

Ref : Mv008/06 **By Fax & By E-Mail**
To : Authorized Representatives of Life Insurance Members
cc : Mr Richard Yuen, JP, Commissioner of Insurance (*w/o encl.*)
From : Raymond Chan, Chairman, Life Insurance Council
Date : 27 February 2006
Subject : **New Versions of the Customer Protection Initiatives**

You will recall from our previous correspondences that in view of the rapid development of life insurance market and the emergence of new products, the Life Insurance Council has asked its Professional Standards Working Group to review the *Code of Practice for Life Insurance Replacement* (*'Code'*) and *Initiative on Needs Analysis* (*'Initiative'*).

After months of hard work, we are pleased to enclose the revised version of the *Code* and *Initiative*, both in English and Chinese, which will take effect from **1 May 2006**. The soft copies are available for downloading at www.hkfi.org.hk/en_download.htm.

Under the revised *Code*, the definition of policy replacement (i.e. clause 1.1) has been extended to "a substantial part of the guaranteed cash value of the existing policy was reduced/will be reduced"; whereas the following provisions have been added to the *Initiative*:

- i) life protection linked to policy value;
- ii) clients' signature;
- iii) single premium policies; and
- iv) validity period of a year for a Need Analysis Form.

For details and other minor amendments, please refer to the attached.

Life assurance companies who are not members of the HKFI will also be invited to observe the above revised *Code* and *Initiative* in order to ensure a level playing field.

Should you require any assistance, please do not hesitate to contact the HKFI's secretariat at 2520 1868 or via email: committee@hkfi.org.hk.



RC/IW/JW/yk
Encl. (17 pgs incl. this cover)

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THE HONG KONG FEDERATION OF INSURERS

CODE OF PRACTICE FOR LIFE INSURANCE REPLACEMENT

The following Process is intended to prevent the activity of those insurance agents/brokers who misinform or mislead clients into changing **existing individual life insurances** in a way which at the time of the change creates disadvantage to the clients. The assessment of the disadvantage may at times be subjective and therefore the success of the Process in completely achieving its objective will depend on those involved acting in good faith and at all times in the best interests of the clients. For the purpose of this Code, any reference to insurance agent(s)/broker(s) shall include the responsible officer(s)/chief executive(s) and technical representative(s).

1. Policy Replacement

1.1 Any transaction involving the purchase of life insurance is construed as a replacement if within 12 months before or after a new life insurance policy[#] ("New Policy") is effected:

(a) an existing life insurance policy[#] ("Existing Policy") or a substantial part* of the sum insured of its basic life coverage:

- (i) has lapsed/will lapse; or
- (ii) was/will be surrendered; or
- (iii) was/will be converted to reduced paid-up or extended-term insurance under the non-forfeiture provision of the policy;

or

(b) a substantial part* of the guaranteed cash value of the Existing Policy was reduced/will be reduced including where a policy loan was/will be taken out against a substantial part* of the guaranteed cash value.

([#] *Life insurance policy includes all types of traditional life, annuity and other non-traditional policies.*)

(* *"a substantial part" means "50% or above".*)

1.2 This list is not conclusive and may be expanded from time to time to include other forms of replacement. For the avoidance of doubt, internal replacement i.e. both the Existing and New Policies are issued by the same insurer, is covered by this Code. However, converting term life insurance to whole life insurance (or some forms of permanent life insurance) under policy provisions of the Existing Policy is **not** construed as a replacement.

2. Customer Protection Declaration Form

- 2.1 A Customer Protection Declaration (“CPD”) Form (Appendix) must be completed before the client agrees or makes a decision in relation to the purchase of a New Policy. It is designed to:
- (a) discover any replacement being recommended and if so,
 - (b) ensure that the agent/broker has explained the important consequences; and
 - (c) ensure that the client fully understands the important consequences.
- 2.2 The agent/broker **must** help the client to complete the CPD Form and (if there is any replacement) **must** explain and discuss with the client the full implications of replacing the Existing Policy in relation to financial implications, insurability implications and claims eligibility implications of the replacement and other consideration as stipulated in, but not limited to, the CPD Form. Unless otherwise indicated, the agent/broker must give the reason(s) and/or justification wherever required in the CPD Form in writing as fully as possible.
- 2.3 The completion of the CPD Form will ensure that the client has been informed of the consequences/disadvantages of the recommended replacement or has been given an explanation and/or justification by the agent/broker. The completed CPD Form creates a record of such advice.
- 2.4 The original of the CPD Form shall be kept by the Selling Office and copies must be issued to:
- (a) the client together with the New Policy; and
 - (b) the insurer(s) of the Existing Policy(ies) replaced/to be replaced (“the Non-Selling Office(s)”) within 7 business days of the issue date of the New Policy.
- 2.5 The Cooling-off Period of the New Policy will be extended to 14 days after the date on which a copy/copies of the CPD Form has/have been delivered to the Non-Selling Office(s) or otherwise stipulated in the Cooling-off Initiative issued by The Hong Kong Federation of Insurers (“the HKFI”), whichever date is later.
- 2.6 The copy(ies) of the CPD Form shall be sent to the Authorized Representative(s) and/or a designated addressee/addressees of the Non-Selling Office(s) and can be delivered by post, courier, facsimile and/or emails.
- 2.7 The Selling Office shall maintain complete records of the dispatch of the CPD Form copies, including the original copy, dispatch dates and modes of delivery. These records may be required by the Insurance Agents Registration Board (“the IARB”), the self-regulatory broker bodies (“the Broker Bodies”), the Insurance Authority (“the IA”) or the Life Insurance Council (“the LIC”) of the HKFI in the process of investigation of a complaint.
- 2.8 In the cases of internal replacement, the insurer concerned should devise internal controls and measures to ensure it discharges its obligations both as the Selling Office and the Non-Selling Office under this Code.

3. Identifying Twisting

- 3.1 Twisting is the making of inaccurate or misleading statements or comparisons to induce a policyholder to replace Existing Policy with other life insurance policy to the policyholder's disadvantage.

Client Initiated

- 3.2 The client may complain about suspected twisting. Any such complaint received by the HKFI or other party will be forwarded to the Selling Office which must investigate and follow the same process as if it had itself discovered a suspected or actual incident of twisting (see 3.3 – 3.5). The Selling Office must also write to the client to acknowledge receipt of the complaint and commit to notify the client, within 30 days of receipt, the findings and any suggested arrangements.

Selling Office Initiated

- 3.3 The Selling Office has a duty to control the activities of its sales force. The office must therefore review its internal controls and the CPD Forms to ensure that its agents/the brokers are complying with the Process.
- 3.4 If during the review the office discovers cases of suspected twisting, or has evidence to substantiate that existing policyholders may have suffered because of twisting by its agent(s)/the broker(s), the office must investigate those cases and take action. If twisting has occurred, actions listed in 3.7 and 3.8 below should be taken as appropriate.
- 3.5 The office must recognize that the CPD Form will form an important part of any investigation that may arise and should therefore insist upon and provide training to help its agents to get familiar with the contents of the CPD Form and give explanation and/or justification as fully as possible as required in the CPD Form.

Non-Selling Office Initiated

- 3.6 If an office has evidence to substantiate that existing or ex-policyholders have suffered because of twisting by agent(s) of other office(s)/broker(s), it must investigate. If twisting has occurred, actions listed in 3.7 and 3.8 below should be taken as appropriate.

Actions to be Taken

- 3.7 Once twisting is identified as likely to have occurred, the offices concerned should attempt to reach agreement. This imposes an obligation on the offices to keep the client's interest foremost. The client should be kept informed of any material facts or arrangement which may affect his/her interest. Agreement must be reached speedily within a period of 30 days after the identification of the twisting and any follow up actions or arrangement affecting the interest of the policyholder shall be completed within 45 days, i.e. the next 15 days.
- 3.8 If it is agreed that twisting has occurred:
- (a) The Selling Office must immediately:-
- (i) report the agent to the IARB or the broker to the Broker Bodies/the IA as appropriate;

- (ii) suspend the agent from selling any further new life business or suspend accepting any further new life business sold by the broker's chief executive/technical representative who did the twisting;
 - (iii) claw back the commission paid on the case(s) in question; and
 - (iv) write to the client and inform him/her that:-
 - he/she may have been sold policy unprofessionally;
 - in view of this he/she may wish to end the arrangements and reinstate the Existing Policy(ies);
 - he/she has the right to request the return of all paid premium on the New Policy;
 - he/she should make a decision within 30 days; and
 - the selling agent has been suspended and has no further authority to represent the Selling Office to sell new life business, or the Selling Office has suspended accepting any further new life business sold by the broker's chief executive/technical representative who did the twisting.
- (b) The Non-Selling Office should arrange terms for reinstatement of the policies that have been twisted, if the client so wishes. These terms must, to the maximum extent possible, allow the client to return to the same position he/she would have been in had the policies not been twisted.
- 3.9 If offices cannot agree that twisting has occurred, then the complaining client or office can refer the complaint to the IARB, the Broker Bodies or the IA as appropriate which will rule. If it is concluded that twisting has occurred, in addition to deciding on the appropriate disciplinary action against the agent/broker, the IARB, the Broker Bodies or the IA as appropriate would also advise the complainant accordingly of his/her right to reinstate his/her Existing Policy(ies) and request the return of all paid premium on the New Policy.

4. Role of the LIC

- 4.1 The LIC will review this Code from time to time having regard to experience of its operation and developments in the insurance market.
- 4.2 If the LIC finds that an insurer has not complied with the Process, it will:
- (a) seek cooperation from the office(s) concerned;
 - (b) endeavour to mediate among all parties concerned; and/or
 - (c) refer the case to the IA if there is concrete evidence showing non-compliance.

~ End ~

Replacement Declaration

Individual insurers may at its own discretion incorporate into its application/proposal the following "Replacement Declaration", with font size not less than 10, which must be prominently displayed and signed by the applicant/proposer:

Replacement Declaration * -

轉保聲明 * -

a) **Have you replaced**** in the past 12 months any or a substantial part of your existing life insurance policy(ies) with this application/proposal?

閣下是否於過去 12 個月內以這份投保申請書 / 建議書取代** 閣下任何現有壽險保單，或取代任何現有壽險保單內大部分的壽險成分？

Yes (Please complete a Customer Protection Declaration Form)
是 (請填寫《客戶保障聲明書》)

No (Please answer question b below)
否 (請回答下列問題 b)

b) **Do you intend to replace** in the next 12 months any or a substantial part of your existing life insurance policy(ies) with this application/proposal?

閣下是否打算於未來 12 個月內以這份投保申請書 / 建議書取代 閣下任何現有壽險保單，或取代任何現有壽險保單內大部分的壽險成分？

Yes (Please complete a Customer Protection Declaration Form)
是 (請填寫《客戶保障聲明書》)

No (Please read carefully and sign the Declaration below)
否 (請詳閱下列聲明及簽署)

I realize if I answer "No" to both questions above but indeed,

i) this application/proposal has replaced any or a substantial part of my existing life insurance policy(ies) in the past 12 months; or

ii) my current intention is to replace any or a substantial part of my existing life insurance policy(ies) within the next 12 months by this application/proposal,

I may jeopardize my future right of redress if I find later that I have been disadvantaged because of such replacement.

本人知道如果本人就上述兩條問題都選擇「否」，而事實上：

i) 這份投保申請書 / 建議書卻於過去 12 個月內，取代本人任何現有壽險保單或任何現有壽險保單內大部分的壽險成分；或者

ii) 本人現正打算於未來 12 個月內，以這份投保申請書 / 建議書取代本人任何現有壽險保單或任何現有壽險保單內大部分的壽險成分，

即使日後發現因是次轉保導致本人蒙受損失，本人或會因此而有損日後的追討權益。

I hereby authorize the Insurer of the new life insurance policy to give the Insurance Agents Registration Board, the Hong Kong Confederation of Insurance Brokers, the Professional Insurance Brokers Association Limited, the Insurance Authority ("IA"), the Hong Kong Federation of Insurers, the insurer(s) of the life insurance policy(ies) that is/are being or has/have been replaced (if applicable) or other parties, as required for proper administration/implementation/execution of the Code of Practice for Life Insurance Replacement and the Minimum Requirements for insurance brokers as specified by the IA under the Insurance Companies Ordinance, a copy of this Replacement Declaration and any related records or information.

本人現授權新壽險保單的保險公司向保險代理登記委員會、香港保險顧問聯會、香港專業保險經紀協會有限公司、保險業監督(「保監」)、香港保險業聯會、所有已被取代或將會被取代的現有壽險保單的保險公司(如適用者)，或為了有效管理/執行/履行《壽險轉保守則》及保監根據《保險公司條例守則》指明的適用於保險經紀的「最低限度規定」所需的其他機構，提供本「轉保聲明」的副本，以及任何有關紀錄或資料。

Signature of the Applicant/Proposer
申請人 / 投保人簽署

Date (D / M / Y)
日期 (日 / 月 / 年)

Replacement Declaration

Notes:

註：

- * *The agent/broker must explain this Replacement Declaration to the applicant/proposer before the latter signs it, but this Replacement Declaration does not form part of the application/proposal for the new life insurance policy.*

在申請人/投保人簽署本「轉保聲明」之前，保險代理/經紀必須向申請人/投保人解釋「轉保聲明」的內容。但本「轉保聲明」並不是新壽險保單的投保申請書/建議書其中一部分。

- ** *Any transaction involving the purchase of life insurance is construed as a Replacement if (i) any existing life insurance policy(ies) or a substantial part of the sum insured of its/their basic life coverage has been/have been/will be terminated or (ii) a substantial part of the guaranteed cash value of the existing life insurance policy(ies) was reduced/will be reduced including where a policy loan was/will be taken out against a substantial part of the guaranteed cash value. Existing life insurance policy(ies) include(s) all types of traditional life, annuity and other non-traditional policies of the applicant/proposer, which has/have been terminated within 12 months before or will be terminated within 12 months after the new life insurance policy's issue date. Termination includes lapse, surrender, converted to reduced paid-up or extended-term insurance under the non-forfeiture provision of the existing life insurance policy(ies). "A substantial part" means "50% or above". However, converting term life insurance to whole life insurance (or some forms of permanent life insurance) under policy provisions of the existing life insurance policy(ies) is not construed as a Replacement.*

任何購買壽險的交易，如涉及 (i) 任何現有壽險保單或其基本壽險保障的大部分保額已被終止或將被終止，或 (ii) 現有壽險保單內大部分的保證現金價值已被減少/將被減少，包括：大部分的保證現金價值已被提取/將被提取作為保單借貸，均會被視為「轉保」。現有壽險保單包括在新購壽險保單生效日前後的 12 個月內，申請人/投保人已經終止或將會終止的任何壽險保單。壽險保單包括所有類型的傳統壽險、年金及其他非傳統壽險保單。終止保單包括：讓保單失效、退保、或根據現有壽險保單的不能作廢條款，將保單轉為減額繳清/展期保單。「大部分」指「50%或以上」。若根據現有壽險保單的保單條款，將定期壽險保單轉為終身壽險保單（或某些形式的長期壽險保單），則不會被視為「轉保」。

Explanatory Notes to Customer Protection Declaration Form

- (A) The agent/broker must help the applicant/proposer complete a Customer Protection Declaration Form ("Form") for each new individual life insurance policy applied for/proposed by an applicant/proposer. The agent/broker must inform the applicant/proposer that according to the Code of Practice for Life Insurance Replacement ("Code") the insurer of the new life insurance policy (i) will send to the applicant/proposer a copy of the Form together with the policy when it is issued and (ii) will send a further copy to the insurer(s) of the life insurance policy(ies) which has been replaced/to be replaced. For the purpose of the Form, any reference to insurance agent/broker shall include its responsible officer/chief executive(s) and technical representatives.

To enable the insurer of the new life insurance policy to process the insurance application of the applicant/proposer, the applicant/proposer should work with the agent/broker to complete the Form which will be used for regulatory purposes as stated in the Code and the Minimum Requirements for insurance brokers as specified by the Insurance Authority under the Insurance Companies Ordinance and a copy of the Form may be transferred to the parties as stipulated in the "Declaration by the Applicant/Proposer" of the Form. Requests for access to and/or correction of the information (if appropriate) in the Form can be made to the same contact point as for the data in the insurance application.

- (B) For identification purpose, the agent/broker must help the applicant/proposer fill in the full name of the Insurer issuing the new life insurance policy (the Insurer may pre-print its name on the Form), the relevant application/proposal number, the name of applicant/proposer of the new life insurance policy and the Hong Kong Identity Card/Passport number of applicant/proposer.
- (C) Any transaction involving the purchase of life insurance is construed as a Replacement if (i) any existing life insurance policy(ies) or a substantial part of the sum insured of its/their basic life coverage has been/have been/will be terminated or (ii) a substantial part of the guaranteed cash value of the existing life insurance policy(ies) was reduced/will be reduced including where a policy loan was/will be taken out against a substantial part of the guaranteed cash value. Existing life insurance policy(ies) include(s) all types of traditional life, annuity and other non-traditional policies of the applicant/proposer, which has/have been terminated within 12 months before or will be terminated within 12 months after the new life insurance policy's issue date. Termination includes lapse, surrender, converted to reduced paid-up or extended-term insurance under the non-forfeiture provision of the existing life insurance policy(ies). "A substantial part" means "50% or above". However, converting term life insurance to whole life insurance (or some forms of permanent life insurance) under policy provisions of the existing life insurance policy(ies) is not construed as a Replacement.
- (D) If the applicant/proposer answers "No" to both items 1(a) and 1(b) of Section A, he/she shall read carefully and simply sign the Declaration in Section A only and ignore the rest.

(E) How to complete the Form

- (1) If the applicant/proposer answers "No" to both items (a) and (b), the agent/broker must explain the Declaration before he/she asks the applicant/proposer to sign in Section A. There is no need to fill in Section B.

If the applicant/proposer answers "Yes" to either item (a) or (b), the agent/broker must help the applicant/proposer complete items 2 to 5 and must explain and discuss with the applicant/proposer the full implications of replacing any or a substantial part of his/her existing life insurance policy(ies) with the new life insurance policy in relation to financial implications, insurability implications and claims eligibility implications of the replacement and other considerations. The applicant/proposer may consult the insurer(s) of his/her existing life insurance policy(ies) for further information. There is no need to sign in Section A.

- (2a) The agent/broker must help the applicant/proposer fill in the estimated loss for the replacement by referencing that the set-up cost is usually two years premiums or 10% of single premium of the basic life insurance policy replaced/to be replaced. No reason is required if the estimated loss stated is equal to or higher than this reference. The agent/broker may use other reference for the estimated loss provided he/she could reasonably justify the estimation, and must give reason and the justification if there is no loss or if estimated loss is less than two years premiums or 10% of single premium.

- (2b) The agent/broker must help the applicant/proposer compare the annualized premiums of the existing life insurance policy(ies) and the new life insurance policy by using the same sum insured, and give reason if the annualized premiums will not be higher under the new life insurance policy for the same sum insured.
- (2c) The agent/broker must help the applicant/proposer fill in the guaranteed cash values of the existing life insurance policy(ies) and the new life insurance policy using the values on the policy anniversary dates immediately after the applicant/proposer reaches age 65, or if one of the policies or all policies mature(s) before age 65, fill in the guaranteed cash values on the policy anniversary dates of each policy in the earliest maturity year. The agent/broker has to obtain the value(s) of the existing life insurance policy(ies) from the applicant/proposer unless the applicant/proposer declares in writing in the space provided for "Guaranteed Cash Value(s) of the existing life insurance policy(ies)" that he/she does not want to disclose such information.
- (3) The agent/broker must explain the implications of the changes of health conditions, occupation, lifestyle/habit and recreational activities in this replacement to the applicant/proposer before the latter ticks the boxes.
- (4a) The agent/broker must help the applicant/proposer fill in the expiry dates of the period in the "suicide clause" for both the existing life insurance policy(ies) and the new life insurance policy. The expiry date of the latter will be the number of months from its issue date. The agent/broker has to obtain the expiry date(s) of the existing life insurance policy(ies) from the applicant/proposer unless the applicant/proposer declares in writing in the space provided for "Existing life insurance policy(ies)" that he/she does not want to disclose such information.
- (4b) The agent/broker must help the applicant/proposer fill in the expiry dates of the "contestability period" for both the existing life insurance policy(ies) and the new life insurance policy. The expiry date of the latter will be the number of months from its issue date. The agent/broker has to obtain the expiry date(s) of the existing life insurance policy(ies) from the applicant/proposer unless the applicant/proposer declares in writing in the space provided for "Existing life insurance policy(ies)" that he/she does not want to disclose such information.
- (5a) The agent/broker must help the applicant/proposer list out the riders/supplementary benefits under the existing life insurance policy(ies) that will not have under the new life insurance policy for the applicant/proposer. Detailed benefits under each rider/supplementary benefit are not required to be listed. The agent/broker has to obtain the riders/supplementary benefits under the existing life insurance policy(ies) from the applicant/proposer unless the applicant/proposer declares in writing in the space provided that he/she does not want to disclose such information.
- (5b) The agent/broker must help the applicant/proposer list out the reasons why the new life insurance policy is more suitable for the applicant/proposer unless the applicant/proposer declares in writing in the space provided that he/she does not mind whether the new life insurance policy is more suitable or not.
- (5c) The agent/broker must help the applicant/proposer answer this question.
- (6) The agent/broker must explain the "Declaration by the Applicant/Proposer" to the applicant/proposer before the latter signs it.
- (7) The agent/broker shall sign the "Declaration by the Agent/Broker", declaring that he/she has explained fully the related implications of the decision of the applicant/proposer in regard to replacing the existing life insurance policy(ies) and has not made any inaccurate or misleading statements or comparisons nor withheld any information which may affect the decision of the applicant/proposer.

(Notes: Additional papers may be used wherever the spaces provided in the Form are insufficient. However, both agent/broker and applicant/proposer must sign on all the papers that are used.)

~ End ~

CUSTOMER PROTECTION DECLARATION FORM

IMPORTANT DOCUMENT! PLEASE STUDY CAREFULLY BEFORE SIGNING!

This is an **IMPORTANT PART** of the Code of Practice for Life Insurance Replacement ("Code") and the Minimum Requirements as specified by the Insurance Authority under the Insurance Companies Ordinance ("Minimum Requirements") but does not form part of the application/proposal. Please refer to the Explanatory Notes before completing this Form.

Name of the Insurer of the New Life Insurance Policy : _____

Application/Proposal Number : _____

Name of Applicant/Proposer : _____

HKID Card/Passport No. of Applicant/Proposer : _____

SECTION A

1. a) **Have you replaced*** in the past 12 months any or a substantial part of your existing life insurance policy(ies) with the above application/proposal?

Yes (Please go to Section B) No (Please answer question b below)

b) **Do you intend to replace** in the next 12 months any or a substantial part of your existing life insurance policy(ies) with the above application/proposal?

Yes (Please go to Section B) No (Please read carefully and sign the Declaration in this Section only)

Declaration by the Applicant/Proposer :

I realize if I answer "No" to both questions above but indeed,

- i) the above-mentioned application/proposal has replaced any or a substantial part of my existing life insurance policy(ies) in the past 12 months; or**
- ii) my current intention is to replace any or a substantial part of my existing life insurance policy(ies) within the next 12 months by the above-mentioned application/proposal,**

I may jeopardize my future right of redress if I find later that I have been disadvantaged because of such replacement.

I hereby authorize the Insurer of the new life insurance policy to give the Insurance Agents Registration Board, the Hong Kong Confederation of Insurance Brokers, the Professional Insurance Brokers Association, the Insurance Authority, the Hong Kong Federation of Insurers, the insurer(s) of the life insurance policy(ies) that is/are being or has/have been replaced (if applicable) or other parties, as required for proper administration/implementation/execution of the Code and the Minimum Requirements, a copy of this Form and any related records or information.

Signature of the Applicant/Proposer

Date (D / M / Y)

* Notes: Please refer to clause C of the Explanatory Notes for the definition of "Replacement".

SECTION B

Attention: A policyholder would usually suffer losses if he/she chooses to replace his/her existing life insurance policy(ies), especially within the first few years of the policy term. The intent of this Form is to ensure that the Agent/Broker has already explained to you in detail any real and potential disadvantages in replacing your existing life insurance policy(ies). You are advised to study the pamphlet titled "Life Insurance Policy Replacement – What you need to know" issued by the Insurance Authority and provided by the Agent/Broker before you complete this Form.

The Agent/Broker shall explain to you the full implications of replacing your existing life insurance policy(ies) with the new life insurance policy.

The Agent/Broker **MUST HELP YOU** complete all items below and tick where appropriate.

Please write down the life insurance policy(ies) replaced/to be replaced and complete items 2 to 6 :

Name of insurer(s) : _____

Policy Number(s) : _____

You are strongly advised :

- a) To consult the insurer(s) of your existing life insurance policy(ies) for further information (**please note that this Form will be copied to the insurer(s) of your existing life insurance policy(ies) you indicate above**);
- b) **NOT** to cancel your existing life insurance policy(ies) until the new life insurance policy is issued; and
- c) To use **additional blank paper(s)** if the space provided in this Form for answer is not enough, but remember to sign and ask the Agent/Broker to sign on the additional paper(s).

2. Financial implications of the replacement :

<p>a) You could be paying the policy set-up cost TWICE – the set-up cost is usually two years premiums or 10% of single premium of the basic life insurance policy replaced/to be replaced (This is for reference only; the Agent/Broker should advise you of the estimated loss for this replacement).</p>	<p>Estimated Loss HK\$: _____</p> <p>If no loss or if estimated loss is less than two years premiums or 10% of single premium of the basic life insurance policy replaced/to be replaced, please give reason and justification :</p> <p>_____</p> <p>_____</p>
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<p>b) You may have to pay HIGHER premiums under the new life insurance policy because you are older.</p>	<p>Will the annualized premiums be HIGHER under the new life insurance policy for the same sum insured?</p> <p style="text-align: center;"><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If no, please give reason : _____</p> <p>_____</p> <p>_____</p>
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<p>c) The projection of future values of the new life insurance policy may be higher than the existing life insurance policy(ies), but the projected values in most cases depend on the performance of the insurers and may NOT be guaranteed.</p>	<p>Guaranteed Cash Values on the policy anniversary dates immediately after age 65 (if one of the policies or all policies mature(s) before age 65, please fill in the Guaranteed Cash Values on the policy anniversary dates of each policy in the earliest maturity year) :</p> <p>On the policy anniversary date of the calendar year of _____ ,</p> <p>Guaranteed Cash Value(s) of the existing life insurance policy(ies) :</p> <p>_____</p> <p>On the policy anniversary date of the year indicated above, the Guaranteed Cash Value of the new life insurance policy :</p> <p>_____</p>
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3. Insurability implications of the replacement :

<p>Some coverage may be denied or a higher premium may be charged due to changes in :</p> <ul style="list-style-type: none"> a) health conditions; b) occupation; 	<p>Has the Agent/Broker explained to you the implication(s) of changes in each of the conditions listed on the left-hand side in this replacement?</p> <ul style="list-style-type: none"> a) <input type="checkbox"/> Yes <input type="checkbox"/> No b) <input type="checkbox"/> Yes <input type="checkbox"/> No
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<p>c) lifestyle/habit, e.g. smoking/drinking; or d) recreational activities, e.g. hazardous sports, etc.</p>	<p>c) <input type="checkbox"/> Yes <input type="checkbox"/> No d) <input type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>4. Claims eligibility implications of the replacement :</p>	
<p>a) The benefits under a life insurance policy may not be payable if the life insured commits suicide within a certain period of the policy's issue date. Your new life insurance policy may restart the period in the "suicide clause".</p>	<p>a) Period in the "Suicide Clause" expires on : Existing life insurance policy(ies) : _____ (D / M / Y) New life insurance policy : _____ Number of months from the new policy's issue date</p>
<p>b) The benefits under a life insurance policy may not be payable if information on the application was incomplete. The benefits under your existing life insurance policy(ies) will be payable, in the absence of fraud, if this incomplete information is not discovered within the "contestability period" (usually two years). Your new life insurance policy may restart the "contestability period".</p>	<p>b) "Contestability period" expires on : Existing life insurance policy(ies) : _____ (D / M / Y) New life insurance policy : _____ Number of months from the new policy's issue date</p>
<p>c) Where twisting of life insurance policy has occurred and you opt for reinstatement of your policy by the Non-selling office, the benefits under your existing life insurance policy(ies), once surrendered or lapsed, as a result of policy replacement, will NOT be payable for any claims arising thereafter; and the benefits under the new life insurance policy will be payable subject to the terms and conditions of the new life insurance policy.</p>	<p>c) Has the Agent/Broker explained to you the implications of this replacement for claims payment, if any, as indicated on the left-hand side? <input type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>5. Other considerations :</p>	
<p>a) List riders/supplementary benefits you have under the existing life insurance policy(ies) but will not have under the new life insurance policy.</p>	<p>_____ _____ _____</p>
<p>b) List reasons why the new life insurance policy is more suitable for your needs and objectives.</p>	<p>_____ _____ _____</p>
<p>c) Have you been advised by the Agent/Broker of any alternatives to replacing the existing life insurance policy(ies)?</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>

6. Declaration by the Applicant/Proposer :

I declare that I have read and discussed the relevant item(s) of this Form with the Agent/Broker. I understand and accept the financial and other implications of changing my existing insurance arrangement as explained by the Agent/Broker.

I also declare that I have received a copy of the pamphlet titled, "Life Insurance Policy Replacement – What you need to know", issued by the Insurance Authority.

I realize if I have not fully understood this Form, in signing this Declaration I may jeopardize my future rights of redress if I find later that I have been disadvantaged because of this replacement.

I hereby authorize the Insurer of the new life insurance policy to give the Insurance Agents Registration Board, the Hong Kong Confederation of Insurance Brokers, the Professional Insurance Brokers Association, the Insurance Authority, the Hong Kong Federation of Insurers, the insurer(s) of the life insurance policy(ies) that is/are being or has/have been replaced or other parties, as required for proper administration/implementation/execution of the Code and the Minimum Requirements, a copy of this Form and any related records or information.

(Warning :

- a. **You must read all items carefully and check that the Agent/Broker has completed with you all the information on this Form before you sign your name here.**
- b. **Please do not sign a blank Form or leave any space blank.)**

Signature of the Applicant/Proposer

Date (D / M / Y)

7. Declaration by the Agent/Broker :

I declare that I have explained fully the above listed items and the related implications of the decision of the Applicant/Proposer in regard to replacing the existing life insurance policy(ies), and have not made any inaccurate or misleading statements or comparisons nor withheld any information which may affect the decision of the Applicant/Proposer.

Signature of the Agent/Broker

Agent/Broker's name in full

Insurance Agent/Broker Reg. No.

Date (D / M / Y)



香港保險業聯會
THE HONG KONG FEDERATION OF INSURERS