

LiveFree Protector

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Life & Savings Insurance


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Policy Reverse Mortgage Programme –
Eligible Life Insurance Plan

 **保單逆按計劃**
Policy Reverse Mortgage Programme

 **HKMG RETIRE 3寶**

 **香港按揭證券有限公司**
The Hong Kong Mortgage Corporation Limited

Hong Kong Edition

LiveFree Protector

No matter where you are on this track we call life, there will always be challenges that lie ahead. Rather than let them slow you down or stop you, you need comprehensive protection for yourself and your loved ones, so you can sprint on towards your dreams with total confidence and peace of mind.

With the whole life protection and long-term savings opportunities provided by **LiveFree Protector**, you can maximise every possibility that comes your way towards achieving your goals. Seize tomorrow and don't let today's worries wear you down.



Plan highlights



Whole life cover so you can protect your family



Ensure financial security with potential long-term savings



Different death benefit settlement options to help protect your family flexibly



Combat inflation with Benefit Protector Option



Choice of single, 5, 10, 20 or 30 years term in USD



Supplementary benefits to enhance your protection



The benefits



Whole life cover so you can protect your family

LiveFree Protector protects the life assured (the person covered by the policy) for a lifetime, so that family members can enjoy peace of mind no matter what the future brings. In the unfortunate event that the life assured passes away while **LiveFree Protector** is in force, their loved ones will receive **at least 100%** of the sum assured as a **Death Benefit**, just when they need it most.



Ensure financial security with potential long-term savings

On top of gaining whole life protection, you could build wealth in the long run as **LiveFree Protector** is a Shareholder-backed Participating Plan that lets you accumulate your wealth through a combination of **guaranteed cash value** and a **non-guaranteed Terminal Bonus**.

We will pay a guaranteed cash value when you surrender your policy on or after the 3rd policy anniversary for regular-premium plans or once the policy starts for single premium plans.

We may also pay a non-guaranteed one-off bonus – the Terminal Bonus – when you surrender your policy or make a claim for the Death Benefit on or after the 5th policy anniversary for regular-premium plans or on or after the 1st policy anniversary for single premium plans.



Different death benefit settlement options to help protect your family flexibly

You can pass on your wealth as you want, we will pay your chosen beneficiary a Death Benefit if the life assured passes away while the plan is in force.

You can choose how you would like us to pay the Death Benefit while the life assured is still alive; as a **lump sum**, in **monthly instalments** or **a mix of both**. These options allow you to protect your family flexibly.



Combat inflation with Benefit Protector Option

Inflation reduces your cover value over time. We offer a **Benefit Protector Option** to balance it. If your plan has to be paid over 20 or 30 years, you can choose this option by paying extra premiums, so you can **automatically increase your protection by 5%** of the initial sum assured **every year**, up to **200%** of the initial sum assured.

The Benefit Protector Option does not apply, if you choose the single, 5-year or 10-year premium term option.



Good to know

Understanding your Shareholder-backed Participating Plan

The current long-term target asset allocation of your plan is 55% in fixed-income securities and 45% in equity-type securities. Click [here](#) or scan the QR code for more information on our Shareholder-backed Participating Plans, including our investment and bonus philosophies and the operation of the Shareholder-backed Participating Fund.





Choice of single, 5, 10, 20 or 30 years term in USD

You can pay your premium for 5, 10, 20, 30 years or as a single lump sum – whichever fits your financial situation best.

We offer a premium discount if your policy's sum assured is equal to or greater than USD 20,000.



Supplementary benefits to enhance your protection

Make your plan work even better by adding extra coverage. Based on your insurance needs, you can choose from a range of supplementary benefits to help tailor your regular-premium plan. By paying additional premiums, you can enhance your protection against critical illness, extra medical expenses, and disability as well as accidents.

You can find more about these benefits in the "More about the plan" section below.

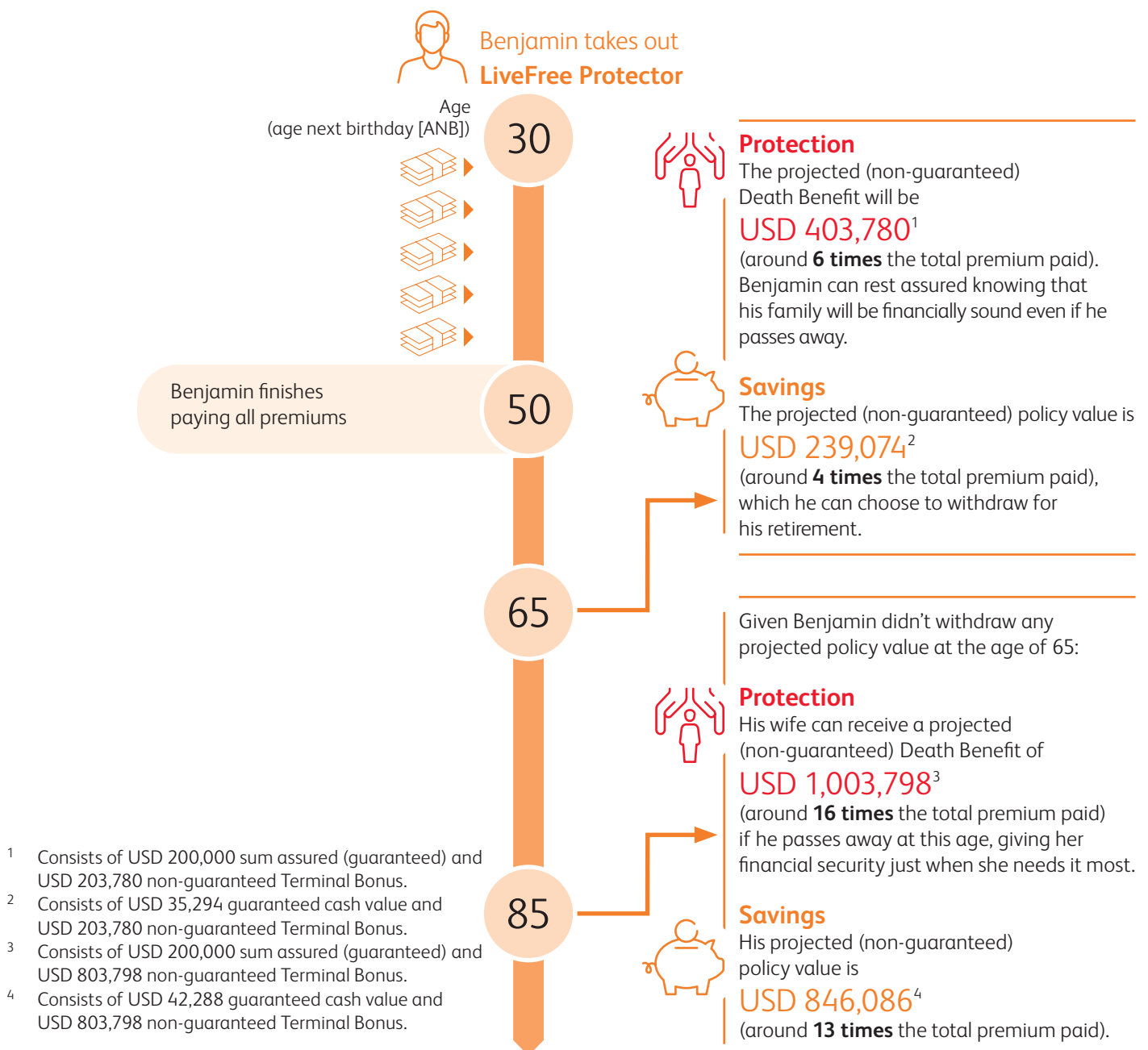


How does the plan work?

To safeguard the future for yourself and your loved ones

Benjamin, a 30-year-old professional, has just got married. He wants to make sure his wife is provided for and financially secure if he unfortunately passes away. At the same time, he would like to have enough money when he is able to retire to make his plans a reality. That is why Benjamin takes out a **LiveFree Protector** plan with a 20-year premium term.

Benjamin's policy details	
Premium term	20 years
Sum assured	USD 200,000
Annual premium	USD 3,238
Total premium	USD 64,760



- The figures above are only for illustration.
- The example is not an indicator of future performance and the actual return may be higher or lower subject to investment performance.
- The projected Death Benefit above is made up from 100% of the sum assured and the face value of the non-guaranteed Terminal Bonus.
- The projected policy value above is made up from the guaranteed cash value and the cash value of the non-guaranteed Terminal Bonus.
- The non-guaranteed benefit is estimated based on our current bonus scale in light of the current assumed investment return.
- The calculation assumes that all premiums have been paid, there is no cash value withdrawal, no reduction in the sum assured, no benefit protector option is chosen and no policy loan while the policy is in effect. All figures are rounded to the nearest whole number of dollars and will vary depending upon selected payment terms.

More about the plan

Plan type

Basic plan

(When this plan is a basic plan, it means you can choose to take out this plan as a standalone plan without enrolling with other type(s) of insurance product at the same time.)

Benefit term

Whole life

Premium term/Issue age /Currency

Premium term	Issue age (ANB)	Currency
Single	1 – 75	USD
5-year	1 – 75	
10-year	1 – 70	
20-year	1 – 60	
30-year	1 – 50	

- The life assured must be at least 15 days old when the proposal document is signed.

Premium structure

We will apply the designated premium rate for each issue age, gender, premium term and smoking class of the life assured.

Terminal Bonus

- The Terminal Bonus is a one-off non-guaranteed bonus.
- We normally declare the 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 the bonus for your plan from its 5th anniversary for regular-premiums plans or from its 1st anniversary for single premium plans.
- After each declaration of Terminal Bonus, the value may be adjusted and could be reduced comparing to previous declarations. As a result, the Death Benefit and surrender value may be lower than in previous years as well.
- 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.
- 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.

Surrender value

When you surrender your policy, we will pay a surrender value equal to:

- the guaranteed cash value;
- **plus** the cash value of the Terminal Bonus (if any);
- **less** any outstanding loans and interest.

Death Benefit and its settlement option

- If the life assured passes away while the policy is still in force, we will pay the beneficiary a Death Benefit equal to:
 - 100% of the sum assured (includes any increments of the sum assured from the Benefit Protector Option [if applicable]);
 - **plus** the face value of the Terminal Bonus (if any);
 - **less** any outstanding loans and interest.
- Death Benefit settlement option:
 - You can decide, while the life assured is still alive, whether we pay your beneficiary the Death Benefit in a lump sum or as a series of monthly instalments or a mix of the 2. If the Death Benefit amount you opt to settle by monthly instalments is less than a certain amount that we determine, we will only pay the Death Benefit in a lump sum.
 - You can choose to settle the monthly instalments in a certain number of year options we provide.
 - If you choose the monthly instalment option, your beneficiary will receive the Death Benefit of a fixed amount each month and earn an interest on the remaining Death Benefit amount. We will pay the accumulated interest in the last instalment. We will determine the interest rate from time to time. This means the rate is not guaranteed and it depends on several factors including investment performance and the yields available in the market.
 - The beneficiary cannot make any changes to the way we pay the benefits at any time.
 - The remaining balance of the Death Benefit, which we pay by monthly instalments, will not participate in the Shareholder-backed Participating Fund or benefit from its profits.

Benefit Protector Option

- You can only choose the Benefit Protector Option for standard rate policies (i.e. policies without any loadings or exclusions) of **LiveFree Protector** with a premium term of 20 or 30 years upon the plan application. It is also subject to our administration guidelines.
- By paying extra premiums, you can automatically increase your protection by 5% of the 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 **LiveFree Protector** each year based on the attained age, gender and latest smoking status of the life assured and the remaining premium term.
- You cannot choose this Benefit Protector Option if your **LiveFree Protector** is being converted from another plan.

We will stop increasing your sum assured when the first of these happens:

- you have declined 2 consecutive increases in your sum assured; or
- on the policy anniversary immediately following the life assured's age 61 (ANB); or
- your **LiveFree Protector**'s premium term has less than 10 years to run; or
- the current sum assured has reached the maximum limit we set; or
- you reduce your sum assured; or
- there is a premium waiver benefit claim, total and permanent disability claim or a claim for any kind of major disease benefit (including but not limited to Early Stage Major Disease Benefit and Major Disease Benefit) or Intensive Care Benefit under any policy the life assured has with us; or
- your **LiveFree Protector** terminates.

Premium discount

We will discount your premium if the sum assured of your policy is **USD 20,000 or more**. There are more details about the premium discount in your sales illustration.

Cash value withdrawal

- You can choose to withdraw the guaranteed and non-guaranteed cash value from the policy by reducing the sum assured, as long as the remaining amount meets our minimum requirement.
- If the sum assured reduces, the subsequent premium payments, guaranteed cash value and Terminal Bonus (if any) will also be reduced. Therefore, any cash value you withdraw will reduce the Death Benefit and surrender value payable.

Policy loan

- To offer you extra financial flexibility in times of need, you can borrow up to 80% of your policy's guaranteed cash value, while keeping the policy in force, as a policy loan.
- We will charge interest on policy loans from the dates you take them out until they are fully repaid.
- We calculate interest at a rate we determine, which we may change from time to time, and it is compounded annually (in other words, generating "interest on interest").
- If you have taken out a loan on your policy, we will deduct any outstanding loans and interest from all applicable insurance benefits before we pass the remaining money to you. This means your insurance benefits may be lower than the amounts available without taking out a policy loan.
- If at any time the total outstanding amount (including interest) you owe us under the policy exceeds 90% of the guaranteed cash value of the policy, we will terminate the policy immediately and pay you the surrender value less any outstanding loans and interest, you may receive an amount considerably less than the premiums you paid, as well as losing the policy's coverage.
- There is more information on the policy loan and the interest rate we charge at <https://pruhk.co/cs-policy-payment-en>.

Automatic premium loan

- If you fail to pay the “total modal premium” within 1 calendar month from the date it is due, this policy will automatically:
 - continue to be in-force if the “net cash value” of this policy is sufficient to pay the premium due and unpaid; and the amount of such premium or premium and levy will be automatically deemed to be paid by the premium loan you owe us (“automatic premium loan”) to keep enjoying the coverage under your policy; or
 - terminate if the “net cash value” of this policy is insufficient to pay the premium due and unpaid. In this case, we may only pay you the surrender value less any outstanding loans and interest, and you may receive an amount considerably less than the premiums you paid, as well as losing the policy’s coverage.
- We will charge you interest on the automatic premium loan(s) starting from the date when the relevant automatic premium loan(s) is incurred and it is compounded annually (in other words, generating “interest on interest”). We will determine the interest rate charged on the automatic premium loan(s) and may change it from time to time.
- If you have taken out an automatic premium loan on your policy, we will deduct any outstanding loans and interest from all applicable insurance benefits before we pass the remaining money to you. This means your insurance benefits may be lower than the amounts available without taking out an automatic premium loan.
- The automatic premium loan(s) does not apply to single premium plans.
- “Net cash value” is the sum of guaranteed cash value of this policy **less** any outstanding loans and interest that you owe us.
- There is more information on the automatic premium loan and the interest rate we charge at <https://pruhk.co/cs-policy-payment-en>.

Termination of this plan

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

- the death of the life assured; or
- you surrender the policy; or
- if you fail to pay your premium within the grace period of 1 calendar month from its due date and the net cash value of the policy is insufficient to exercise the automatic premium loan; or
- once the total outstanding loans and interest are more than 90% of the guaranteed cash value of the policy.

Bonus philosophy

Policyholders of the Shareholder-backed Participating Plans shall enjoy a fair share of the relevant experience of the Shareholder-backed Participating Fund (the “Fund”) through the addition of non-guaranteed bonus. We aim to protect all policyholders’ respective rights and reasonable expectations by providing payments that are fair across different groups of policyholders. While the value of the plan is mostly affected by the overall performance of the Fund, smoothing may be applied to produce more stable returns over the long-term.

Factors affecting the bonus

- The non-guaranteed bonus of the plan includes a Terminal Bonus. This bonus we pay is not guaranteed and is subject to review and adjustment at our discretion. Factors that may affect it include (but not limited to):
 - i. Investment performance factors – Your plan’s performance will be affected by the return on the underlying investment portfolio. This could be driven by:
 - interest earnings from fixed-income securities and dividend from equity-type securities (if any);
 - capital gains and losses from investment assets;
 - counterparty default risk of fixed-income securities (such as bonds);
 - investment outlook; and
 - 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 (a measure of how long policyholders keep their policies) 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 <https://pruhk.co/bonushistory-SHPAR-en> explains the bonus history.

Investment philosophy

Investment strategy

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

The Shareholder-backed Participating Fund invests in various types of assets, such as equity-type securities and fixed-income securities to diversify investment risks. The equity-type securities aim to provide policyholders with the potential for a higher long-term return.

We adopt an actively managed investment strategy, which we adjust in response to changing market conditions. Under normal circumstances, our experts allocate a smaller proportion of higher-risk assets, such as equities, to insurance plans with a higher guarantee and a larger proportion of higher-risk assets to insurance plans with lower guarantees. In doing so, we aim to match the level of risk to the risk profiles of our products. We may utilise derivatives to manage risks or improve returns. We may also make use of securities-lending to enhance returns.

The following paragraphs explain the current investment mix according to our investment strategy. Should there be any material changes in the investment strategy, we will inform you of the changes and explain the reasons behind 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 securities	55%
Equity-type securities	45%

Our guaranteed liabilities to policyholders are mainly supported by fixed-income securities.

We primarily invest in fixed-income securities rated at least investment-grade. A small portion of high-yield and emerging-market bonds may be included to improve yield and diversification.

For equity-type securities, most of the investments are in stocks listed on major international exchanges.

Our currency strategy is to broadly match the fixed-income securities to the underlying policy denomination, while we allow more flexibility for equity-type securities for diversification. Subject to market availability and opportunity, we may invest fixed-income securities in a currency other than the underlying policy denomination and currency hedging will be used to reduce the currency risk.

We invest globally to achieve diversification benefits and we currently have a higher relative allocation in the US and Asia which will be reviewed regularly.

We actively manage and adjust actual exposure in response to changing market conditions and opportunities. Given asset values may vary due to changes in the economic environment and investment performance, the actual allocation may vary from the target allocation above. On a regular basis, we review the investment mix to be in line with our investment objectives and risk appetite. For more information on the investment mix, please refer to <https://pruhk.co/investmentmix-en>.

Key risks

How may our credit risk 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 may currency exchange rate risk affect 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 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 may inflation affect 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 (i.e., the benefit payouts might not be able to cover your future needs), 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 or premiums and levy(ies) 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.

Important information

Important notes for Policy Reverse Mortgage Programme (“PRMP”)

Please note that this product is an eligible life insurance plan under PRMP, but it does not necessarily mean that your PRMP application will be approved. The eligibility of this product under the PRMP is based on the features of the product. Therefore, you and your life insurance policy are still required to meet all the eligibility requirements under PRMP before you apply for the policy reverse mortgage loan.

The general information provided on PRMP is for reference only, and you should not make any decisions based on such information alone. You should always seek for advice from professional bodies if you have any doubts. Please note that the information provided is subject to change including the eligibility criteria for PRMP. We do not take any responsibility to inform you about any changes and how they may affect you. The Policy Reverse Mortgage Programme is operated by HKMC Insurance Limited, a wholly-owned subsidiary of The Hong Kong Mortgage Corporation Limited. For further information, please refer to The Hong Kong Mortgage Corporation Limited website: www.hkmc.com.hk.

Suicide clause

If the life assured commits suicide regardless of sane or insane within 1 year from the effective date of the policy or from the date of any reinstatement, whichever is later, the death benefit will be limited to a refund of the premiums paid without interest subject to the deduction of any amounts we have already paid and any indebtedness you owe us under the policy.

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) and levy(ies) 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 calendar days immediately following either the day of delivery of (1) the policy or (2) the notice (informing the availability of the policy and expiry date of the cooling-off period) to the customer or his/her nominated representative, whichever is earlier. Such notice must be signed by the customer and received directly by Prudential Hong Kong Limited at 8/F, Prudential Tower, The Gateway, Harbour City, 21 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong within the cooling-off period.

The premium and levy will be refunded in the currency of premium and levy payment at the time of application for this policy. If the currency of premium and levy payment is not the same as the plan currency, the refundable premium and levy amount in plan currency under this policy will be converted to the currency of premium and levy 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 (HKD 10,000).

For further information on the implementation of the Common Reporting Standard and AEOI in Hong Kong, please refer to the IRD website: 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

LiveFree Protector is underwritten by Prudential Hong Kong Limited (“Prudential”). You can always choose to take out this plan as a standalone plan without enrolling with other type(s) of insurance product at the same time, unless such plan is only available as a supplementary benefit which needs to be attached to a basic plan. This brochure does not contain the full terms and conditions of this plan and is for reference only. It does not represent a contract between Prudential and anyone else. You should read carefully the risk disclosures and key exclusions (if any) contained in this brochure. For further details and the full terms and conditions of this plan, please ask Prudential for a sample of the policy document.

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.

Please cross your cheque and make it payable to “Prudential Hong Kong Limited”.

This brochure is for distribution in Hong Kong only. It is not an offer to sell or solicitation to buy or provide any insurance product outside Hong Kong. Prudential does not offer or sell any insurance product in any jurisdictions outside Hong Kong where such offering or sale of the insurance product is illegal under the laws of such jurisdictions.



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