



## An easy guide

# to learn about ILAS

An Investment-Linked Assurance Scheme (ILAS) is a long-term insurance product that bundles investment options with life insurance coverage. If the insured person passes away, the insurer will generally pay a death benefit in a lump sum to the beneficiary. The account value accumulated in the policy, which varies with investment performance, can be withdrawn if the policy is surrendered or upon policy maturity.



## Calculation of death benefit

### Protection Linked Plan (PLP)

Not less than **150%** of the total premiums payable  
Before the age of **65**  or  
**105%** of the account value  
whichever is higher

Total premiums paid  
On or after the age of **65**  or  
**105%** of the account value  
whichever is higher

### Capital Preservation Upon Death

Total premiums paid  
or  
**105%** of the account value  
whichever is higher

### Pure 105

**105%** of the account value

## Major risks



**1** The account value varies with investment performance. If the investment performance is poor, both the account value and the amount of the death benefit will be affected. Policyholders should carefully choose their investment portfolio.

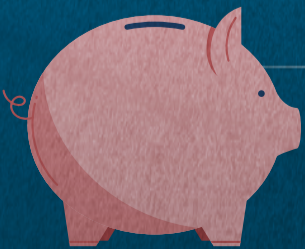
fees



**2** Early withdrawal or policy surrender may trigger a significant charge. Thus, an ILAS is not suitable for individuals with short- or medium-term liquidity needs.

**3** Even if the policy allows a premium holiday, the insurer will deduct fees and charges from the account value. If the account value cannot cover the fees and charges, the policy will lapse.

**4** The rate of return mentioned by intermediaries and in the benefit illustration documents is only for illustration purposes. Returns are not guaranteed. The actual investment performance can be volatile, leading to significant fluctuations in the account value.



**5** Some investment options aim to distribute cash dividends, but such distribution is not guaranteed. Dividends may also be paid out of the capital of the funds, which may result in a drop in the fund's unit price, affecting the account value.





# An easy guide to consider whether an **ILAS\*** is suitable for you



**Suitable for individuals who...**



**Not suitable for individuals who...**

Want to invest while also having life protection



Are interested in life protection only and do not have investment needs

Are able to pay all the premiums, and intend to purchase a long-term policy

Have short- to medium-term liquidity needs

Are capable of selecting investment portfolios and adjusting them as needed

Lack knowledge about selecting investment portfolios and making necessary adjustments

Can bear investment risks

Cannot tolerate investment risks, and are looking for guaranteed or pre-determined returns



## Comparison between an ILAS and traditional life insurance



**ILAS**

**Traditional insurance**

+

Participating policy

Non-participating policy

**Objectives**

Bundles life protection and investment for long-term capital growth

Provides both life protection and long-term savings

Provides life protection or a pre-determined return

**Death benefit**

The amount is determined by the premiums payable, premiums paid or account value, which is affected by investment performance.

It normally comprises bonuses or dividends of the policy, which includes guaranteed and non-guaranteed benefits.

It is normally a fixed amount, but some policies may offer an amount which varies over the policy term.

**Risks**

Returns are not guaranteed, and the account value may significantly decrease due to poor investment performance or the deduction of related fees and charges, possibly resulting in a total loss.

Depending on the non-guaranteed benefits distributed by the insurer, the higher the proportion of non-guaranteed benefits, the higher the potential returns and risks.

The amount of the death benefit is normally fixed and is not affected by investment performance.

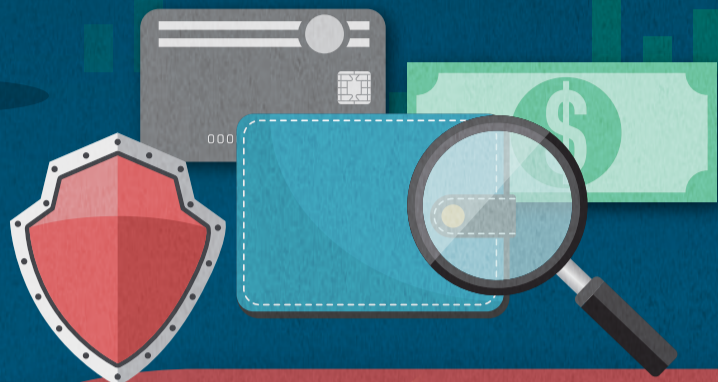
\* An ILAS is an Investment-Linked Assurance Scheme.



# An easy guide to learn about the sales procedure for an ILAS\*

## 1 Financial Needs Analysis (FNA)

This is conducted to evaluate the applicant's objectives, financial situation, and ability and willingness to pay the premiums.



## 2 Risk Profile Assessment

If an ILAS is a potential option for the applicant, the intermediary should assess the applicant's investment risk appetite by completing the *Risk Profile Questionnaire*.



## 4 Document signing

Before the applicant sign the *Important Facts Statement* to confirm his/her understanding of the documents, the intermediary should explain the matters covered in the statement.



## 3 Product recommendation

Based on the information gathered in the FNA and any other relevant information provided by the applicant, the intermediary will recommend suitable insurance options and provide product brochures, product key facts statements and benefit illustration documents.



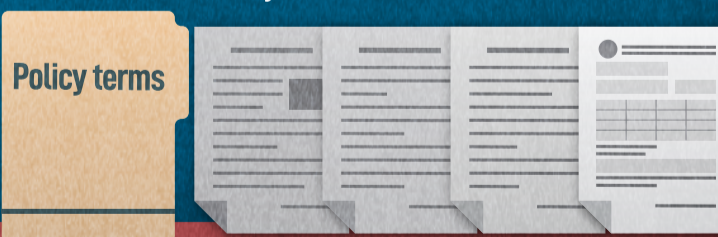
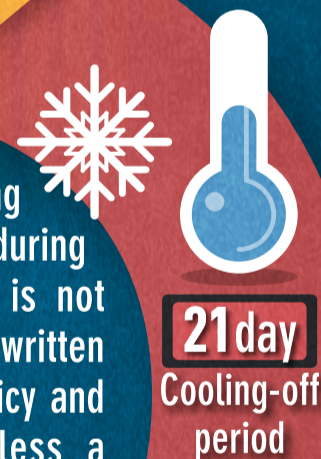
## 5 Post-sale controls

The intermediary conducts a point-of-sale audio recording, or the insurer conducts a post-sale call within five working days of the date of policy issue to confirm that the applicant understands the purchased product and is fully aware of his/her rights and obligations. The policyholder receives the relevant documents and should contact the insurer about any questions or disagreements.



## 6 Cooling-off period

Policyholders can review the policy terms and related documents again during a 21-day cooling-off period. If they find during this period that the purchased policy is not suitable for them, they can submit a written request to the insurer to cancel the policy and get a refund of the premium paid less a market value adjustment.



## 7 Regularly monitor the performance of the investment portfolio

Policyholders should actively manage their policies and regularly monitor the performance of their investment portfolio. If they want to change their investment portfolio, they should pay attention to the fees and charges.



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