

**Note on the Green Light Process for Assessment of Investment-Linked Assurance Scheme (“ILAS”) Products against Standards in Guideline on Underwriting Class C Business (GL15)**

**1. Purpose**

- 1.1 The Insurance Authority (“IA”) issues this Note in respect of the Guideline on Underwriting Class C Business (GL15).
- 1.2 Authorized insurers underwriting Class C business are required to comply with the requirements under GL15. Products under Class C (also known as “Investment-linked Assurance Schemes” or “ILAS products”) to be marketed to the public are also required to be authorized by the Securities and Futures Commission (“SFC”) pursuant to the Securities and Futures Ordinance (CAP. 571) (“SFO”) unless an exemption applies.
- 1.3 On 1 November 2021, the SFC issued by circular its “Additional Guidance on Internal Product Approval Process” (“Additional SFC Guidance”) and “Enhanced Authorisation Process for New ILAS Applications” (“Enhanced Authorisation Process”), which provides additional guidance to authorized insurers which are issuers of SFC- authorized ILAS products regarding the application of certain existing requirements on product design and approval process to SFC-authorized ILAS, and introduces an enhanced process for applications for authorization of new ILAS products.
- 1.4 Further to the Additional SFC Guidance and in order to ensure that an ILAS product to be marketed to the public is assessed against the requirements in GL15 by the IA and relevant requirements by the SFC in a streamlined manner, the IA, in collaboration with the SFC, hereby formalizes the process set out in this Note (referred to herein as the “green light process”). This Note builds on the certain of the standards and requirements in GL15 and, in order to comply with those standards and requirements an authorized insurer seeking to market an ILAS product to the public is required to submit the product to the IA for assessment in accordance with the green light process outlined in this Note before submitting an application to the SFC for authorization.
- 1.5 This Note is not intended to be a comprehensive guide to GL15 and does not constitute legal advice. This Note does not have the force of law and should not be interpreted in a way that overrides the provision of any law. The IA reserves the right to review and update this Note from time to time. Unless otherwise specified, words and expressions in this Note shall have the same meanings as given to them in GL15.

**2. Green Light Process**

- 2.1 Under the green light process, an authorized insurer seeking to market an ILAS product to the public is required first to submit the product to the IA for assessment against the requirements in paragraph 5 (Product Design), paragraph 6 (Provision of Adequate and Clear Information), paragraph 9 (Appropriate Remuneration Structure) and paragraph 11 (Clients’ Investments and Assets) in GL15. Once the authorized insurer has obtained the “green light” from the IA for the ILAS product, the authorized insurer may then submit its application for authorization of the product to the SFC.
- 2.2 To commence the green light process, an authorized insurer should submit to the IA the documents set out in **Appendix 1** in relation to the ILAS product. The IA, after receiving the required documents, may share them with the SFC for information and so as to

facilitate the SFC’s early review of information<sup>1</sup> in relation to the ILAS product so the SFC may perform its regulatory functions.

- 2.3 During the green light process, the IA expects the authorized insurer which has submitted the application to respond to requisitions within a reasonable timeframe. The IA may request such further information or documents it considers necessary to complete its assessment.
- 2.4 On completion of its assessment of the ILAS product, the IA will inform the authorized insurer whether or not the authorized insurer has a “green light” to proceed with making its application to the SFC for authorization of the ILAS product.
- 2.5 After the IA grants the “green light” in respect of an ILAS product, the authorized insurer may proceed to submit its application to the SFC for authorization of the ILAS product. For the avoidance of doubt, whilst the green light process aims to streamline the regulatory application procedure, the granting of a green light denotes solely that the IA, based on the information and documents it has received, has no objection to the ILAS product with regards to the requirements including those in paragraph 5 (Product Design), paragraph 6 (Provision of Adequate and Clear Information), paragraph 9 (Appropriate Remuneration Structure) and paragraph 11 (Clients’ Investments and Assets) of GL15. It does not denote that the SFC will authorize the ILAS product and does not fetter the discretion of the SFC in any way with regards to its consideration of the application for authorization of the ILAS product. Further, notwithstanding the granting of the green light to an ILAS product, the authorized insurer remains responsible for complying with all applicable requirements including those in respect of GL15 for as long as it continues to have outstanding obligations under the contracts of insurance it has issued based on the ILAS product.

### **3. Product Design**

- 3.1 Paragraph 5 of GL15 requires an authorized insurer, when designing an ILAS product, to ensure that the product meets the principle of “fair treatment of customers”.
- 3.2 In considering whether the design of an ILAS product meets the requirements of GL15 and the “fair treatment of customers” principle, the IA will take into account all relevant factors in their totality, including the product features, insurance protection, value/services to policy holders, and fees/charges including surrender charges and cost of insurance, etc. The IA will consider the substance and nature of the matters in a holistic manner and have due regard to any relevant views provided by other relevant regulator(s) during the green light process.

### **3.3 Fees and Charges**

- 3.3.1 Paragraph 5.3(a) of GL15 requires that fees and charges to be paid by the customers should be fair, commensurate with the insurance protection offered by the relevant ILAS product and reflect the services/added value of the authorized insurer.
- 3.3.2 An authorized insurer is required, as part of the green light process, to provide the IA with sufficient detail of the relevant policy charges in respect of the ILAS product, including types, level/scale, applicable period, basis of calculation, etc. for each of the policy charges to be imposed in respect of the ILAS product.

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<sup>1</sup> For example, the comparability assessment on the level of policy charges (other than cost of insurance) required under the Additional SFC Guidance.

## Cost of Insurance (“CoI”)

3.3.3 To facilitate the green light process, a CoI Reference Rate Table at **Appendix 2** has been developed by the IA after consultation with the relevant stakeholders as reference rates for use by the IA in reviewing the CoI rates used by the authorized insurer when designing an ILAS product. The rates in the CoI Reference Rate Table are not prescribed rates which must be used or maximum rates. However if, in relation to an ILAS product, the following two criteria are met in relation to the CoI for the product, the authorized insurer will not be required to provide the IA with detailed justification as part of the green light process:

(i) Criteria 1 - the majority (i.e. more than 50%) of data points (including all applicable ages, smoker and non-smoker) for the CoI scale of the relevant ILAS product are not higher than the applicable<sup>2</sup> reference rates in the CoI Reference Rate Table; and

(ii) Criteria 2 - the average<sup>3</sup> of the CoI scale of the relevant ILAS product is not higher than 100% of the average of the applicable reference rates in the CoI Reference Rate Table.

3.3.4 The CoI Reference Rate Table is constructed based on a full underwriting basis. For an ILAS product which is to be subject to simplified underwriting (or no underwriting basis), the authorized insurer can include a loading up to 25% to reflect the higher anti-selection risk. Where an authorized insurer has included a loading of up to 25% to reflect the higher anti-selection risk when using simplified (or no) underwriting, provided Criteria 1 and Criteria 2 in paragraph 3.3.3 of this Note continue to be met (with the 25% loading factored into the applicable reference rates in the CoI Reference Rate Table), the authorized insurer will not be required to provide the IA with detailed justification for the CoI rates used as part of the green light process. Such assessment excludes sub-standard underwriting cases, which due to the individual circumstances of the proposed insured, pose additional risk and which may require additional risk loading and underwriting.

3.3.5 The CoI Reference Rate Table may be adjusted for blended rates based on sound actuarial principles and practices. Authorized insurers will be required to provide information to the IA on how the blended rates are constructed for review. In cases where assumptions (e.g. expected business mix) are involved, assuming the authorized insurer obtains the green light and authorization for the ILAS product, the authorized insurer will be required to carry out an annual assessment to validate the assumptions and provide the IA with the results of such annual assessment for review (for as long as the ILAS product is available for sale).

## Surrender Charge / Surrender Charge Period

3.3.6 If the ILAS product is subject to any surrender charges upon early surrender within a certain period, this in substance serves to lock up liquidity for policy holders. If an authorized insurer proposes to apply a surrender charge as a term or condition in an ILAS product, it is required to provide the IA with details and justification for imposing such charges as part of the green light process. The authorized insurer should provide sufficient justification on both the amount of and the period for which the surrender charge may apply.

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<sup>2</sup> Only the data points for the coverage ages are included in the above assessment. For example, if an ILAS product is offered to customers aged 18 to 65, covering up to age 100, only the corresponding data points from age 18 to 100 are included in this assessment.

<sup>3</sup> The assessment is based on simple average. In case where weighted average (reflecting expected business mix) is used, authorized insurers will be required to provide the IA with results of annual assessment of the actual business mix for review.

- 3.3.7 In particular, an authorized insurer is required to demonstrate to the satisfaction of the IA that the surrender charge is set at a level (after taking account of direct variable costs incurred in underwriting the relevant ILAS product) where the authorized insurer will not profit from early termination. To demonstrate this, the authorized insurer should include a no-lapse-gain assessment as part of its application.
- 3.3.8 If the terms and conditions of the ILAS product enables surrender charges to be imposed upon early surrender after the policy holder reaches age 65, the authorized insurer is required to provide the IA, as part of the green light process, with details of the additional control measures it will have in place to ensure that the surrender charges would not create financial hardship on the policy holder after retirement (assuming a retirement age of 65).

#### **4. Provision of Adequate and Clear Information**

- 4.1 Paragraph 6 of GL15, among other matters, specifies the principles and standards an authorized insurer is required to meet to ensure it provides customers with clear information in relation to an ILAS product before, during and after the point of sale.
- 4.2 Per paragraph 5.2(b) of GL15, the minimum death benefit insurance coverage to be provided under an ILAS product is 105% of the account value. Authorized insurers, however, are encouraged to provide additional insurance protection beyond this minimum level.
- 4.3 For an ILAS product, the CoI charged by the authorized insurer will reduce the net amount of premiums (i.e. premiums paid net of all applicable charges) available for investment. This means that the higher the level of insurance protection provided by an ILAS product, the higher the CoI will be, and hence the lower the net amount of premiums available for investment.
- 4.4 For an ILAS product with an embedded high level of insurance protection<sup>4</sup>, the authorized insurer proposing to issue the product should provide customers with a Supplementary Sheet of Benefit Illustration Statement at **Appendix 3** (in addition to the benefit illustration requirements under Guideline on Benefit Illustrations for Long Term Insurance Policies (GL28)) at the point of sale. This is so as to ensure that customers are provided with clear information on the CoI to be borne by the policy holder in respect of the embedded high insurance protection and the impact that would have on the net amount of premiums available for investment (in line with the principles and standards in paragraph 5 of GL15). Authorized insurers are required to put in place adequate controls and procedures to ensure that the Supplementary Sheet of Benefit Illustration Statement has been duly delivered to the customers at the point of sale by the licensed insurance intermediaries.
- 4.5 For an ILAS product with embedded high insurance protection, authorized insurers should also provide the additional disclosure to the customers through the Important Facts Statement (“IFS”) as specified in Appendix 1 to the Interpretation Notes for the Guideline on Sale of Investment-Linked Assurance Scheme (“ILAS”) Products (GL26) (“GL26 Interpretation Notes”).
- 4.6 An authorized insurer may modify the information which is required to be disclosed under paragraphs 4.4 and 4.5 above to reflect the risks and nature of its specific ILAS products, provided that:

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<sup>4</sup> An ILAS product with a high level of insurance protection generally refers to an ILAS product with a death benefit of at least 150% of the total premiums payable before the insured reaches age 65. This is consistent with the requirements under the Additional SFC Guidance.

- (i) the authorized insurer can justify that the substantive meaning of such information is retained in spite of the modification;
- (ii) the authorized insurer can justify that, in spite of the modification, the principle of “fair customer treatment” and the objectives in paragraph 6.3 of GL15 continue to be satisfied;
- (iii) the authorized insurer fully documents the reason(s) and justification for such modification; and
- (iv) the authorized insurer submits its proposed modification to the IA prior to use, with the documentation or record relating to the modification being properly retained by the authorized insurer for review by the IA upon request.

## **5. Appropriate Remuneration Structure**

- 5.1 Paragraph 9.2 of GL15 specifies that authorized insurers have the duty to ensure that the remuneration structure for their licensed insurance intermediaries do not create misaligned incentives for the licensed insurance intermediaries to engage in undesirable activities such as mis-selling.
- 5.2 To demonstrate that its remuneration structure in respect of its ILAS product(s) meets the requirements in paragraph 9 of GL15, an authorized insurer is required to provide, as part of the green light process, detailed information about the remuneration structure of each individual ILAS product(s) by channel(s) (including whether individual ILAS product(s) will be sold at the bancassurance channel) together with workings for the calculation of the all-year-average of individual channel(s) for the IA’s vetting. The template for submission of the required information is at the Annex to Appendix 2 to the GL26 Interpretation Notes.

### Commission Payout Structure

- 5.3 Paragraph 9.3 of GL15 specifies that indemnity commission, or any standing arrangement that offers advance payment of commission, is strictly prohibited for ILAS products. This requirement(s) applies to both single payment and regular payment ILAS products.
- 5.4 Paragraph 9.3 of GL15 further requires that authorized insurers should only pay commission on an earned basis and the commission payable should be spread<sup>5</sup> over an appropriate duration to encourage good after-sale service and duly reward long term relationships between licensed insurance intermediaries and policy holders. Authorized insurers should ensure that if the licensed insurance agent who arranged the ILAS policy is no longer appointed by the authorized insurer, the licensed insurance agent appointed in his or her place by the authorized insurer to continue to service the policy, is appropriately remunerated for doing so. The commission payout structure for licensed insurance intermediaries should discourage improper conduct, such as “sell and go” practices.
- 5.5 Authorized insurers should adhere to the calculation methodology and disclosure format as set out in Appendix 2 to the GL26 Interpretation Notes.

## **6. Clients’ Investments and Assets**

- 6.1 Paragraph 11.1 of GL15 requires authorized insurers to strictly follow the investment instructions of policy holders in the allocation of premiums received. Where an authorized

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<sup>5</sup> Authorized insurers should prorate the commission to be paid out for regular payment ILAS products to the licensed insurance intermediaries for better alignment of the interests between policy holders and the licensed insurance intermediaries (e.g. no more than 50% of the total commission payable for a regular payment ILAS product is to be paid upfront, with the rest to be spread evenly over a minimum of 5 years (or the premium payment term if shorter)).

insurer intends to adopt actuarial funding for an ILAS product, it is required to provide sufficient details (e.g. actuarial assumptions made and funding ratios, etc.) to the IA for review as part of the green light process.

## 7. Indicative Timelines for the Green Light Process

- 7.1 The IA will aim to inform an authorized insurer of its decision under the green light process within the following indicative timelines, depending on whether the application is a standard application or a non-standard application<sup>6</sup> as stated in the below table:

Type of application	Description	Indicative timeline for IA decision
Standard	An application is a standard application if it is more simple and standard in nature, by reference to the criteria for Standard Application as set out in the Enhanced Authorisation Process and “Frequently Asked Questions relating to Investment-Linked Assurance Schemes” issued by the SFC.	10 business days after the date on which the IA is satisfied that no further information or documentation is required from the authorized insurer in relation to the application.
Non-Standard	An application is a non-standard application if, in the IA’s opinion, it raises complexities which will require additional time for assessment by the IA.	20 business days after the date on which the IA is satisfied that no further information or documentation is required from the authorized insurer in relation to the application.

## 8. Commencement of this Note and Transitional Arrangement

- 8.1 This Note shall take effect on 28 December 2021 (“Effective Date”). This means that as from the Effective Date, an authorized insurer must follow the green light process outlined in this Note in respect of any ILAS product for which authorization from the SFC needs to be sought, but which has not been authorized by the SFC prior to the Effective Date.
- 8.2 The Additional SFC Guidance also provides for a transitional period of 18 months from 1 November 2021 (expiring on 30 April 2023) (“transitional period”) for authorized insurers to bring their existing SFC-authorized ILAS products (i.e. ILAS products authorized by the SFC prior to 1 November 2021) into line with the requirements of the Additional SFC Guidance. During this transitional period, existing SFC-authorized ILAS products may continue to be offered to the public in Hong Kong, but must comply with the Additional SFC Guidance by the end of the transitional period in order to continue to be offered to the public in Hong Kong after the end of the transitional period (unless the SFC grants an extension). If an existing SFC-authorized ILAS product does not comply with requirements in the Additional SFC Guidance, the authorized insurer offering the product is encouraged to start its preparation work as soon as possible and prioritise its applications

<sup>6</sup> The IA may consult the SFC (for example, type of the application) before granting of a green light for authorized insurer’s submission of the application to the SFC.

(including the revamping of Existing ILAS product(s), if any) to have an orderly submission for SFC's approval during the transitional period.

- 8.3 In respect of the requirements of this Note, for any SFC-authorized ILAS product as of the Effective Date:
- (a) the authorized insurer does not need to go through the green light process outlined in this Note to continue to be able to offer the product to the public in Hong Kong during the transitional period and does not need to provide the Supplementary Sheet of Benefit Illustration Statement at **Appendix 3** (referenced in paragraph 4.4 of this Note) or provide the additional disclosure in paragraph 4.5 of this Note, in respect of such insurance policies for such ILAS products which are issued prior to the end of transitional period;
  - (b) the authorized insurer does, however, need to go through the green light process, if the authorized insurer of the ILAS product is seeking to revamp the ILAS product to bring it into line with the Additional SFC Guidance by the end of the transitional period (so that the product can continue to be offered to the public in Hong Kong after the transitional period); and
  - (c) by the end of the transitional period, the ILAS product must comply with the requirements in this Note in order to continue to be offered in Hong Kong (unless the IA grants an extension to align with any extension granted by the SFC).

Obsolete Requirements with effect from 23 September 2020

- 8.4 The IA acknowledges that the following paragraphs of GL15 have become obsolete upon the end of the transitional period of GL26 Interpretation Notes:
- (a) Paragraph 2.1(a): "Updated Requirements Relating to the Sale of Investment-linked Assurance Schemes to Enhance Customer Protection issued by the Hong Kong Federation of Insurers ("HKFI")"
  - (b) Paragraph 12.2: "The proper sales process flow is set out in the flowchart at the **Annex**."
  - (c) Paragraph 12.3: "The content of the call should follow the HKFI's template."

Authorized insurers are instead required to ensure compliance with the equivalent requirements as set out in GL26 as further detailed in its Interpretation Notes.

**Documents to be submitted for the green light process**

1. Description of the product features of the ILAS product
2. Draft product documents / details including:
  - i. Product Brochure
  - ii. Product Key Facts Statement (“KFS”)
  - iii. Sample Illustration Document (including “Supplementary Sheet of Benefit Illustration Statement” where applicable) with details of assumptions
  - iv. Important Facts Statement and Applicant’s Declarations
  - v. Summary of the intended underlying investment choices<sup>7</sup>
  - vi. Details of CoI rates
  - vii. Surrender charge scales and period (including no-lapse-gain assessment)
  - viii. Calculation of All-Year-Average of licensed insurance intermediaries’ remuneration
3. Details of distribution channels to be used
4. Confirmation that the ILAS product under consideration complies with all applicable requirements as specified by the IA at the time of submission
5. Authorized insurer’s contacts for enquiry by the IA (name, post, direct line, and email address)
6. Any other information that the IA considers necessary in relation to the application, including but not limited to, justifications for variations of relevant requirements including those as stipulated in this Note

**Notes:**

- (i) Only the English version of the documents are required to be submitted for the purposes of the green light process.
- (ii) All the documents to be submitted must be certified true and correct by either the Chief Executive or the Appointed Actuary of the authorized insurer. A covering certificate will be acceptable.

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<sup>7</sup> This should generally cover investment objectives, types and geographical distribution, etc. of the intended underlying investment choices, subject to any specific requirement(s) as otherwise specified.



**CoI Reference Rate Table<sup>8</sup> (per \$1,000 sum assured)**

Age <sup>9</sup>	Male		Female	
	Smoker	Non-smoker	Smoker	Non-smoker
0	1.45	1.45	1.45	1.45
1	1.45	1.45	1.45	1.45
2	1.45	1.45	1.45	1.45
3	1.45	1.45	1.45	1.45
4	1.45	1.45	1.45	1.45
5	1.45	1.45	1.45	1.45
6	1.45	1.45	1.45	1.45
7	1.45	1.45	1.45	1.45
8	1.45	1.45	1.45	1.45
9	1.45	1.45	1.45	1.45
10	1.45	1.45	1.45	1.45
11	1.45	1.45	1.45	1.45
12	1.45	1.45	1.45	1.45
13	1.45	1.45	1.45	1.45
14	1.45	1.45	1.45	1.45
15	1.45	1.45	1.45	1.45
16	1.32	1.08	1.32	1.06
17	1.32	1.08	1.32	1.06
18	1.25	0.93	1.20	0.92
19	1.25	0.93	1.20	0.92
20	1.25	0.93	1.20	0.92
21	1.25	0.93	1.20	0.92
22	1.25	0.93	1.20	0.92
23	1.25	0.93	1.20	0.92
24	1.25	0.93	1.20	0.92
25	1.25	0.93	1.20	0.92
26	1.26	0.93	1.20	0.92
27	1.26	0.93	1.21	0.92
28	1.27	0.94	1.21	0.92
29	1.29	0.95	1.22	0.92
30	1.30	0.95	1.23	0.92
31	1.33	0.97	1.25	0.93
32	1.40	0.99	1.28	0.94
33	1.47	1.00	1.32	0.96
34	1.57	1.04	1.37	0.97
35	1.66	1.08	1.43	0.99
36	1.78	1.11	1.50	1.01
37	1.91	1.16	1.57	1.03
38	2.07	1.24	1.66	1.07
39	2.25	1.32	1.77	1.11
40	2.50	1.42	1.92	1.18
41	2.75	1.55	2.05	1.21
42	3.02	1.67	2.20	1.28
43	3.32	1.81	2.38	1.37
44	3.65	1.97	2.58	1.47
45	4.00	2.14	2.82	1.58
46	4.39	2.33	3.09	1.72
47	4.80	2.55	3.41	1.90
48	5.27	2.81	3.81	2.12
49	5.84	3.07	4.39	2.32
50	6.56	3.39	4.83	2.46
51	7.25	3.77	5.30	2.64
52	8.01	4.18	5.72	2.89
53	8.85	4.64	6.15	3.16
54	9.77	5.17	6.62	3.47
55	10.74	5.75	7.27	3.83
56	11.83	6.36	7.96	4.22
57	12.96	7.03	8.71	4.64
58	14.20	7.78	9.54	5.09
59	15.59	8.59	10.44	5.59
60	16.86	9.55	11.43	6.18
61	18.62	10.51	12.53	6.78
62	20.88	11.55	13.79	7.43
63	23.50	12.73	15.22	8.23
64	26.58	14.02	16.85	9.11
65	29.57	15.38	18.81	10.09
66	31.81	16.82	21.09	11.47
67	34.12	18.32	23.53	13.04
68	36.48	19.91	25.25	14.37
69	38.89	21.68	27.60	15.61
70	42.63	23.84	30.00	17.17
71	46.55	27.01	32.45	19.04
72	50.52	30.84	35.00	21.09
73	54.54	34.12	37.60	23.40
74	58.59	37.59	40.20	26.19
75	62.64	41.47	42.88	29.61
76	66.72	45.67	45.59	33.44
77	71.90	50.29	50.20	37.77
78	77.64	56.11	55.87	42.59
79	109.58	78.01	79.36	54.74
80	120.52	87.01	87.63	61.07
81	131.70	96.25	97.02	67.90
82	143.67	106.24	108.13	75.28
83	159.79	116.70	119.55	83.47
84	176.32	127.42	130.55	92.35
85	193.00	140.65	153.21	107.13
86	209.88	151.91	166.56	117.62
87	227.54	163.80	181.76	129.55
88	245.56	176.24	202.34	146.69
89	263.60	188.99	222.92	164.13
90	281.70	202.50	243.50	182.50
91	299.86	220.34	264.08	201.88
92	318.10	238.20	284.66	221.30
93	336.40	256.40	305.24	240.73
94	354.70	275.94	325.82	260.30
95	373.70	297.60	346.40	280.00
96	394.84	321.46	366.98	299.70
97	417.72	347.86	387.56	319.40
98	442.46	377.07	408.14	339.10
99	469.08	409.33	428.72	358.80

<sup>8</sup> This CoI Reference Rate Table will be subject to periodic review by the IA as appropriate.

<sup>9</sup> “Age” refers to age last birthday.

**(Applicable only to ILAS products with an embedded high level of insurance protection)**

**Supplementary Sheet of Benefit Illustration Statement**

*Note to customers: The purpose of this Supplementary Sheet is to illustrate the effect of policy charges on the amount available for investment. Please consider this carefully before you decide whether or not to proceed with taking out this ILAS policy.*

**Basic Plan – Supplementary Illustration on the Effect of Policy Charges on the Amount Available for Investment**

The policy charges paid to the Company (e.g. upfront charge, ongoing platform fee, cost of insurance, etc.) will reduce the amount of premiums available for investment under your ILAS policy. Your ILAS policy provides an embedded high level of death benefits. The policy charge for the cost of insurance reflects this embedded high level of death benefits. The policy charge for the cost of insurance may increase as you get older or when the performance of your investment is poor (and this may further reduce the amount of your premiums which is available for investment).

To illustrate the net amount of premiums available for investment after deducting all the applicable charges, a Net Rate of Return<sup>10</sup> of 3% per annum is assumed in the following illustration. Given that the actual performance of the underlying/reference fund(s) may be higher or lower than the assumed Net Rate of Return<sup>10</sup> of 3%, the actual cost of insurance and the fees and charges payable may be different. Also, early surrender/withdrawal charge and underlying fund charges (e.g. management fee and performance fee) are excluded from this illustration.

Policy Currency:                      HK\$

Initial Sum Assured:                9,999,999

Policy Year	Premiums Paid in the Policy Year	Assuming Net Rate of Return <sup>10</sup> of 3% p.a. (for illustration only)				
		Platform Fees		Cost of Insurance	Bonuses (if applicable)	Net Amount of Premiums Available for Investment
		Upfront Charge	Ongoing platform fee			
(A)	(B)	(C)	(D)	(E)	(F) = (A) - (B) - (C) - (D) + (E)	
1	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999
2						
3						
4						
5						
6						
7						
8						

<sup>10</sup> Net Rate of Return is net of any underlying/reference fund charges levied by fund houses which vary with different underlying/reference funds.

Policy Year	Premiums Paid in the Policy Year	Assuming Net Rate of Return <sup>10</sup> of 3% p.a. (for illustration only)				
		Platform Fees		Cost of Insurance	Bonuses (if applicable)	Net Amount of Premiums Available for Investment
		Upfront Charge	Ongoing platform fee			
	(A)	(B)	(C)	(D)	(E)	(F) = (A) - (B) - (C) - (D) + (E)
9						
10						
11	N/A	N/A				N/A
12	N/A	N/A				N/A
13	N/A	N/A				N/A
14	N/A	N/A				N/A
15	N/A	N/A				N/A
16	N/A	N/A				N/A
17	N/A	N/A				N/A
18	N/A	N/A				N/A
19	N/A	N/A				N/A
20	N/A	N/A				N/A
21	N/A	N/A				N/A
22	N/A	N/A				N/A
23	N/A	N/A				N/A
24	N/A	N/A				N/A
25	N/A	N/A				N/A
...	N/A	N/A				N/A
...	N/A	N/A				N/A

The total policy charges payable under your ILAS policy over the respective holding periods of 10, 15 and 20 years based on the above illustration are summarized in the summary table below.

Holding Period	10 years	15 years	20 years
Total platform fees payable (net of bonus)	9,999,999	9,999,999	9,999,999
Total cost of insurance payable	9,999,999	9,999,999	9,999,999
<b>Total</b>	<b>9,999,999</b>	<b>9,999,999</b>	<b>9,999,999</b>

Note: Bonuses, if any, are netted off in the calculation of total platform fees payable.

**Note to authorized insurers:**

1. Authorized insurers can add/remove the types of policy charges [and bonuses] (e.g. removal of the column for "Upfront Charge" if inapplicable); and make appropriate amendments as appropriate provided it is not misleading and retain the original purposes of the Supplementary Sheet.
2. The Supplementary Sheet must capture all policy charges [and bonuses]; and be consistent with the description/terminology adopted in the product brochure/KFS/other sections of the benefit illustration until maturity of the policy.
3. Authorized insurers should not group/aggregate different fees and charges in the illustration if they are presented separately in the product brochure/KFS.
4. The illustration should be personalized for the Insured and reflect any additional loading on fees and charges according to the Insured's risk class.

5. For each row in the illustration table, the figures are expected to be shown for that projection year only (i.e. not the accumulative amount).
6. Authorized insurers should put "N/A" in Columns A, B and E (if applicable) and F for policy years after the premium payment term. The template illustrates an ILAS policy with a 10-pay term.

(只適用於含高額人壽保障的投連壽險產品)

利益說明的補充文件

客戶注意事項：此補充文件旨在說明保單費用對保單中可用作投資的金額的影響。請於決定是否購買此投連壽險保單前仔細閱讀此文件。

基本計劃 – 保單費用對可用作投資的金額的補充說明

支付予保險公司的保單費用（如前期收費、經常性的平台費、保險費用等）會減少投連壽險保單中可用作投資的保費。閣下的投連壽險保單提供高額身故賠償。保險費用反映此高額身故賠償的保障。保險費用可能隨著受保人的年紀增長或投資表現的不理想而增加（而這可能進一步減少可用作投資的保費）。

以下說明摘要闡述假設年度淨回報率<sup>10</sup>為每年3%的情況下，扣除相關費用後可用作投資的淨保費。由於相關/參考基金的實際表現可能高於或低於3%的假設年度淨回報率<sup>10</sup>，實際應繳保險費用及其他費用和收費可能有所不同。另外，此說明摘要並沒有將提早退保/提取保單價值的收費和相關基金的收費（例如管理費和表現費）包括在內。

保單貨幣: HK\$

投保時保障金額: 9,999,999

保單年度	該保單年度內的已繳保費	假設年度淨回報率 <sup>10</sup> 為3% (僅作闡述用途)				
		平台費		保險費用	紅利(如適用)	可用作投資的淨保費
		前期收費	經常性的平台費			
(A)	(B)	(C)	(D)	(E)	(F) = (A) - (B) - (C) - (D) + (E)	
1	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999	9,999,999
2						
3						
4						
5						
6						
7						
8						
9						
10						

<sup>10</sup> 年度淨回報率是扣除個別基金公司所收取的相關/參考基金的費用及收費後的回報率，而該基金費用及收費會因相關/參考基金的不同而有所差異。

保單年度	該保單年度內的已繳保費	假設年度淨回報率 <sup>10</sup> 為 3% (僅作闡述用途)				
		平台費		保險費用	紅利(如適用)	可用作投資的淨保費
		前期收費	經常性的平台費			
(A)	(B)	(C)	(D)	(E)	(F) = (A) - (B) - (C) - (D) + (E)	
11	N/A	N/A				N/A
12	N/A	N/A				N/A
13	N/A	N/A				N/A
14	N/A	N/A				N/A
15	N/A	N/A				N/A
16	N/A	N/A				N/A
17	N/A	N/A				N/A
18	N/A	N/A				N/A
19	N/A	N/A				N/A
20	N/A	N/A				N/A
21	N/A	N/A				N/A
22	N/A	N/A				N/A
23	N/A	N/A				N/A
24	N/A	N/A				N/A
25	N/A	N/A				N/A
...	N/A	N/A				N/A
...	N/A	N/A				N/A

根據以上說明摘要，以下表格分別列舉持有投連壽險保單 10、15 和 20 年時的應繳總保單費用。

持有年期	10 年	15 年	20 年
應繳總平台費(扣除紅利)	9,999,999	9,999,999	9,999,999
應繳總保險費用	9,999,999	9,999,999	9,999,999
<b>總額</b>	<b>9,999,999</b>	<b>9,999,999</b>	<b>9,999,999</b>

備註：紅利(如有)已在計算應繳總平台費時扣除。

**獲授權保險人注意事項：**

1. 獲授權保險人可加入或移除保單費用的種類[和紅利](例如移除「前期收費」一欄(如適用))；以及在不誤導和保留此補充文件原有目的的前提下作出適當修改。
2. 補充文件必須包含直至保單年期屆滿的所有保單費用[和紅利]，而其使用的描述和詞彙必須與列載於產品小冊子、產品資料概要和利益說明文件中的其他部份一致。
3. 假如產品小冊子和產品資料概要分別說明各項費用和收費，獲授權保險人不可在說明摘要中歸類或綜合各項費用和收費。
4. 說明摘要必須按照受保人的個別情況而制訂，其必須反映因應受保人的風險級別而衍生的額外費用和收費。
5. 說明摘要中每個行列的數字只代表該估算年度內的數額(即並不是累積數額)。
6. 於保費供款年期過後的保單年度，獲授權保險人應在欄目 A、B、E(如適用)和 F 填上「N/A」。此範本闡述保費供款年期為 10 年的投連壽險保單。