

Ref : Mv004/11

To : Authorized Representatives of Life Insurance Members

cc : Commissioner of Insurance (without enclosure)

From : Alex Chu, Chairman of Life Insurance Council

Date : 12 January 2011

Subject : **Pamphlet on "Questions you need to ask before taking out an ILAS product"**

The attached circular dated 23 December 2010 from Commissioner of Insurance regarding the captioned Pamphlet refers.

For clarity purpose, please note the following at distribution of the Pamphlet:

1. black & white copy of the Pamphlet is acceptable;
2. any size smaller than A4 size is unacceptable; and
3. the Pamphlet must be bilingual.

For Members wishing to add the Pamphlet in their intranets, it is suggested that those Members build a hyperlink with HKFI's website (<http://www.hkfi.org.hk>), instead, to avoid any confusion in case there is any future updating of the Pamphlet.



AC/JW/sw

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OF INSURANCE

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覆函請註明本處檔號

In reply please quote this ref. INS/LEG/4/1

23 December 2010

來函檔號 Your ref.

電話 Tel. 2867 2564

RECEIVED 23 DEC 2010

To : Chief Executives of insurers authorized
to carry on long term business

Dear Sirs,

Pamphlet on
"Questions you need to ask before taking out an ILAS product"

As part of our efforts to enhance consumer protection, the Insurance Authority and The Hong Kong Federation of Insurers have jointly prepared a pamphlet setting out key issues that potential policyholders should consider before they procure Investment Linked Assurance Scheme products. The pamphlet is to be distributed to potential policyholders at the point of sale.

This new measure will take effect from 1 February 2011. Please ensure that your appointed agents (and technical representatives of corporate agents) are fully aware of the new requirement. A copy of the pamphlet is attached for your information. You may download the pamphlet from the website of the Federation at <http://www.hkfi.org.hk>.

Yours faithfully,

(Ms Annie Choi)
Commissioner of Insurance

Encl.

c.c. Chairman, The Hong Kong Federation of Insurers
Chairman, Insurance Agents Registration Board

[FT(18)-L-4-1-CA-15]

HKFI (The Secretariat)



CORRESPONDENCE SHOULD BE ADDRESSED TO "THE COMMISSIONER OF INSURANCE" AND NOT TO INDIVIDUAL OFFICERS
來函請書明保險業監理專員收

What am I buying?

- An insurance product with a medium to long-term investment horizon - usually longer than five years.
- Part of the premiums are allocated to selected investment options, the remaining part will pay the cost of insurance protection, policy fees and charges.

Is the return guaranteed?

- Investment performance or overall return is not guaranteed.
- The return will depend on the performance of the chosen underlying funds, e.g. bond, equity, and/or money market funds.

How long is the premium payment period?

- Single premium product - one-off payment.
- Regular premium product - a recurring payment for the contracted period of the policy, which can last several years. Make sure you are willing and able to pay premiums for the entire payment term.

Can I stop or change the amount of premium payment after the policy has been issued?

- You can stop payment; however, it may attract a penalty unless there is a "Premium Holiday" provision.
- Some policies allow increases or decreases of premium payment but this can be subject to certain conditions. For instance, decreases in premiums may attract a penalty.

What are the types of fees and charges?

Most common types are:

Policy Level	Investment Level	Underlying Fund Level
Initial Set up Charges	Initial Charges, i.e. Subscription Fees	Management Fees
Early Cancellation i.e. Surrender Charge	Investment Management Fees	Performance Fees
Cost of Life Insurance Protection	Fund Switching Fees	Custody and Administration Fees
Administration/Management Charges	Performance Fees	Trustee Fees
Withdrawal Charges	Fund Redemption Charges	

- Fees and charges vary from product to product.
- It is strongly recommended that you refer to the Principal Brochure and Policy Conditions.

Can I withdraw money from my policy before it matures?

- This depends on terms and conditions of the policy.
- This may attract early withdrawal charges and these will be stated in the Principal Brochure and Policy Conditions.
- This may result in a significant loss to your investment.

What should I do if I have any questions or am unsure about my policy?

- Contact your insurance intermediary or the insurer directly.
- Visit the Hong Kong Federation of Insurers' website on "Smart Tips on Investment Linked Assurance Schemes".
<http://www.hkfi.org.hk/ILAS/index.html>

