

Professional Insurance Brokers Association

CODE OF CONDUCT FOR INSURANCE BROKERS CONDUCTING INVESTMENT LINKED BUSINESS

1 March 2014



PROFESSIONAL INSURANCE BROKERS ASSOCIATION

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SECTION 1: INTERPRETATION AND APPLICATION

Definitions

Unless otherwise defined, following words and expressions used in this Code are defined as below:

- 1.1 “Chief Executive” shall have the meaning ascribed to it in the Minimum Requirements for Insurance Brokers.
- 1.2 “ILAS” means investment-linked assurance scheme which is an insurance policy of the “Linked long term” class as defined in Part 2 of Schedule 1 to the Ordinance, other than a policy of which the predominant purpose is life assurance and not investment.
- 1.3 “M&A” means the Memorandum and Articles of Association of PIBA (as amended from time to time).
- 1.4 “Member” shall have the meaning ascribed to it in M&A.
- 1.5 “Minimum Requirements for Insurance Brokers” mean the minimum requirements specified by the Insurance Authority for the purpose of, inter alia, sections 69 and 70 of the Ordinance (as amended from time to time).
- 1.6 “Ordinance” means the Insurance Companies Ordinance (Cap.41) (as amended from time to time).
- 1.7 “Relevant Person(s) of a Member” means a Chief Executive, TR, Director and/or employee of a Member (as the case may be).
- 1.8 “PIBA” means the Professional Insurance Brokers Association.
- 1.9 “Statutory and/or Governmental Requirements” means any requirements under the Ordinance, Minimum Requirements for Insurance Brokers and/or any statutes or requirement as Insurance Authority and/or any other governmental authorities may

impose from time to time to which Member and/or Relevant Person(s) of a Member is/are subject in engaging in ILAS business.

1.10 “TR” means technical representative and shall have the meaning ascribed to it in the Minimum Requirements for Insurance Brokers.

1.11 In this Code, where the context permits:

- (a) words and expressions importing the masculine gender shall include the feminine and neuter genders and vice versa;
- (b) words and expressions importing singular shall include the plural and vice versa;
- (c) words and expressions importing person(s) shall include partnership, body(ies) of person(s) and corporation(s);
- (d) references to section and appendix are to be construed as reference to section of and appendix to this Code respectively; and
- (e) the headings in this Code are inserted for convenience only and shall be ignored in the interpretation of this Code.

1.12 In this Code,

- (a) reference to staff of Member shall include and refer to employees and TR of Member (notwithstanding a TR may not be an employee of Member); and
- (b) reference to client shall refer to any client of Member

Authority

1.13 The authority of this Code is given by PIBA.

Conflicts with the Statutory and/or Governmental Requirements

1.14 This Code should not be interpreted in a way that would override the provisions of any applicable laws, codes or other regulatory requirements.

1.15 In the event of any conflict between the Statutory and/or Governmental Requirements and this Code, the Statutory and/or Governmental Requirements shall prevail and this Code shall in no way affect the operation of any of the Statutory and/or Governmental Requirements in so far as such conflict is concerned.

Interpretation

1.16 The interpretation of this Code shall be subject to the M&A and shall be determined by the Executive Committee of PIBA in case of dispute arising therefrom. Any determination made by the Executive Committee shall be final. The Executive Committee may from time to time review this Code and, if think appropriate, issue guidelines and interpretation notes to Member with respect to the application of this Code.

SECTION 2: PERSONS TO WHICH THIS CODE APPLIES

This Code applies to Members and the Relevant Person(s) of a Member who and when they are engaged in the ILAS business, and every aspect of this Code with which Member is required to comply shall, so long as the context thereof permits, also apply to and be complied with by any one of Relevant Person(s) of a Member personally.

SECTION 3: REGISTRATION REQUIREMENT

No Member or Relevant Person(s) of a Member shall engage in ILAS business unless it/he/she shall have been duly registered with PIBA for engaging in the line of Long Term (including linked long term) business.

SECTION 4: MANAGEMENT AND INTERNAL CONTROLS

Member should provide adequate supervision and effective internal controls over its staff so as to ensure full compliance of Statutory and/or Governmental Requirements and this Code in every aspect by Member and/or Relevant Person(s) of a Member, and to safeguard the interests of client. For this purpose, appropriate and adequate policies and measures should be implemented by Member, and Member should ensure that its staff (particularly its TRs and intermediary and compliance staff, if any) possess the necessary qualifications, experience and skills in performing their duties effectively and competently.

Diligent Supervision

4.1 Member is responsible for the ethical and professional conduct of its staff (in particular its TRs) in conducting ILAS business. Thus, Member must exercise diligent supervision over its staff and as such, Member should implement proper system and/or policies for, at least, timely and effective reporting, proper record keeping, due and careful verification of all new applications and subsequent change applications for ILAS products in every aspect, and regular review and follow-up with client in respect of his/her ILAS policies. Further, in order to avoid any errors, omissions, or any negligent or even fraudulent acts, Member must ensure that its staff are qualified and competent to carry out their assigned duties when conducting ILAS business.

Segregation of Duties

4.2 Member is recommended to impose segregation of duties, particularly between front office and back office functions whereby client's information and instructions would be cross checked and verified by separate and independent staff member. Establishment of internal control procedures to support the segregation is highly recommended and constant supervision is necessary. Member must monitor closely the activities of the respective functions to avoid any loophole, conflict or breach of conduct.

Handling Client's Premiums

4.3 In case where client pays premium through Member, Member should ensure that client's premium is adequately safeguarded and is properly and promptly accounted for at all times. Disbursement payable to any insurer(s) should be settled in a timely manner to avoid undue delay. If the payment is made payable directly to the insurer, Member should ensure delivery of payment in a secured manner.

Responsible for Compliance by Staff

- 4.4 Member is required to comply with Statutory and/or Governmental Requirements as well as this Code and accordingly, Member should establish policies and procedures for its staff to ensure compliance by them with Statutory and/or Governmental Requirements and this Code in every aspect.
- 4.5 For every TR who sells and promotes ILAS products, he/she should
- (a) has a good understanding of the relevant regulatory framework, including the laws, regulations and associated codes;
 - (b) is aware of the ethical standards expected of a TR; and
 - (c) is knowledgeable of the ILAS products that he/she deals in or advises upon.

Familiar with Relevant Ordinances and etc.

- 4.6 Member must, and must ensure its staff (in particular its TR), be familiar with the following when selling ILAS products:
- Prevention of Bribery Ordinance (Cap 201)
 - Personal Data (Privacy) Ordinance (Cap 486)
 - Insurance Companies Ordinance (Cap 41)
 - Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance (Cap 615)
 - Guidance Note on Prevention of Money Laundering and Terrorist Financing prepared by the Office of the Commissioner of Insurance

SECTION 5: TREAT YOUR CLIENT FAIRLY

Member should comply with all regulatory requirements applicable to the conduct of its business activities, so as to protect the interests of client and uphold the integrity fostered by PIBA.

Inform Client of Cooling Off Right

- 5.1 Member should advise client of the Cooling-off period when, or before, client decides to purchase ILAS policy, and should further remind client of such right upon delivery of the policy. Member is expected to make itself acquainted with the cooling-off period guidelines as imposed by the regulatory bodies, the Hong Kong Federation of Insurers (HKFI) and/or individual insurers/financial institutions concerned from time to time.

Honesty and Fairness

- 5.2 Member must offer and perform services in an honest and forthright manner.

Fees and Remuneration

- 5.3 Member's fees and remuneration, whether initial and/or ongoing, must be fair and reasonable in the circumstances and be characterized by good faith. Member should not charge or accept any fee in such amount that is disproportionate to the service rendered to client.
- 5.4 The fact that Member will be paid by the insurer of the ILAS product should be disclosed to client and in this regard, Member should further make reference to paragraph 3A - Remuneration Disclosure of PIBA's Membership Rules and Regulations and any memo, circular, practice note and/or etc. issued by PIBA from time to time relating thereto.

Prompt Administrative Execution for Client

- 5.5 Member should ensure that client's instructions and/or orders and any changes in client's information and/or policies should be promptly executed and processed without delay.

Information about Members' Business

- 5.6 Member should provide client with complete information about its business, contact details, and other information beneficial to client. Any changes in contact details should also be provided to client in a timely manner.

ILAS Clients Require TR While Policy in Force

- 5.7 When an ILAS policy is in force, Member should ensure that there is a servicing TR appointed for such particular policy at all times. In the event a TR shall resign from Member, Member should ensure that another TR be appointed in place of such leaving TR in serving the ILAS policies previously served by the leaving TR. Preferably, the new TR should be appointed prior to the departure of the leaving TR. If it is impracticable for so doing, the replacement should be done within a reasonable time after the departure of the leaving TR but in the meantime, the Chief Executive should act as the servicing TR. Client affected should be informed of such change in writing as soon as possible.
- 5.8 In case Member is going to cease business or howsoever unable to continue to serve its clients of ILAS policies, Member should make appropriate arrangement in advance with the insurers of ILAS policies and/or other Members so as to ensure that, as far as practicable, there are servicing TR for all ILAS policies at all times.

Client Agreement in Writing

- 5.9 Member must enter into an agreement in writing with client before services are provided to client. A duplicate copy of the executed agreement should be given to client. This agreement should specify the responsibilities of the parties and confirm what future role Member will take with respect to the ILAS policy (e.g. fund switching, advice, etc.). In any event, this agreement should at least include contents as stipulated in the "Minimum Content of Client Agreement" (as provided in Appendix 1 hereto) and the Risk Disclosure Statements (as provided in Section 8.5 and Appendix 2 hereto below). A copy of the executed client agreement should be kept in the client file.

Termination of Client's Appointment of Member

- 5.10 Where client wishes to terminate the appointment of Member, Member should have proper regard to the client's wishes and render such assistance as client may request in a professional and responsible manner.

SECTION 6: KNOW YOUR CLIENT

Member should make reasonable efforts to verify the identity of client and institute effective procedures on obtaining and verifying client information. In the event client fails to substantiate his/her identity, Member should not conduct business with him/her.

Identity and Address of Clients

- 6.1 Member should take all reasonable steps to verify the identity, address and contact details of client. TR or employee of Member should personally inspect, certify and take copies of client's original HKID card or passport and address proof. If it is impracticable for so doing, any copy identity document provided by client to Member should be a certified copy by a Justice of the Peace, a notary public, a lawyer, or a certified public accountant. These copies should be kept in the client file.

Documentation & Recommendations For Client

- 6.2 Where applicable, Member should ensure that all documentation for client (such as Financial Questionnaire, Financial Needs Analysis, Risk Profile Questionnaire, Important Facts Statement and Applicant's Declaration, and any documents as may be required by insurers, Insurance Authority and/or any other governmental authorities from time to time) has been duly completed. After taking into account of client's wishes, Member's recommendations to client should be appropriate to the client's needs and circumstances. Member should also assure itself that client fully understands the nature of the product or recommendations given to him/her. Such understanding should be confirmed by client by signing thereon with a statement to that effect.

SECTION 7: INFORMATION FOR CLIENT

Member should clearly define and explain to client, or to prospective client, the insurance/financial services (relating to ILAS products) being or to be provided or offered, and any representations made and information provided to client should be accurate and non-misleading.

Brochures and Leaflets and Explanatory Statements

- 7.1 Member should provide client or prospective client with all documentation and materials furnished by insurers for client (such as Principal Brochure, Product Key Facts Statement, Fund Choice booklet and etc.) and any documents required by Insurance Authority and/or any other governmental authorities to be provided to client, and procure client to acknowledge receipt thereof in writing and such written acknowledgment should be kept in the client file. Member is also recommended to explain to client in writing the type of services being or to be provided or offered.
- 7.2 Member should take reasonable steps to ensure that all such documentation and materials must have been approved by the Hong Kong Securities and Futures Commission (if so required) and are up to date before despatched to client.

Comprehensive Financial Planning

- 7.3 If a comprehensive financial planning is provided to client, Member may follow the internationally recognized six-step financial planning process:
 - (1) Collect and assess all relevant data
 - (2) Identify the client's personal goals and translate them into financial goals
 - (3) Define and analyse financial problems
 - (4) Provide a written financial plan with recommendations
 - (5) Implement or coordinate the implementation of the plan
 - (6) Periodically review the plan

Know the Product and Disclose All Material Facts

7.4 Member should be familiar with the ILAS product provided or recommended to client, and should disclose all material facts regarding the ILAS product. In particular, Member must ensure that client's attention has been specifically drawn, before client decides to purchase an ILAS product, as to the term, any early cancellation charges, the early surrender value, and the premium holiday provisions of the ILAS product. Such disclosure should be made in writing and acknowledged receipt by client by signing and dating thereon and kept in the client file.

Client Understanding

7.5 Member should take all reasonable measures to satisfy itself that client fully understands and accepts the risks associated with the ILAS products, and such understanding should be documented in writing, signed and dated by client and kept in the client file.

Decent Presentation

7.6 Any presentation of information and/or advice to client should be done in a decent manner and environment so as to ensure a proper standard of work and accuracy of information and/or advice given to client.

SECTION 8: APPROPRIATENESS OF ADVICE

Member should ensure that it has adequately considered client's investment objectives, investment strategy and financial position before making any recommendations to client. Further, to ensure the advice relating to ILAS products is appropriate and in client's best interests, Member must have established the advice under reasonable and prudent judgment. For this purpose, Member should take into account, at least, client's background, level of sophistication, financial position and objectives. Further, Member should not rely on ILAS products of one particular insurer only in its ILAS business.

Conflicts of Interest Avoided

- 8.1 Conflict of interest between client and Member should be avoided. If such conflict of interest arises, client should be informed by a written notice from Member at once. In case client maintains engagement of Member's service notwithstanding the existence of such conflict, an acknowledgment to that effect from client by signing and dating on the said notice should be obtained and kept in the client file.

Reasonable Research on Products and Services

- 8.2 Member should ensure that reasonable product and service research have been conducted regarding the benefits and features of ILAS products and/or services before recommended or provided to client.
- 8.3 For off-shore ILAS insurers and products not authorized by the Hong Kong Insurance Authority and the Hong Kong Securities And Futures Commission respectively, extra care must be exercised by Member to ensure these products are suitable for client and client is aware of the off-shore nature and the associated risk. Member's attention is specifically drawn to Section (IV)(E)(b) of the Minimum Requirements for Insurance Brokers.

Reasonable Research on Investment for ILAS Products

- 8.4 Where advice involves investments within ILAS products, such advice should as far as practicable be supported by reasonable investment research. It is recommended that such investment research (if any) should be documented and filed. It is further recommended that research specifically conducted for a particular client should be filed in that client file.

Risk Disclosure Statements

- 8.5 The client agreement mentioned in Section 5.9 above should contain appropriate and applicable risk disclosure statements. The risk disclosure statements contained in Appendix 2 hereto is considered to be the minimum required, and Member may elect to provide additional risk disclosure information as appropriate.

SECTION 9: ILAS PRODUCT REPLACEMENT

Member should not induce, or attempt to induce, client to replace an his/her existing ILAS policy, unless there is sound reason for so doing (e.g. it no longer meets the client's needs).

Policy Replacement

- 9.1 Prior to advising client to replace an existing ILAS policy, Member should ensure that an updated analysis of client's financial needs has been done and be kept in the client file. If the ILAS policy contains life insurance component, Member should complete a Customer Protection Declaration form (as prescribed in Minimum Requirements for Insurance Brokers).

SECTION 10: INVESTMENT WITHIN ILAS PORTFOLIO BOND PRODUCTS

- 10.1 Client of ILAS Portfolio Bond Products would usually need a more professional advice on investment. As such, it is recommended that Member who promotes or sells such products should be licensed or registered with the Hong Kong Securities And Futures Commission for the relevant types of regulated activities as defined in Schedule 5 to the Securities And Futures Ordinance, Cap 571.
- 10.2 In any event, prior to recommending a particular investment to client within the portfolio bond, Member must be familiar with such particular investment and must explain to client thoroughly the benefits and risks associated with such investment.
- 10.3 Prior to any switching among investments (i.e. sell one and invest into another) within a portfolio bond, Member should:
- (a) ensure that it has complied with this Code in all aspects; and
 - (b) exercise due care and diligence to ensure that minimum investment switching charges be incurred by client.

SECTION 11: KEEPING OF RECORDS

It is Member's responsibility to maintain sufficient and proper records for the purposes for which this Code applies.

Form and Duration of Maintenance

11.1 Records could either be kept in physical form or in scanned electronic form (for copy documents), and should be maintained for at least 7 years. If the records are related to a particular ILAS policy of client, the 7-year period will be counted from the termination or expiry date of such policy.

Confidentiality and Misuse

11.2 Records should be kept confidential and safe guarded from misuse. In particular, Member should maintain confidentiality in respect of information relating to client. Except as required by law, Member should not disclose to a third party any information relating to client without his/her explicit permission.

Records Protection

11.3 Records should be safe guarded from loss or damage by any means.

Records of Sales Transactions

11.4 Member should maintain accurate and timely records in respect of each of sale transactions related to ILAS product.

Client Files

11.5 Member should maintain a separate client file for each ILAS policy of a client. Any documents and records as related to and/or in connection with such ILAS policy, as far as practicable, should be kept in such file. In any event, such file should contain all documents and records as required by this Code.

SECTION 12: CLIENT COMPLAINT HANDLING AND DISPUTE RESOLUTION

Member must take client complaints seriously and handle the complaints promptly, properly and in a courteous manner throughout. Member should be aware that late or improper handling of client complaint may lead to adverse publicity and damage to the Member's reputation as well as the reputation of PIBA and the insurance industry generally.

Assignment of Complaints Officer

12.1 Member should appoint at least one of its staff to be a complaints officer. If Member is a firm of small to medium size, this role should be taken up by the Chief Executive. The complaints officer should be responsible for monitoring the activities of the Member's ILAS business and maintain a thorough record for each client complaint.

Process of Handling Complaints

12.2 Upon receipt of a complaint from client, Member should promptly make record of every detail of the complaint as provided by client.

12.3 Thereafter, Member should as soon as possible send an acknowledgement to client of its receipt of his/her complaint in writing, and inform client that a full investigation is being conducted and give client a time estimate within which a substantive reply would be given to client by Member in respect of the complaint.

Response with Findings and Resolution

12.4 After the investigation, Member should inform client of the result in a fair and timely manner.

SECTION 13: ANTI-MONEY LAUNDERING AND COUNTER-TERRORIST FINANCING (FINANCIAL INSTITUTIONS) ORDINANCE (CAP. 615)

13.1 Member must be familiar with Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance (Cap. 615) and particularly, *Schedule 2 - Requirements Relating to Customer Due Diligence and Record-keeping* thereto which set out (amongst other things and not exhaustive):

- What customer due diligence measures are
- When such measures must be carried out
- Simplified customer due diligence measures
- Duty to continuously monitor business relationships
- Provision relating to pre-existing customers
- When customer is not physically present for identification purposes
- When customer is politically exposed person
- Special requirement for insurance policies (i.e. relating to identification of beneficiary)
- Special requirement for wire transfer
- Special requirement in other high risk situations
- Prohibition of anonymous accounts etc.

13.2 Member must establish and implement such procedures and measures as required by Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance (Cap. 615) and provide adequate supervision and effective internal controls over its staff so as to ensure full compliance thereof.

APPENDIX 1 – MINIMUM CONTENT OF CLIENT AGREEMENT

The Client Agreement (“Agreement”) mentioned in Section 5.9 above must contain terms and condition in respect of the following :

1. Name and address of client;
2. Name and address of Member;
3. Notifications - Undertakings by client and Member respectively to notify the other of any material change in information of themselves respectively;
4. Term - The term of the Agreement, and renewal clause (if any);
5. Nature of services - A description of the nature of the services to be provided or available to the client;
6. Remuneration - A description of any remuneration to be paid by client to Member under the Agreement, if any.
7. Remuneration disclosure – for remuneration paid by insurers to Member, Member should include the Form of Disclosure as required by paragraph 3A - Remuneration Disclosure of PIBA’s Membership Rules and Regulations.
8. Risk disclosure statements - Risk disclosure statements should be included in the Agreement. The risk disclosure statements contained in Appendix 2 hereto is considered to be the minimum required, and Member may elect to provide additional risk disclosure information as appropriate. The font size of these statements should be in print at least as large as other text in the Agreement.
9. Declaration by TR – the TR who provides the product or service to a particular client should ensure that the risk disclosure statements have been provided to client in a language of his/her choice (English or Chinese) and advise client to read and sign on the risk disclosure statements upon execution of the Agreement, and to make a declaration to that effect by signing and dating the said declaration.
10. Client Acknowledgement – Member should ensure that the client shall acknowledge receipt of the risk disclosure statements provided to him/her in a language of his/ her

choice (English or Chinese) and that he/she has been advised to read the risk disclosure statements by signing and dating thereon.

APPENDIX 2 – RISK DISCLOSURE STATEMENTS

附錄 2 - 風險披露條文

RISK DISCLOSURE STATEMENTS 風險披露條文

Counterparty Risk 交易對手風險

Any persons or institutions with which you have entered a financial contract – who is a counterparty to the contract – might default on their obligations and fail to fulfill their obligations under the contract.

任何個人或機構與閣下簽訂金融合約 – 即合約的另一方 – 都有可能未有履行和未能完成他們於合約內所訂明的責任。

Credit Risk 信用風險

Any financial corporation (i.e. the policy issuer) might default on its payments in the future. The longer the term to repayment, the greater the risk.

任何金融公司（即保單發行人）都有可能於未來違約而未能付款。還款期越長，風險越大。

Currency Risk 貨幣風險

The profit or loss in transactions in foreign currency-denominated policies will be affected by fluctuations in currency rates where there is a need to convert from the currency denomination of the policy to another currency.

以外幣計算的保單，進行交易時或會將保單的單位貨幣轉換為另一種貨幣，因此交易所帶來的利潤或虧損將受匯率波動所影響。

Early Termination, Surrender and/or Withdrawal Risk

提早終止保單、退保及/或提款風險

Early policy termination or surrender, or reduction in premium payment occurred within a prescribed period before the end of the policy premium payment period will incur early surrender or withdrawal charge and/or possible loss of entitlement to bonuses.

於規定的期限內或保單繳費期完結前，提早終止保單或退保、或減少支付保費，將招致提早退保或提取費用、及/或可能令原本可獲得的保單獎賞減少。

Fund Manager Risk 基金管理人風險

Performance of fund manager of a fund chosen by you may not achieve what you have originally expected.

閣下所選擇的基金，其基金管理人的表現未必能達至閣下原先的期望。

Liquidity Risk 流通風險

A particular investment may not be traded or howsoever converted into cash in a short time.

某一投資未必能在短時間內進行買賣、或以任何方法轉換成現金。

Political/Regulatory Risk 政治／監管風險

Your investment may suffer losses when there are changes in political or regulatory stability, structure or policies of a related country.

當相關國家的政治或監管的穩定性、結構或政策改變，閣下的投資可能蒙受損失。

Premium Holiday Risk 保費供款假期風險

All relevant fees and charges will continue to be deducted from your ILAS policy value during the premium holiday (i.e. no premium contribution) and under such circumstances, the value of your ILAS policy may be significantly reduced and your entitlement to the bonuses may also be affected. It may further lead to termination of your policy if the policy value is insufficient to cover the applicable policy charges.

在保費供款假期期間（即保費暫停供款），閣下的投資相連壽險保單仍然會被扣除所有相關費用及收費；在這種情況下，閣下的投資相連壽險保單的價值可能會顯著減少，而閣下可享有的保單獎賞也可能受到影響。如保單價值不足夠支付相關適用的保單收費，閣下的保單更可能被終止。

Reinvestment Risk 再投資風險

Proceeds or interests earned from an investment may have to be reinvested at a lower potential rate, particularly so during the period of falling interest rates

從投資所賺取的收益或利益有可能只能以較低的潛在增長率再作投資，尤其在利率下降週期。

Risk of Failure To Diversify 缺乏分散投資風險

Over concentration in a single investment can lead to increased volatility (fluctuation) in your portfolio. Failing to diversify may also increase the amount of risk that the particular portfolio is exposed to in contrast to a properly allocated portfolio. It is crucial that you properly diversify the investments so as to minimize the overall risk of the portfolio.

過於集中單一投資可能會導致閣下的投資組合的波動性增加。相對於恰當分配的投資組合，缺乏分散投資將增加某一投資組合所面對的風險。閣下應適當地分散投資以減少投資組合的整體風險。

Risk of Fund Prices Fluctuation 基金價格波動風險

The prices of funds fluctuate, sometimes dramatically. The price of a fund may move up or down, and may become valueless. It is a likely that losses will be incurred rather than profit made as a result of buying and selling funds.

基金價格波動，有時甚為劇烈。基金價格可升可跌，甚至可變成毫無價值。買賣基金亦可能引致損失而不是利潤。

Transactions in Other Jurisdictions 在其他司法管轄區的交易

Transactions on markets in jurisdictions other than Hong Kong, including markets formally linked to a domestic market, may expose you to additional risk that such markets may be subject to regulation which may offer different or diminished investor protection.

於香港以外司法地區的市場(包括與本地市場有正式連繫的市場)進行交易，由於其規例對投資者所提供的保障或與香港不同、甚或更小，因此可能令閣下面對額外的風險。