

Insurance Charges for Life Manager and Savings Manager

1. Does HSBC Insurance provide any disclosure in terms of insurance charges applicable for its regular premium Investment-Linked Policies (ILP) plans?

The insurance charges are disclosed clearly in the benefit illustration of our regular premium ILP plans (Life Manager & Savings Manager). The illustration on insurance charges, available as an option in the quotation system provides customers a better understanding of their insurance charges.

In addition, policyholders will receive yearly Unit and Benefit Statements, which disclose the insurance charges incurred during the one-year period.

2. What are the insurance charges for Life Manager and Savings Manager?

Upon deciding to insure the Life Insured, HSBC Insurance will determine the Insurance Charges to be paid for issuing the Policy.

The insurance charge for the basic sum insured is based on the Insurance rate and the difference between the basic sum insured and the cash value in the policy. Should the cash value exceed the basic sum insured, there is no insurance charge.

The insurance charges payable for standard lives will be based on the yearly Insurance Rates per S\$1,000 sum-at-risk.

Age of Life Insured at Policy Anniversary	Yearly Insurance Rates per S\$1000 sum-at-risk (for standard lives, non-smoker males)
35 & below	0.65
40	1.05
45	1.91
50	3.47
55	6.12
60	10.46
65	17.42
70	28.35
75	45.16
80	70.35
85	106.77
90	156.97
95	221.80

Notes

- For Age 70 (inclusive) and above, the Insurance rates only apply to renewal of the Policy.
- For smoker males, the Insurance rates increase by 30%.
- For non-smoker females below Age 18 and from Ages 19 to 35, the Insurance rates are 0.50 and 0.65 per \$1,000.00 sum insured respectively. For females of Age 39 (inclusive) and above, there will be a 3-year age deduction on the Insurance rates.
- For substandard lives, the Insurance Charges will increase proportionately with each Policy Anniversary.
- Insurance rates are not guaranteed. HSBC Insurance reserves the right from time to time to increase the Insurance rate up to twice the amount of the Insurance rate then applicable to that age. HSBC Insurance will notify the customer of any proposed change by giving him at least 60 days' advance written notice. The revised rate will take effect from the Policy Anniversary immediately following the change.

3. How do the insurance charges vary over the policy years?

The insurance charges (IC) are based on the insurance rate (IR) and the sum-at-risk (SAR).
 → $IC = IR \times SAR$

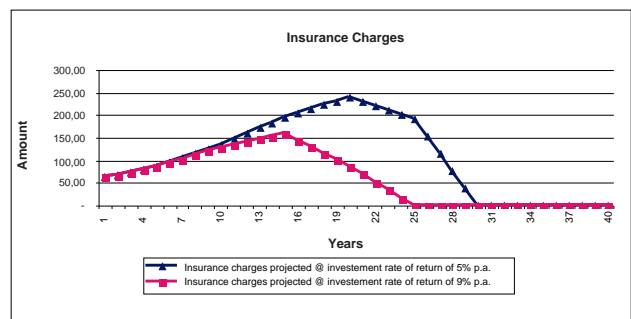
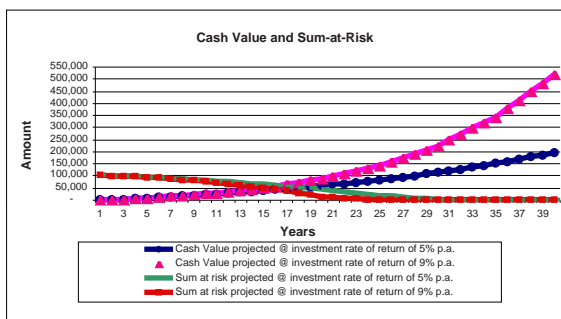
Sum-at-risk is defined as the difference between the basic sum insured (SI) and the cash value (CV) in the policy. → $SAR = SI - CV$

Should the cash value exceed the basic sum insured, the sum-at-risk would be zero and hence there are no further insurance charges applicable to the policy.

An example:

A 35 year-old male, non-smoker of standard life, purchases a Life Manager with basic sum insured \$100,000 with annual premium of \$2,400, assuming no top-ups & withdrawals during the policy years.

Graphical illustration:



Assuming the investment grow at a rate of:

9% p.a. → the customer need not pay anymore insurance charges from age 60 onwards.

5% p.a. → the customer need not pay anymore insurance charges from age 65 onwards.

Illustration of values:

4. How are the insurance charges paid?

Year	CV projected @ Inv. rate of return of 5% p.a.	SAR projected @ Inv. rate of return of 5% p.a.	Insurance Charges projected @ Inv. rate of return of 5% p.a.
1	-	100,000	65.04
2	1,000	99,000	67.33
3	2,100	97,900	73.44
4	4,500	95,500	79.32
5	7,000	93,000	86.65
6	9,500	90,500	95.20
7	12,200	87,800	103.91
8	14,900	85,100	113.54
9	17,700	82,300	123.88
10	20,700	79,300	134.59
11	23,800	76,200	146.80
12	27,000	73,000	159.01
13	30,400	69,600	171.21
14	33,800	66,200	183.42
15	37,400	62,600	195.63
16	41,100	58,900	204.52
17	44,900	55,100	213.40
18	48,900	51,100	222.29
19	53,000	47,000	231.17
20	57,200	42,800	240.06
25	81,400	18,600	190.13
30	111,500	-	-
35	148,500	-	-
40	193,400	-	-

Year	CV projected @ Inv. rate of return of 9% p.a.	SAR projected @ Inv. rate of return of 9% p.a.	Insurance Charges projected @ Inv. rate of return of 9% p.a.
1	-	100,000	65.04
2	1,000	99,000	67.31
3	2,200	97,800	73.43
4	4,800	95,200	79.17
5	7,600	92,400	86.24
6	10,500	89,500	94.37
7	13,700	86,300	102.43
8	17,200	82,800	111.05
9	20,900	79,100	119.89
10	24,900	75,100	128.50
11	29,200	70,800	134.72
12	33,900	66,100	140.94
13	39,000	61,000	147.15
14	44,400	55,600	153.37
15	50,300	49,700	159.59
16	56,600	43,400	145.12
17	63,500	36,500	130.64
18	70,900	29,100	116.17
19	78,900	21,100	101.69
20	87,500	12,500	87.22
25	142,800	-	-
30	223,700	-	-
35	342,000	-	-
40	515,200	-	-

The first payment of the Insurance Charges is due on the Date of Issue. HSBC Insurance will deduct the Units allocated to the Policy to meet the first Insurance Charges. The Units will be realized at the Bid Price of the respective Funds on the Valuation Date immediately following the Date of Issue.

Subsequent payments of the Insurance Charges must be paid at the start of each Policy Month. HSBC Insurance will deduct the Units allocated to the Policy to meet the Insurance Charges.

The Units will be realized at the Bid Price of the respective Funds on each due date and will be deducted in proportion of the Net Asset Value of the respective Funds.

5. Can I reduce the insurance charges to my policy?

Generally, you may do so by reducing your insurance coverage, depending on your protection needs. Protection needs are different at different times in life. Like when you are newly married and starting a family the level of protection you need is higher. And as you get closer to retirement and your children are self-sufficient, you need much lesser cover. Life/Savings Manager provides you with the flexibility to reduce the sum assured for your policy at any point of time.

It is advisable that you consult a financial planner to review your current protection and savings needs.

6. Can I increase my insurance coverage?

Yes, Life/Savings Manager provides you with the flexibility to increase sum insured anytime during the policy term, subject to assessment of your health. It is also important to ensure your current fund value and regular premium contributions are sufficient to sustain any increase in sum insured throughout the remaining policy term.

It is advisable that you consult a financial planner to review your current protection and savings needs.

7. What are the benefits for buying Life/Savings Manager vs a traditional regular premium plan?

Life/Savings Manager provides the flexibility to vary the level of protection any time during the policy term.

It is advisable that you consult a financial planner to review your current protection and savings needs.

Insurance charges for Life/Savings Manager are determined based on age and the level of protection chosen. As charges are typically lower than traditional plans for younger ages, more premiums are channeled towards investment.

Life/Savings Manager also provides the customer the flexibility to choose his investment portfolio base on his own risk appetite.