

Standard Illustration for Universal Life (Non-Linked) Policies

THE ASSUMED RATES USED BELOW ARE FOR ILLUSTRATIVE PURPOSES ONLY. THEY ARE NEITHER GUARANTEED NOR BASED ON PAST PERFORMANCE. THE ACTUAL RETURN MAY BE DIFFERENT!

XYZ LIFE ASSURANCE COMPANY LIMITED

[A] IMPORTANT:
THIS IS A SUMMARY ILLUSTRATION OF THE BENEFITS OF YOUR POLICY AND IN NO WAY AFFECTS THE TERMS AND CONDITIONS STATED IN THE POLICY DOCUMENT.

[B] Proposal Summary for the ABC product

1. Name: _____ Age: _____ Sex: _____ **[C]** Smoker/Non Smoker

2. **[D]** Basic Plan Summary (Currency: _____)
[E] Initial Sum Assured: _____ **[F]** Initial Modal Premium: _____

3. Basic Plan Illustration (Currency: _____)

End of Policy Year	Assumed Declared Rate						Total Premiums	Guaranteed Death Benefit
	X%		Current rate (optional)		Y%			
	Total Cash Value	[G] Total Death Benefit	Total Cash Value	[G] Total Death Benefit	Total Cash Value	[G] Total Death Benefit		
1								
2								
3								
4								
5								
10								
15								
20								
25								
30								
At age 65								

[H] 4. Explanation

(i) The above is only a summary illustration of the major benefits of your policy. You should refer to your agent or the Company for more information or, if appropriate, a more detailed proposal.

[If projection is based on current scale of charges] (ii) The Basic Plan Illustration in Section 3 relates to your Basic Plan excluding any riders or additional benefits. It assumes that all **[I]** modal premiums are paid in full as planned without exercising the skip premium option and the current scale of charges remain unchanged.

[If projection is not based on current scale of charges] (ii) The Basic Plan Illustration in Section 3 relates to your Basic Plan excluding any riders or additional benefits. It assumes that all **[I]** modal premiums are paid in full as planned without exercising the skip premium option and the assumed scale of charges used in this summary illustration remain unchanged. The scale of charges used are however different from that currently charged by the Company.

[optional] (iii) The amount of total premium(s) may differ slightly from the total of the premiums payable in the policy due to rounding differences.

(iv) The total cash value and total death benefits payable shown in Section 3 are calculated on the basis that the "Assumed Declared Rates" remain unchanged throughout the term of the policy.

[if current rate projection is included] (v) The current interest rate declared by the Company shall in no way be interpreted as a projection or estimation of the future return. The future declared rate may be higher or lower.

5. Declaration [optional]

I confirm having read and understood the information contained in this summary of illustrated benefits.

Name: _____ Signature: _____ Date: _____

[J] PRINT DATE: DD/MM/YYYY

Life Insurance Council – Universal Life (Non-Linked) Policies
Illustration Document

1. **Purpose**

The purpose is to ensure each prospective policyholder is provided as a minimum with a summary illustration of the benefits of a universal life (non-linked) insurance.

2. **Minimum Requirements**

The minimum information to be included in the Illustration Document of a typical universal life (non-linked) policy is set out on the attached sample format.

3. **Company Customization**

Companies may customize the Illustration Document to include additional information provided that such additional information is not misleading and does not otherwise detract from the information disclosed in the minimum requirements. The illustration document must be prepared on no more than one sheet of A4 paper, if necessary, with printing on both sides in which event there must be an indication that the illustration continues overleaf.

4. **Charges/Rate of Return**

The charges adopted in producing the illustration have either to be those used currently by the company or if different then this must be clearly stated. Regarding the declared rate of interest, companies should project the values using at least two different assumptions with the low rate be set at no more than 5% p.a. and the high rate not more than 9% p.a.. Additional illustration based on current declared rate, if appropriate, should however be encouraged. Companies are reminded that no misleading statement, promise or representation is made in the illustration, and that the Appointed Actuary has a responsibility to take all reasonable steps to ensure that the Company's incoming policyholders should not be misled as to their expectations.

5. **Illustration Preparation**

An Illustration Document must be prepared by the Company in conjunction with each policy to be issued. This document can be provided to the prospective policyholder for review prior to signing the application form in which case the prospective policyholder must sign a Declaration as stated in Section 5 of the attached sample in respect of the illustration of benefits and premiums which will be those stated in the policy. Alternatively, if the Declaration is not signed, the Illustration Document, without the Declaration, must be issued simultaneously with the provisions of the LIC Cooling-Off Initiative or at policy delivery.

6. **Language**

The Illustration Document will be in the same language(s) as used by the Company in its other pre-sale literature if the Declaration is signed prior to signing the application form, otherwise, in the same language(s) as used for other communication at the time of policy issue.

7. **Complaints or Disputes**

Companies are required to maintain records in respect of complaints or disputes arising from the issue of the Illustration Document and to provide these records to the HKFI upon request.

8. **Commencement Date**

The requirement to provide an Illustration Document will come into effect on 1 April 2000 but companies are encouraged to comply with this request before this date.

Universal Life (Non-Linked) Policies
Illustration Document Explanatory Notes to Companies

- A. This “health warning” requires to be stated clearly in the format shown at the beginning of all Illustration Documents.
- B. The Illustration Document is to be provided for each universal life (non-linked) product/policy/plan offered by the Company.
- C. If a Smoker/Non Smoker discount is provided then the appropriate class must be stated otherwise this section may be blank.
- D. Where the plan/product/policy is made up of a basic plan plus riders then the key elements of the basic plan without riders is to be provided.
- E. Where the sum assured varies, the initial sum assured is to be stated.
- F. The initial modal premium actually paid by the policyholder is to be stated. Use Monthly, Quarterly, Semi-annually or Annually instead of “Modal” as appropriate.
- G. This is the total benefit amount payable on death which shall include both the guaranteed and non-guaranteed benefit.
- H. Inclusion of these Explanations and the definition of cash payments, etc. as well as the rates of interest will depend on the individual circumstances of each Company and their products.
- I. Use Monthly, Quarterly, Semi-annually or Annually instead of “Modal” as appropriate.
- J. The date on which the illustration is printed is to be provided for possible future reference.