

PRUhealth critical illness care

Essential lump-sum protection and whole-of-life cover against critical illnesses



PRUhealth critical illness care

PRUhealth critical illness care protects you against the financial impact of 70 disease conditions from early to late stage with whole-of-life cover. With limited years of premium payment, the plan pays a lump sum you can use for any purpose upon diagnosis of diseases including cancer, heart disease or stroke.

Plan highlights



Covers 70 disease conditions from early to late stage



Protection for early stage major disease conditions, including pre-cancerous condition



Up to 50% extra protection for the first 10 years



Additional 20% protection for late stage major disease conditions



Protection and long-term savings in one plan



Benefit Protector Option – to combat inflation

The benefits



Coverage for 70 disease conditions

We offer essential protection against **70 disease conditions**, including **52 Major Disease Conditions** and **18 Early Stage Major Disease Conditions**. On top of this, we also cover **6 Late Stage Major Disease Conditions** to provide extra peace of mind. The plan covers most common disease conditions such as Cancer, Heart Attack and Stroke.

If the person covered by the policy (the "life assured") is diagnosed with one of the covered **Major Disease Conditions**, we will pay a lump sum of up to **100%** of the current sum assured.

We will also pay a lump sum of up to **100%** of the current sum assured as a Death Benefit if the life assured dies.

You can find the full list of covered disease conditions in the "List of disease conditions the plan covers" section below.



Protection for Early Stage Major Disease Conditions

We will pay up to **20% or 25%** of the current sum assured of your **PRU**health critical illness care for Early Stage Major Disease Conditions, depending on the Early Stage Major Disease Condition with which the life assured is diagnosed.

You can claim the Early Stage Major Disease Benefit up to **3 times** under the plan. **Carcinoma-in-situ (a pre-cancerous condition) and Coronary Angioplasty** can be claimed up to a maximum of **2 times** each, where each claim can pay up to **25%** of the current sum assured. **Early Thyroid or Prostate Cancer** can be claimed **once** for up to **25%** of the current sum assured. The **other 15 covered Early Stage Major Disease Conditions** can be claimed **once in total** for up to **20%** of the current sum assured.



Up to 50% extra protection for the first 10 years

We offer **Crisis care enhancer**, giving up to an **extra 50%** of the current sum assured of your **PRU**health critical illness care. If you take out the plan for a life assured **aged 1 to 18 (age next birthday [ANB])**, we will offer 50% extra protection for the **first 10 years**. If you take out the plan for a life assured **aged 19 to 65 (ANB)**, we will offer 35% extra protection for the **first 10 years**.

When the life assured is covered by **Crisis care enhancer**, we will pay this extra protection for different stages of disease benefits as well as the Death Benefit.

If no claims have been made under the plan, you will have an option to convert **Crisis care enhancer** to a new life insurance plan with cash value for the life assured, within 1 month before or after **Crisis care enhancer** ends without the need to give us any health information.



An additional 20% protection for Late Stage Major Disease Conditions

We will pay an **additional 20%** of the current sum assured on top of the Major Disease Benefit for a Late Stage Major Disease Condition, including Cancer, Heart Attack or Stroke.

If the life assured is diagnosed with Alzheimer's Disease, Parkinson's Disease or Multiple Sclerosis on or before reaching age 61 (ANB), we will also pay – on top of your Major Disease Benefit – an additional 20% of the current sum assured.



Protection and long-term savings in one plan

Besides offering in-depth protection, **PRU**health critical illness care is a Shareholder-backed Participating Plan providing long-term savings value. We will pay a guaranteed cash value when you surrender the policy. We may also pay a non-guaranteed one-off bonus – the Terminal Bonus – when you surrender your policy or make a claim for the Major Disease Benefit or Death Benefit.

Please also refer to our brochure on Shareholder-backed Participating Plan available at www.prudential.com.hk/shareholderpar for more information on your Shareholder-backed Participating Plan and the operation of the Shareholder-backed Participating Fund.



Supplementary benefits to strengthen your coverage



Combat inflation with Benefit Protector Option

Over time, the value of your coverage is reduced by inflation. To help offset this, we offer a Benefit Protector Option. By paying extra premiums, you can automatically increase the protection by 5% of initial sum assured every year, up to 200% of the initial sum assured.

This Benefit Protector Option does not apply to the **Crisis care enhancer** and other attached supplementary benefits.



Other supplementary benefits to extend your coverage

You can choose from a range of supplementary benefits to help tailor your plan. By paying additional premiums, you can cover the life assured against extra medical expenses and accidents.

You can find more about these benefits in the "Benefit schedule" and "More about **PRU**health critical illness care" sections below.

Benefit schedule

Benefits		PRUhealth critical illness care	Crisis care enhancer (if applicable)	Maximum number of claims	When you make a claim:
Early Stage Major Disease Benefit	Carcinoma-in-situ	25% of current sum assured of PRUhealth critical illness care	25% of current sum assured of Crisis care enhancer	2	A USD 30,000 per life limit applies to each of the Early Stage Major Disease Conditions under all PRUhealth critical illness care and Crisis care enhancer for the same life assured.
	Coronary Angioplasty			2	
	Early Thyroid or Prostate Cancer			1	
	The other 15 Early Stage Major Disease Conditions	20% of current sum assured of PRUhealth critical illness care	20% of current sum assured of Crisis care enhancer	1 claim for all 15 Early Stage Major Disease Conditions	A USD 30,000 per life limit applies to all of these Early Stage Major Disease Conditions under all PRUhealth critical illness care and Crisis care enhancer for the same life assured.
	Overall maximum number of claims: 3				
Major Disease Benefit		100% of current sum assured of PRUhealth critical illness care + Face value of Terminal Bonus (if any)	100% of current sum assured of Crisis care enhancer	1	We will deduct the total claimed amount of Early Stage Major Disease Benefit under PRUhealth critical illness care and Crisis care enhancer.
Late Stage Major Disease Extra Benefit		Extra 20% of current sum assured of PRUhealth critical illness care	Extra 20% of current sum assured of Crisis care enhancer	1	We will pay you this benefit on top of the Major Disease Benefit.
Death Benefit		100% of current sum assured of PRUhealth critical illness care + Face value of Terminal Bonus (if any)	100% of current sum assured of Crisis care enhancer	–	We will deduct the total claimed amount of Early Stage Major Disease Benefit under PRUhealth critical illness care and Crisis care enhancer.
Surrender Value		Guaranteed Cash Value + Cash value of Terminal Bonus (if any)	Not applicable	–	We will deduct the total claimed amount of Early Stage Major Disease Benefit under PRUhealth critical illness care.

We will deduct any outstanding loans and interest from all benefits payable under PRUhealth critical illness care and Crisis care enhancer.

List of disease conditions the plan covers

	Early Stage Major Disease Conditions	Major Disease Conditions	Late Stage Major Disease Conditions
Disease Groups	Coverage for whole life unless specified		
Cancer	1. Carcinoma-in-situ 2. Early Thyroid or Prostate Cancer*	1. Cancer# 2. Cerebral Metastasis	1. Cancer
Illnesses related to the Heart	3. Coronary Angioplasty 4. Insulin Dependent Diabetes Mellitus (cover from age 1 - 18 [ANB]) 5. Kawasaki Disease (cover from age 1 - 18 [ANB]) 6. Rheumatic Fever with Valvular Impairment (cover from age 1 - 18 [ANB]) 7. Transmyocardial Laser Revascularisation	3. Cardiomyopathy 4. Coronary Artery Disease Requiring Surgery 5. Heart Attack 6. Heart Valve and Structural Surgery 7. Primary Pulmonary Arterial Hypertension 8. Surgery to the Aorta	2. Heart Attack
Illnesses related to the Nervous System	8. Autism (cover from age 1 - 18 [ANB]) 9. Severe Psychiatric Illness 10. Type I Juvenile Spinal Amyotrophy (cover from age 1 - 18 [ANB])	9. Alzheimer's Disease 10. Amyotrophic Lateral Sclerosis 11. Apallic Syndrome 12. Bacterial Meningitis 13. Benign Brain Tumour 14. Brain Surgery 15. Coma 16. Creutzfeldt-Jacob Disease (CJD) 17. Encephalitis 18. Major Head Trauma 19. Meningeal Tuberculosis 20. Motor Neurone Disease 21. Multiple Sclerosis 22. Muscular Dystrophy 23. Paralysis 24. Parkinson's Disease 25. Poliomyelitis 26. Progressive Bulbar Palsy 27. Progressive Supranuclear Palsy 28. Stroke	3. Alzheimer's Disease (cover from age 1 - 61 [ANB]) 4. Multiple Sclerosis (cover from age 1 - 61 [ANB]) 5. Parkinson's Disease (cover from age 1 - 61 [ANB]) 6. Stroke
Illnesses related to the Major Organs and Functions	11. Dengue Haemorrhagic Fever (cover from age 1 - 18 [ANB])	29. Chronic Liver Disease 30. Chronic Relapsing Pancreatitis 31. End Stage Lung Disease 32. Kidney Failure 33. Major Organ Transplantation 34. Necrotising Fasciitis 35. Severance of Limbs 36. Systemic Lupus Erythematosus (SLE) with Lupus Nephritis	

	Early Stage Major Disease Conditions	Major Disease Conditions	Late Stage Major Disease Conditions
Disease Groups	Coverage for whole life unless specified		
Other Illnesses	12. Osteogenesis Imperfecta (cover from age 1 - 18 [ANB]) 13. Severe Asthma (cover from age 1 - 18 [ANB]) 14. Severe Central or Mixed Sleep Apnoea 15. Severe Epilepsy 16. Severe Haemophilia (cover from age 1 - 18 [ANB]) 17. Severe Obstructive Sleep Apnoea 18. Systemic Juvenile Rheumatoid Arthritis (cover from age 1 - 18 [ANB])	37. AIDS due to Blood Transfusion 38. Aplastic Anaemia 39. Blindness 40. Crohn's Disease 41. Deafness 42. Ebola 43. Elephantiasis 44. Fulminant Viral Hepatitis 45. Loss of Independent Existence (cover from age 19 - 65 [ANB]) 46. Loss of Speech 47. Major Burns 48. Medullary Cystic Disease 49. Occupationally Acquired HIV 50. Severe Rheumatoid Arthritis 51. Terminal Illness 52. Total and Permanent Disability (cover from age 1 - 65 [ANB])	

- * Early Thyroid or Prostate Cancer refers to the presence of one of the following malignant conditions: (a) thyroid tumour classified as T1N0M0 according to the TNM classification system; or (b) prostate tumour classified as T1a or T1b according to the TNM classification system.
- # Cancer does not include (a) thyroid tumour classified as T1N0M0 or a lower stage according to the TNM classification system; (b) prostate tumour classified as T1a or T1b or a lower stage according to the TNM classification system; (c) chronic lymphocytic leukaemia less than RAI stage III; (d) skin cancer other than malignant melanoma; (e) tumour in the presence of any HIV; (f) Cervical Intra-epithelial Neoplasia (CIN I, CIN II, or CIN III) or Cervical Squamous Intra-epithelial Lesion; and (g) tumour classified as pre-malignant, non-invasive, or Carcinoma-in-situ, or as having either borderline malignancy or low malignant potential.

How does the plan work for you? ^

At age 33 (ANB), Mrs. Wong enrolled in a 20-year payment term **PRU**health critical illness care as the life assured with a current sum assured of **USD 125,000**. In her first 10 policy years, she is entitled to **Crisis care enhancer**, which gives her extra protection of **USD 43,750**, i.e. 35% of the USD 125,000 current sum assured.



Extra 35% protection from **Crisis care enhancer** for the first 10 years

Age 33 (ANB)	Age 38 (ANB)	Age 41 (ANB)	Total benefit payout
Policy Starts	Diagnosed with Carcinoma-in-situ of Cervix Uteri	Diagnosed with Late Stage Liver Cancer	USD 202,500
	Entitled to: Early Stage Major Disease Benefit	Entitled to: Major Disease Benefit + Late Stage Major Disease Extra Benefit + face value of Terminal Bonus (if any) – Early Stage Major Disease Benefit paid	that is 697% of the total premiums paid + face value of Terminal Bonus (if any)
	We pay USD 30,000	We pay USD 172,500 + face value of Terminal Bonus (if any)	

[^] It is assumed in the above example that Mrs. Wong is a non-smoker, and that the definitions and claims requirements of the benefits are fulfilled, and that no policy loans or policy changes have been made.

Key exclusions

We will not pay any Major Disease Benefit, Early Stage Major Disease Benefit or Late Stage Major Disease Extra Benefit of **PRU**health critical illness care and **Crisis care enhancer** if:

- (I) the disease condition (including Major Disease Condition, Early Stage Major Disease Condition or Late Stage Major Disease Condition) existed before the effective date of this plan, or before the effective date of reinstatement, whichever is later; or
- (II) the life assured suffers from any pre-existing condition, or shows any signs or symptoms, which may be the cause or triggering condition of a disease condition before the effective date of this plan, or before the effective date of reinstatement, whichever is later; or
- (III) the life assured is diagnosed by a registered specialist with a disease condition, or has shown signs or symptoms of any illness, disease or physical condition which may be the cause or triggering condition of a disease condition within 90 days from the effective date of this plan or from the effective date of reinstatement, whichever is later. This exclusion does not apply if the disease condition is caused by an accident and the life assured is diagnosed as having the disease condition within 90 days of the accident; or
- (IV) the disease condition is a direct or indirect result of:
 - a. the life assured's attempted suicide or self-inflicted injuries while sane or insane; or
 - b. Acquired Immune Deficiency Syndrome (AIDS), AIDS-related complex or infection by Human Immunodeficiency Virus (HIV) except for AIDS due to Blood Transfusion or Occupationally Acquired HIV; or
 - c. any congenital or inherited disorder or developmental conditions which gives rise to signs or symptoms or is diagnosed before the life assured reaches age 17 (ANB). This exclusion is not applicable for Osteogenesis Imperfecta, Severe Haemophilia and Muscular Dystrophy; or
 - d. narcotics used by the life assured unless taken as prescribed by a registered doctor, or the life assured's abuse of drugs and/or alcohol.

In addition, we will not pay the Major Disease Benefit for the life assured's Total and Permanent Disability as a direct or indirect result of:

- (i) war, hostilities (whether war is declared or not), rebellion, insurrection, riot, or civil commotion; or
- (ii) travelling or flights in any vehicle or device for aerial navigation other than as a fare-paying passenger on a scheduled public air service.

For more details on exclusions, please refer to relevant policy provisions.

More about PRUhealth critical illness care

Plan type

Basic plan

Benefit term

Whole life

Premium term/Issue age/Currency option

Premium term	Issue age (ANB)	Currency option
5-year	1-65	
10-year	1-65	
15-year	1-60	
20-year	1-55	USD

- The life assured must be at least 30 days old when the proposal document is signed.

Premium structure

- We will determine the premium based on the issue age and risk class of the life assured as well as the premium term selected. We have the right to review and adjust the premium rates for particular risk classes (including but not limited to age, gender and smoking status) on each policy anniversary. The premium will not be adjusted unless we notify you prior to policy anniversary.

Current sum assured

- The current sum assured of PRUhealth critical illness care (excluding **Crisis care enhancer**) reflects:
 - any increments of the sum assured from the Benefit Protector Option; and/or
 - any reductions of the sum assured you make to your plan.
- The current sum assured of **Crisis care enhancer** reflects any reductions of the sum assured you make to your plan.

Crisis care enhancer

- If you choose the Benefit Protector Option, the current sum assured of **Crisis care enhancer** will not include the increased coverage offered by this benefit.
- If you reduce your sum assured of PRUhealth critical illness care, we will also reduce your **Crisis care enhancer**'s coverage in proportion.
- Crisis care enhancer** is not eligible for the Terminal Bonus and guaranteed cash value.
- We will stop your **Crisis care enhancer** when you terminate the PRUhealth critical illness care, or when the

benefit term has ended or once the Major Disease Benefit or Death Benefit is paid.

- If no claims have been made under the plan, you will have an option to convert **Crisis care enhancer** to a new life insurance plan with cash value for the life assured at a premium rate determined by us, provide that:
 - the new sum assured is the same or less than the current sum assured of this plan; and
 - the new policy will be issued with the same special terms and conditions as your existing plan; and
 - you apply for the conversion within 1 month before or after **Crisis care enhancer** ends; and
 - you have an insurable interest in the life of the life assured (if you are not the life assured) named under the new policy.

Terminal Bonus

- The Terminal Bonus is a one-off non-guaranteed bonus.
- We normally declare bonus annually according to our declared bonus rates. We may change the bonus rates from time to time. The bonus is not guaranteed. We will declare bonus for your plan from its fifth anniversary.
- The declared bonus may rise and fall and does not accumulate within the policy or form a permanent addition to the policy's value.
- The declared bonus has a face value which we will pay out in the event of death of the life assured or if you make a Major Disease Benefit claim.
- The bonus also has a non-guaranteed cash value which we determine by a variable cash value discount factor. In the event of policy surrender, the non-guaranteed cash value – not the face value – of the bonus shall be paid out.

Factors affecting the Terminal Bonus

- The bonuses we pay are not guaranteed and are subject to review and adjustment at our discretion. Factors that may affect them include (but not limited to):
 - Investment performance factors – your plan's performance will be affected by the return on its underlying investment portfolio. This could be driven by:
 - interest earnings from fixed-income securities and dividend from equity-type investments (if any);
 - capital gains and losses from investment assets;
 - counterparty default risk of fixed-income securities (such as bonds);
 - investment outlook;
 - external market risk factors such as recessions and changes in monetary policies and foreign exchange rates.

- ii. Claims factors – Our historical claims experience on death and/or other covered benefits, and projected future costs of providing death benefit and/or other covered benefits.
- iii. Expense factors – These include direct expenses associated with issuing and maintaining your policy, such as commissions, overrides, underwriting and policy administration expenses. They may also include indirect expenses (such as general overheads) allocated to your policy.
- iv. Persistency factors – Policy persistency and any partial surrenders of a group of policies may impact the bonus we pay to the continuing policies.
- The actual future amounts of benefits and/or returns may be higher or lower than the values currently presented in the marketing materials. Our website at www.prudential.com.hk/bonushistory_SHPAR_en explains the bonus history.

Benefit Protector Option

- You can only take out the Benefit Protector Option for standard rate policies of **PRU**health critical illness care with a premium term of 15 or 20 years. It is also subject to our administration guidelines.
- By paying extra premiums, you can automatically increase your protection by 5% of initial sum assured every year, up to 200% of the initial sum assured.
- We will calculate the additional premiums you need to pay for increasing your sum assured of **PRU**health critical illness care based on the age, gender and latest smoking status of the life assured and the remaining premium term.
- Any additional sum assured derived from the Benefit Protector Option will not apply when we calculate the current sum assured of **Crisis care enhancer**.

Surrender Value

When you surrender your policy, we will pay a Surrender Value under **PRU**health critical illness care equal to:

- guaranteed cash value (from third policy anniversary);
- **plus** cash value of Terminal Bonus (from fifth policy anniversary, if any);
- **less** total claimed amount for Early Stage Major Disease Benefit made under **PRU**health critical illness care;
- **less** any outstanding loans and interest.

Death Benefit

If the life assured dies, we will pay a Death Benefit equal to:

- 100% of current sum assured of **PRU**health critical illness care;
- **plus** face value of Terminal Bonus of **PRU**health critical illness care (from fifth policy anniversary, if any) ;
- **plus** 100% of current sum assured of **Crisis care enhancer** (if applicable);
- **less** total claimed amount for Early Stage Major Disease Benefit made under **PRU**health critical illness care and **Crisis care enhancer** (if applicable);
- **less** any outstanding loans and interest.

Second claim conditions for Carcinoma-in-situ and Coronary Angioplasty

- To make a second claim for Carcinoma-in-situ, the second claim must be for a Carcinoma-in-situ in a different organ from the first successful claim.
Paired organs (breast, fallopian tube, lung, ovary and testicle) are considered to be the same organ for this Carcinoma-in-situ claim.
- To make a second claim for Coronary Angioplasty, the treatment must be performed on a location of stenosis or obstruction in a major coronary artery where no stenosis greater than 60% was identified in the coronary angiogram relating to the first claim.

Late Stage Major Disease Extra Benefit claims condition

- If the existing Major Disease Condition deteriorates, using cancer as an example, the life assured would need to be diagnosed with a late stage cancer within 24 months of the date of the first diagnosis. For the deterioration of heart attack or stroke, it would need to happen within 6 months of the condition is first diagnosed.
- We will pay the Late Stage Major Disease Extra Benefit only once for each policy.

Termination of this plan

We will terminate this plan when the first of these happens:

- death of the life assured; or
- once the policy is surrendered; or
- if you fail to pay your premium within the grace period of 1 calendar month from its due date; or
- once we pay the Major Disease Benefit; or
- once outstanding loans and interest are more than 90% of the guaranteed cash value of your plan minus the total claimed amount for Early Stage Major Disease Benefit.

Investment philosophy

Investment strategy

Our investment objective is to balance policyholders' returns with an acceptable level of risk. We do this through a broad mix of investments which aims to protect the rights and manage the reasonable expectations of all Shareholder-backed Participating policyholders.

The Shareholder-backed Participating Fund invests in various types of assets, such as equities, government/corporate bonds and cash, to diversify investment risks. This multi-asset approach targets stability over the long term.

We adopt an advanced and actively managed investment strategy, which we adjust in response to changing market conditions. Under normal circumstances, our risk management and investment experts allocate a smaller proportion of higher-risk assets, such as equities, to insurance plans with a higher guarantee, and vice versa. In doing so, we aim to match the level of risk to the risk profiles of our products.

The following paragraphs explain the current investment ranges according to our current investment strategy. If we make any material changes to the investment strategy, we will inform you afterwards and explain the reasons behind them and their implications.

The investment mix of your plan

The current long-term target asset allocation is as follows:

Asset type	Allocation (%) USD-denominated policies
Fixed income instruments	70%
Equity-type security	30%

- **Current long-term target ranges of asset mix for the investment fund underlying PRUhealth critical illness care, by security type**

We invest in fixed-income type securities to back our guaranteed liabilities to policyholders. Our primary investment objective is to maintain a highly diversified credit profile in the fixed-income portfolio.

- We primarily invest in long-term US Treasury securities and investment-grade corporate bonds. We also include a small portion of high-yield and emerging-market bonds to further improve yield.
- The fixed-income assets will be currency hedged as much as practically possible to currency match the denomination of the underlying policies.

We also invest in equity-type securities which aim to provide policyholders with the potential for greater return. In general, we invest most of the equity-type investments in common stocks.

Because of different product features and risk profiles, the proportion of fixed-income and equity-type securities investment varies for each product.

- **Current long-term target ranges of currency mix for the investment fund underlying PRUhealth critical illness care**

Our current practice is to currency-match our fixed income asset purchases with the underlying policy's currency denomination. If fixed income assets are not denominated in the same currency as the underlying policies, we will enter into currency hedges as much as practically possible to offset any impact from currency fluctuations. In contrast, we give more flexibility to equity-type assets where those assets can be invested in other currencies in order to benefit from diversification.

- **Current long-term target ranges of geographic mix for the investment fund underlying PRUhealth critical illness care**

Our strategy is to invest globally to achieve diversification benefits, though a greater relative allocation of assets to the US is targeted.

We actively manage and adjust actual exposure in response to changing market conditions, opportunities and asset availability on the market. Additionally, we regularly review long-term targets, i.e. equity allocation, asset mix, credit mix, currency mix, and geographical mix, etc., in line with our investment objectives and risk appetite. For more information on the asset mix, credit mix, currency mix, and geographical mix, please refer to the summary tables made available at www.prudential.com.hk/investmentmix_en.

Key risks

How our credit risk may affect your policy?

The guaranteed cash value (if applicable) and insurance benefit of your plan are subject to our credit risk. If we become insolvent, you may lose the value of your policy and its coverage.

How currency exchange rate risk affects your return?

Foreign currency exchange rates may fluctuate. As a result, you may incur a substantial loss when you choose to convert your benefits to other currencies. Additionally, the conversion of your benefits to other currencies is subject to applicable exchange restrictions applicable at the time when the benefits are paid. You have the sole responsibility to decide if you want to convert your benefits to other currencies.

What are the risks of surrendering your plan or withdrawing money from your plan?

The liquidity of an insurance policy is limited. You are strongly advised to reserve adequate liquid assets for emergencies. For any surrender/withdrawal especially at the early stage upon policy inception, you may receive an amount considerably less than the premiums you paid.

How inflation affects the value of your plan?

We expect the cost of living to rise in the future because of inflation. That means the insurance you take out today will not have the same buying power in the future, even if the plan offers increasing benefit intended to offset inflation.

What happens if you do not pay your premiums?

You should only apply for this product if you intend to pay all of its premiums. If you miss any of your premium payments, we will automatically settle your outstanding premiums by an Automatic Premium Loan, with interest charged at a rate as determined by us. In the case the loan amount (plus accrued interest) exceeds the amount we allow for loan under the policy, we may terminate your policy and you may receive an amount considerably less than the premiums you paid, as well as losing the policy's coverage.

Why may your premiums be adjusted?

We have the right to review and adjust the plan's premium rates for particular risk classes on each policy anniversary, but not for any individual customer.

We may adjust premium rates because of several factors, such as our claims, investment and persistency experience.

Important information

Cancellation right

A customer who has bought the life insurance plans has a right to cancel the policy within the cooling-off period and obtain a refund of any premium(s) paid less any withdrawals. Provided that no claim has been made, the customer may cancel the policy by giving written notice to us within 21 days after: (1) the delivery of the policy or (2) the issuance of a notice (informing the availability of the policy and expiry date of the cooling-off period) to the customer/his/her representative, whichever is earlier. The premium will be refunded in the currency of premium payment at the time of application for this policy. If the currency of premium payment is not the same as the plan currency, the refundable premium amount in plan currency under this policy will be converted to the currency of premium payment at the prevailing currency exchange rate as determined by us in our absolute discretion from time to time upon payment. After the cooling-off period expires, if a customer cancels the policy before the end of benefit term, the actual cash value (if applicable) may be substantially less than the total amount of premiums paid.

Automatic Exchange of Financial Account Information

Over 100 countries and jurisdictions around the world have committed to adopt new rules for automatic exchange of financial account information ("AEOI"). Under the new rules, financial institutions are required to identify account holders who are foreign tax residents and report certain information regarding their investment income and account balance to the local tax authority where the financial institution operates. When countries or jurisdictions start exchanging information on an automatic basis, the relevant local tax authority where the financial account is maintained will then provide this information to the tax authority of the account holder's country of tax residence. This information exchange will be conducted on a regular, annual basis.

Hong Kong has adopted the new rules into its legislation (please see the Inland Revenue (Amendment) (No. 3) Ordinance 2016 ("the Amendment Ordinance") which came into effect on 30 June 2016). Therefore, the above requirements will be applicable to financial institutions in Hong Kong including Prudential. Under these rules, certain policyholders of Prudential are considered as "account holders." Financial institutions in Hong Kong including Prudential are required to implement due diligence procedures to identify account holders (i.e. policyholders in case where the financial institution is an insurance company) and in the case where the account holder is an entity, its "controlling persons," who are foreign tax residents, and report this information to the Inland Revenue Department ("IRD") if required. The IRD may transfer this information to the country of tax residence of such account holders.

In order to comply with the law, Prudential may require you, the account holder, to:

- (1) complete and provide us with a self-certification form with information regarding your tax residence status, your tax identification number in your country or countries of tax residence, your date of birth, and in the case where the policyholder is an entity (for example, a trust or a company), the classification of the entity that holds the policy and information regarding "controlling persons" of such entities;
- (2) provide us all required information and documentation for complying with Prudential's due diligence procedures; and
- (3) advise us of any change in circumstances which affect your tax residence status and provide us with a suitably updated self-certification form within 30 days of such change in circumstances.

According to the due diligence procedures set out in the Amendment Ordinance, self-certifications are required from account holders for all new accounts. As for pre-existing accounts, if a reporting financial institution has doubts about the tax residence of an account holder, it may require a self-certification from the account holder to verify its tax residence.

Prudential cannot provide you with any tax or legal advice. If you have doubts about your tax residence you should seek professional advice. You should seek independent professional advice on the impact that AEOI may have on you or your policy.

An account holder who knowingly or recklessly provides a statement that is misleading, false or incorrect in a material particular in making a self-certification to a reporting financial institution is liable on conviction to a fine at level 3 (HK\$10,000).

For further information on the implementation of the Common Reporting Standard and AEOI in Hong Kong, please refer to the IRD website: http://www.ird.gov.hk/eng/tax/dta_aeoi.htm.

Need more details? Get in touch

Please contact your consultant or call our Customer Service Hotline at 2281 1333 for more details.

Notes

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Prudential has the right to accept or decline any application based on the information provided by the policyholder and/or life assured in the application.

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