Loss of life protection/Death Benefit when the **Account Value is not sufficient to cover policy charges for 45 consecutive calendar days or when Planned Premium<sup>3</sup> has been overdue for 65 consecutive calendar days.**

### **Risks from withdrawal<sup>2</sup>**

For a **Policy where a withdrawal has been performed, there is a risk** that the interest generated is unable to cover the policy charges for the remaining balance of the Account Value after withdrawal, and **lead to 1) a reduction in Death Benefit and 2) Policy lapses and 3) a shorter life protection period.**

### **Risks from surrender**

Surrender Charge applies during the first 8 Policy Years. If you surrender the 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 surrender or withdrawal but the amount available for withdrawal is not guaranteed. However, it is subject to the respective policy terms and conditions, and may induce other risks as mentioned in the "Risks from withdrawal" and "Risks from surrender".**

### **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** 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.

### **Risks from assigning your Policy**

If your Policy is assigned to a lender (I.e. assignee) as collateral:

- **You will be subject to interest rate risk**, which may increase costs of serving the loan and risk of default in repaying the loan. **Upon repayment default or failure to repay the loan** under the relevant assignment or loan agreement or other facility agreements of similar nature, **the Assignee may exercise the right to surrender the Policy on your behalf. You may lose the life coverage and other benefits as a result.**
- **The Company will pay the Death Benefit or other protection amount first to the Assignee** (unless otherwise advised by the Assignee) and any remaining balance of Death Benefit or other protection amount to the Policyholder or Beneficiary (as the case may be).
- You may also face **the risk of policy information and personal data being released to the assignee.**

## THE GENERAL CREDITING INTEREST RATES AND INVESTMENT PHILOSOPHY

### **Philosophy in deciding the General Crediting Interest Rates**

The General Crediting Interest Rate is different by Policy Currency and product series. The rates are regularly reviewed by the Company at its discretion. The Company will inform Policyholders of any change of the General Crediting Interest Rates of their policies.

When determining the General Crediting Interest Rate, which applies to each Policy, the Company considers the investment returns on the underlying assets supporting the policies, as well as other factors, including but not limited to claims, lapse experience, expenses and the long term future investment returns outlook. If the investment returns over the long term are better than expected, then the General Crediting Interest Rate would increase and vice versa .

The investment returns on Goal Access Universal Life underlying portfolios include interest earnings as well as losses or gains realised upon the disposal of assets or asset impairments. The claims include the cost of providing the Death Benefit and other insured benefits under Goal Access Universal Life policies. The surrenders include total and partial surrenders, and their corresponding impact on investments. The investment returns on Goal Access Universal Life underlying portfolios are not guaranteed.

In order to ensure that discretion exercised when defining the General Crediting Interest Rates is fair to all Policyholders, and that any conflicting interests of Policyholders with other Policyholders and/or shareholders have been addressed having due regard to the fair treatment of Policyholders, the Company established a dedicated committee providing independent advice on the management of the universal life insurance products business.

### **Investment policy and strategy**

The Company maintains a prudent approach to investing for the Goal Access Universal Life underlying portfolios, with the primary goal being the delivery of long term value to Policyholders.

The underlying assets of Goal Access Universal Life products are managed under a portfolio of assets denominated in USD and invested in different geographical markets (mainly US, Asia and Europe).

The portfolio is invested in corporate and government bonds under pre-determined diversification and rating objectives. The current long term investment strategy is to invest in diversified long term investment grade bonds rated BBB- or above. Unrated bonds may also be considered if they fit the Company's risk appetite profile. However, the Goal Access Universal Life underlying portfolios are conservatively positioned to limit the exposure to unrated bonds. The bonds are held by the Company to maturity in order to match its long term liabilities. Subject to our investment policy, derivatives may be utilised to manage our investment risk exposure, for matching between assets and liabilities and for efficient portfolio management.

The Policy in determining the General Crediting 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 historic crediting interest rates for reference purposes. The past performance or current performance of the Company's business may not be a guide for future performances.

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## ENDNOTES

- 1 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.
- 2 Reduction in Sum Insured and cash withdrawals are subject to a Surrender Charge in the first eight Policy Years. Please refer to "Surrender Charge" under "Details of Fees and Charges" for details.
- 3 The Planned Premium is determined according to the age and gender of the Life Insured, Sum Insured, payment term, Policy Currency and a variety of health and lifestyle factors. All Planned Premiums must be paid during the premium payment period selected upon Policy application.
- 4 The minimum and maximum amount (as determined by the Company from time to time) of Unscheduled Premiums per transaction are subject to change by the Company from time to time. The Company reserves the right to refuse, reduce or limit the number or amount of such Unscheduled Premiums payments in any Policy Years except as required to keep this Policy in force.
- 5 For the 5-year premium payment arrangement, if you choose to pay your Planned Premiums<sup>3</sup> monthly for a Policy Year, the total Planned Premiums<sup>3</sup> payable under the monthly payment mode for that Policy Year will be higher than that payable under the annual payment mode.
- 6 If the Life Insured dies by suicide, whether sane or insane, within one year of the Issue Date or from the effective date of reinstatement, whichever is the later, 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.
- 7 Payor's Benefit is applicable to any Life Insured with Insurance Age<sup>9</sup> between 15 days after birth and Insurance Age<sup>9</sup> of 18 and to Policyholder with Insurance Age<sup>9</sup> between 19 to 60 who is the holder of the Hong Kong Identity Card or Macau Identity Card. This benefit will terminate upon the Policyholder attains the age<sup>1</sup> of 65 or the Life Insured attains the age<sup>1</sup> of 22 or the Policy is terminated or paid up (whichever is the earliest). This benefit is not applicable for single premium policies. Please refer to the Policy Provisions of the Supplementary Benefits for the detailed terms and conditions and exclusions. Underwriting is required for this Payor's Benefit. The Company reserves the right to accept or reject any applications for this Payor's Benefit based on the information provided by the Policyholder during application.
- 8 Terminal Illness Benefit is applicable to any Life Insured with Insurance Age<sup>9</sup> between 15 days after birth and Insurance Age<sup>9</sup> of 64. Terminal Illness Benefit will terminate when the Life Insured attains the age<sup>1</sup> of 65, payout of this benefit or when the Policy is terminated (whichever is the earliest). Please refer to the relevant supplementary benefits provisions for the detailed terms and conditions.
- 9 Insurance Age means the age of the Life Insured or Policyholder where applicable at his or your next birthday.

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## MORE INFORMATION

- 10 The average Account Value is the average of all Account Values on the last day of each of the past 60 policy months before Policy maturity. For example:
- For issue age 1, the average Account Value is the average of all Account Values on the last day of each policy month between the 193<sup>rd</sup> and 252<sup>nd</sup> policy months (both months are inclusive).
  - For issue age 8, the average Account Value is the average of all Account Values on the last day of each policy month between the 109<sup>th</sup> and 168<sup>th</sup> policy months (both months are inclusive).

Planning for your financial future is important. Let us review your current and future needs to help you decide if Goal Access Universal Life Plan (Education) is the right product to help you fulfil your personal goals.

You can visit any HSBC branch and arrange for a financial planning review with us.

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**Visit any HSBC branch**

To receive quarterly statements showing updated Account Values, you can contact us on 2583 8000.

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