Appendix

IMPORTANT FACTS STATEMENT AND APPLICANT'S DECLARATIONS

INDEXED UNIVERSAL LIFE INSURANCE ("IUL") POLICY

[Name of authorized insurer]
Name of the IUL Policy:

PART I – IMPORTANT FACTS STATEMENT

You should carefully consider the information in this statement and the product documents (including the Product Brochure and the Illustration Document). **If you do not understand any of the following paragraphs or do not agree to any particular paragraph or what your licensed insurance intermediary has told you is different from what you have read or understood from this statement, please do not sign the confirmation and do not purchase the IUL policy.**

You may request the Chinese version of this statement from your licensed insurance intermediary. 閣下可向銷售的持牌保險中介人索取本文件的中文版本。

SOME IMPORTANT FACTS YOU SHOULD KNOW

(1) **Statement of Purpose:** Please set out your reasons/considerations for procuring this IUL policy. The licensed insurance intermediary is required to take due account of the reasons/considerations as set out by you, together with other relevant information, in assessing whether a particular IUL policy is suitable for you. (*Customer must set out your own reasons/considerations*.)

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(2) **Cooling-off Period: You have the right to cancel this IUL policy** and get back your original investments (subject to market value adjustment) within the cooling-off period, which is the period of **21 calendar days** immediately following either the day of delivery of (i) the policy; or (ii) the Cooling-off Notice to you or your nominated representative containing the information regarding your right within the cooling-off period, whichever is the earlier. For details of how you can exercise this right, please refer to the application form.

(3) **No Ownership of Assets and No Guarantee for Policy's Returns: You do not have any rights to or ownership over any of the underlying/reference investment assets** of this IUL policy. Your recourse is against [pre-printed name of the authorized insurer] only. You are subject to the credit risk of [pre-printed name of the authorized insurer]. Policy's returns are not guaranteed.

(4) **Long-term Features (delete wherever inapplicable):**

(a) **For complex charge structure:**

Upfront charges: An upfront charge will be deducted upfront from the premiums you pay as charges and will not be available for investment. **This means that the remaining amount of premiums available for investment will be lower than your premiums paid.** The upfront charge is calculated as follows:

Upfront Charge = Premiums received X Upfront Charge %

Policy year	Upfront charge %	% of premium received available for investment after upfront charge
1	A%	(100 – A)%
2	B%	(100 – B)%
3	C%	(100 – C)%
4	D%	(100 – D)%
5...	…..	…..

For simple charge structure:

Upfront charges: [% Range] of the premiums you pay for the first [ ] policy years will be deducted upfront as charges and will not be available for investment. **This means that the remaining amount of premiums available for investment may be as low as [ ]% of your premiums paid in this period.**

(b) **For complex charge structure:**

Early surrender/withdrawal charges: You will be subject to an **early surrender or withdrawal charge ("Early Termination Charge")** and **possible loss of entitlement to bonuses**, if policy termination or surrender, partial withdrawal, or suspension of or reduction in premium payment occurs within a prescribed period before the end of the policy term. The Early Termination Charge is calculated as follows:

[For Early-Termination Charge that is based on Account Value withdrawn/surrendered/lapsed]

Early Termination Charge = Account Value withdrawn/surrendered/lapsed X Early Termination Charge %

Policy year	Early Termination Charge %
1	A%
2	B%
3	C%
4	D%
5…	…..

[For Early-Termination Charge that is based on Sum Insured reduced]

Early Termination Charge = Sum Insured reduced X Early Termination Charge %

Policy year	Early Termination Charge %
1	A%
2	B%
3	C%
4	D%
5…	…..

For simple charge structure:

Early surrender/withdrawal charges: You will be subject to an **early surrender or withdrawal charge ("Early Termination Charge")** and **possible loss of entitlement to bonuses**, if policy termination or surrender, partial withdrawal, or suspension of or reduction in premium payment occurs within the initial [ ] years of the policy term.

(c) **Guaranteed benefits or other bonus:** You will be entitled to guaranteed benefits or other bonus if you meet certain conditions. For details, please refer to the product documents of this IUL policy.

(5) **Fees and Charges: Some fees/charges will be deducted** from the premiums you pay and/or your IUL policy value, and will reduce the amount available for investment. Accordingly, **the return on your IUL policy as a whole may considerably be lower than the return of the underlying/reference index(s).** For details, please refer to the product documents of this IUL policy.

(6) **Floor Rate and/or Cap Rate:** Regardless of the performance of underlying/reference index, the interest rate to be credited under your IUL policy may be subject to different floor rate and cap rate. Please check with your licensed insurance intermediary and the product documents whether there is any floor rate and/or cap rate and if yes, what is their amount and whether they are guaranteed.

(7) **Premium Holiday (delete wherever inapplicable):** Please check with your licensed insurance intermediary and the product documents whether and under what specific conditions a premium holiday (during which premium payment is suspended) may be taken. If your IUL policy allows a premium holiday, you should note that:

(a) Premium holiday means that you may temporarily suspend your regular premium payments. It **does not mean that you are only required to make premium contribution during the initial contribution period**.

(b) As all relevant fees and charges will continue to be deducted from your IUL policy value during the premium holiday, **the value of your IUL policy may be significantly reduced**.

(8) **Risk of Early Termination (delete wherever inapplicable): Your IUL policy may be automatically early terminated and you could lose all your premiums paid and benefits accrued** if any condition of automatic early termination is triggered. This may happen if you fail to make premium contribution (for regular premium payment), or if your policy has very low or negative value (e.g. poor index performance, exercise of premium holiday), etc. For details, please refer to the product documents of this IUL policy.

(9) **Licensed Insurance Intermediaries' Remuneration: If you take up this IUL policy, the (licensed insurance agent/licensed insurance broker) will on average receive remuneration of HK$x.x per HK$100 of the premium that you pay.**

The remuneration is an average figure calculated on the assumption that you will pay all the premiums throughout the entire premium payment period. It covers all payments to the (licensed insurance agent/licensed insurance broker) directly attributable to the sale of this policy (including upfront and future commissions, bonuses and other incentives).

[Note: Only print the relevant sections below]

[For remuneration structure where payments are made over a number of years and not at a flat rate] The amount of remuneration actually receivable by the (licensed insurance agent/licensed insurance broker) may vary from year to year and is higher in the first policy year/early policy years.

[For remuneration structure which involves non-monetary benefits] Certain benefits that are immaterial, not directly attributable to the sale of this policy and not readily convertible to cash are not included from the calculation.

[For whole-life premium payment policies] As this policy involves whole-life premium payment, a 30-year period has been adopted for calculating both the total premiums and the total remuneration.

You are entitled to make enquiry with your (licensed insurance agent/licensed insurance broker) if you wish to know more about the remuneration that he/she/they may receive in respect of this policy.

I ("customer") confirm that I have read and understood and agree to be bound by paragraphs above.

Name of Customer	Signature of Customer	Date
Name of Licensed Insurance Intermediary	Signature of Licensed Insurance Intermediary	Date

PART II – APPLICANT'S DECLARATIONS

Section I: Disclosure Declaration

- I *("customer")* confirm that the licensed insurance intermediary, (insert name and registration number of the relevant licensed insurance intermediary), (has conducted a Financial Needs Analysis for me / has explained to me how the IUL policy matches with my disclosed current needs/objectives during the sales process)#.

- I have received, read and understood the following documents:

  - Product Brochure
  - Illustration Document
  - # [Other documents provided]

- # I fully understand and accept the potential loss associated with any market value adjustment, where the authorized insurer has the right and absolute discretion under certain situations (e.g. early policy surrender) to apply a downward/negative market value adjustment to the IUL policy.

Name of Customer	Signature of Customer	Date
Name of Licensed Insurance Intermediary	Signature of Licensed Insurance Intermediary	Date

 # Section II: Affordability Declaration (For regular premium payment)

- I *("customer")* anticipate that my disposable income and/or savings is/are sufficient to pay the regular premium payments for the entire payment term of the IUL policy; and

- I confirm that I am willing to pay the premiums for the entire payment term of the IUL policy.

Name of Customer	Signature of Customer	Date
Name of Licensed Insurance Intermediary	Signature of Licensed Insurance Intermediary	Date

 # delete as appropriate

Section III: Suitability Declaration

- I *("customer")* understand and agree that (tick one only):

A ☐ the features of the IUL policy are suitable for me based on my disclosed current needs/objectives/risk profile as indicated (in the Financial Needs Analysis / Risk Profile Questionnaire / during the sales process)#.

OR

B ☐ despite the fact that the features of the IUL policy may not be suitable for me based on my disclosed current needs/objectives/risk profile as indicated (in the Financial Needs Analysis / Risk Profile Questionnaire / during the sales process)#, I confirm that it is my intention and desire to proceed with my application(s) as explained below:

(If Box B is ticked, customer must complete explanation in this box.)

- I acknowledge I should not purchase this IUL policy unless I understand it and its suitability has been explained to me and that the final decision is mine.

Name of Customer	Signature of Customer	Date

Name of Licensed Insurance Intermediary	Signature of Licensed Insurance Intermediary	Date

Notes:

1. In this Statement & Declaration, "I" refers to customer. The singular shall include the plural; the word "I" shall include "we"; & the word "my" shall include "our". For joint customers, all customers must sign all sections.

2. The customer(s) are required to inform the licensed insurance intermediary or us (the authorized insurer) if there is any material change of information provided in these Declarations before the policy is issued.

 # delete as appropriate