**Appendix 1**

**IMPORTANT FACTS STATEMENT AND APPLICANT’S DECLARATIONS**

**INVESTMENT-LINKED ASSURANCE SCHEME (“ILAS”) POLICY**

**[Name of authorized insurer]**

**Name of the ILAS Policy:**

**PART I – IMPORTANT FACTS STATEMENT**

You should carefully consider the information in this statement and the product documents (including the Product Brochure, Product Key Facts Statement, 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 ILAS 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。**

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| **SOME IMPORTANT FACTS YOU SHOULD KNOW** |
| 1. **Statement of Purpose:** Please set out your reasons/considerations for procuring this ILAS 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 ILAS policy is suitable for you. (*Customer must set out your own reasons/considerations*.)  |  |  |  | | --- | --- | --- | |  |  |  | |  |  |  | |  |  |  | |
| 1. **Cooling-off Period: You have the right to cancel this ILAS 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. |
| 1. **No Ownership of Assets and No Guarantee for Investment Returns: You do not have any rights to or ownership over any of the underlying/reference investment assets** of this ILAS 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]. Investment returns are not guaranteed. |

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| 1. **Long-term Features (delete wherever inapplicable):**     1. **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.**   * 1. **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:  *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 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) **Loyalty bonuses:** You will be entitled to a loyalty or special bonus if you meet certain conditions. For details, please refer to the product documents of this ILAS policy. |
| 1. **Fees and Charges: Some fees/charges will be deducted** from the premiums you pay and/or your ILAS policy value, and will reduce the amount available for investment. Accordingly, **the return on your ILAS policy as a whole may considerably be lower than the return of the underlying/reference funds you selected.** For details, please refer to the product documents of this ILAS policy. |
| 1. **Switching of Investment:**  If you switch your investment choices, you may be subject to a charge and your risk may be increased or decreased. |
| 1. **Risks Associated with Investment Choices with an Objective to Distribute Cash Dividends on a Regular Basis**: If you choose any investment choice which aims to distribute cash dividends on a regular basis, please note that the distribution of cash dividends is **NOT GUARANTEED**. Also, the distribution of cash dividends may be/effectively be paid out of the capital of the corresponding underlying fund of the investment choice, which may therefore result in a drop in the unit price of that investment choice. 2. **Premium Holiday:** 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 ILAS policy allows a premium holiday, you should note that:    1. 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**.    2. As all relevant fees and charges will continue to be deducted from your ILAS policy value during the premium holiday, **the value of your ILAS policy may be significantly reduced**. |
| 1. **Risk of Early Termination:** **Your ILAS 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 investment performance, exercise of premium holiday), etc. For details, please refer to the product documents of this ILAS policy. |
| 1. **Licensed Insurance Intermediaries’ Remuneration: If you take up this ILAS 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 and a Risk Profile Questionnaire for me.
* I have received, read and understood the following documents:
  + Product Brochure
  + Product Key Facts Statement
  + Illustration Document
  + Investment Choice Brochure
  + # [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 ILAS policy.

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| 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 ILAS policy; and
* I confirm that I am willing to pay the premiums for the entire payment term of the ILAS policy.

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|  |  |  |  |  |
| 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):

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| A | |  | | --- | |  | | the features and risk level of the ILAS policy and my selected mix of underlying investment choices are suitable for me based on my disclosed current needs and risk profile, etc. as indicated in the Financial Needs Analysis and Risk Profile Questionnaire. |
| OR | |  |
| B | |  | | --- | |  | | despite the fact that the features and/or risk level of the ILAS policy and/or my selected mix of underlying investment choices may not be suitable for me based on my disclosed current needs and risk profile, etc. as indicated in the Financial Needs Analysis and Risk Profile Questionnaire, 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 ILAS policy and/or the selected mix of underlying investment choices unless I understand these and their suitability has been explained to me and that the final decision is mine.

[For business introduced by licensed insurance brokers:

I understand that the authorized insurer will retain copy(ies) of the completed Financial Needs Analysis and Risk Profile Questionnaire for verification purpose.]

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| --- | --- | --- | --- | --- |
|  |  |  |  |  |
| 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.