



Hong Kong Life offers a comprehensive range of life insurance products which provide death, medical, dread disease and accidental benefits to the customers depending on the specific features of different products.

What is a Participating Policy?

Hong Kong Life's participating policies provide guaranteed and non-guaranteed benefits to Policyowners. The guaranteed benefits generally include the insurance coverage payable on death, maturity, dread disease or disablement as well as guaranteed cash value for loan or Policy cancellation. These benefits will be guaranteed to distribute and will not be affected by investment performance.

The non-guaranteed benefits are the dividends (including Annual Dividend, Terminal Dividend, Special Dividend, Non-guaranteed Monthly Annuity Payment, Non-guaranteed Monthly Income, etc.) and rate of interest (referred to as "interest accumulation rate") on cash payments left on deposit under a Policy. The rate of interest may vary at the discretion of Hong Kong Life. Past dividends and interest accumulation rate record is not indicative of future performance.

How do Participating Policies work?

Participating policies are derived from Hong Kong Life's profit in the relevant product categories (determined by Hong Kong Life) through dividends to obtain divisible surplus. Dividends will be determined and distributed according to the Policy's terms and conditions and in compliance with the relevant legislative and regulatory requirements as well as relevant actuarial standards. In addition, Terminal Dividend is available for certain types of policies. Terminal Dividend is a one-time entitlement for the Policy to additionally share the remaining divisible surplus after the annual dividend (if any) is distributed by Hong Kong Life. Generally, Terminal Dividend is payable upon the death of the Life Insured or surrender after a specified period. Subject to different product category, Terminal Dividend may be payable at the maturity of the policies.

How to determine the dividends?

The amount available for distribution as dividends to relevant classes of Policyowner is determined by the Appointed Actuary of Hong Kong Life in accordance with Hong Kong Life's internal dividend management. The amount depends on both the emerging experience and the future best estimate assumption including investment returns, claim payments, policy persistency rates, operation expenses and tax. The Appointed Actuary will also report to the Board of Hong Kong Life on the Policy covering allocation of profits between shareholders and participating fund for approval, taking into account the principle of fair treatment of customers, and the equity between shareholders and Policyowners.

As stated, the amount of dividends will vary according to the emerging experience of the above factors and types of the products. Hong Kong Life applies a smoothing approach in relation to the distribution of the dividends. It will only be modified if the actual experience is significantly different from expected or if the future expectation is changed.

What is interest accumulation rate?

According to different types of Policies, the dividends of some Policies are available for withdrawal by Policyowner. In addition, Policyowners may also choose to leave their cash benefits including dividends with Hong Kong Life to earn interest at a rate determined by Hong Kong Life. However, the interest accumulation rates are not guaranteed and may be adjusted from time to time. Hong Kong Life will make regular analysis and judgments based on investment performance and market conditions to determine these interest accumulation rates.

For the terms and conditions of Policy of Hong Kong Life's life insurance products, please refer to the policy document. Should there be any enquiries about the above information, please call Hong Kong Life's Customer Services Hotline at 2290 2882.

