

29 August 2022

**Important information:**

1. HSBC Wealth Select Protection Linked Plan (the “Plan” or the “Policy”) is an investment-linked assurance scheme (“ILAS”), which is an insurance policy issued by HSBC Life (International) Limited (Incorporated in Bermuda with limited liability) (“the Company” or “HSBC Life” or “we”).
2. The ILAS Policy is designed to be held for a long term period. Early surrender or partial withdrawal of the Policy or policy termination may result in a significant loss of principal, bonuses awarded and/or sustainability of the Policy. Poor performance of underlying funds corresponding to the investment choices may further magnify your investment losses, while fees and charges are still deductible.
3. The ILAS Policy will no longer provide high life protection when the Age<sup>1</sup> of life insured exceeds 65 and the amount of Death Benefit payable may be significantly reduced.
4. The investment choice available under this product can have very different features and risk profiles. Some may be of high risk. For example, some investment choices are linked to funds that pay dividends out of capital which may result in an immediate reduction of the funds’ net asset value per Unit and hence reduce the value of your ILAS Policy.
5. Risk associated with Risk Matching and De-risking Service – Risk Matching and De-risking Service (the “Service”) is an optional service and you are free to opt in (or opt out) the Service at policy inception or at any time after the policy is issued. After opting in the Service, you will only be allowed to invest in one of the designated investment choices available under this Service in accordance with your risk profile. The Service adopts a pre-set de-risking process when you reach Age<sup>1</sup> 55. You should consider your own personal circumstances (including your risk profile and retirement plan) before opting in for this Service. For details of the Service, you should refer to Investment Choice Brochure. If you are in doubt as to whether the Service is suitable for you, you should seek financial and/or professional advice.
6. Investment involves risks. Please refer to the offering documents for HSBC Wealth Select Protection Linked Plan for details including the risk factors.

## HSBC Life Launches Hong Kong’s First Protection Linked Plan

*\* ILAS with high embedded insurance protection and different investment choices to suit customer’s evolving needs\**

*\* Three levels of sum insured for selection and Risk Matching and De-risking Service to flexibly meet evolving needs at different life stages\**

HSBC Life today announces the launch of Hong Kong’s first Protection Linked Plan (“PLP”), namely HSBC Wealth Select Protection Linked Plan (“the Plan”), a whole life policy designed to provide life protection and different investment choices at the policyholder’s discretion, each of which is linked to an underlying fund that is authorised by SFC and managed by an investment manager(s). In addition to a Minimum Death Benefit<sup>2</sup>, the Plan offers policyholders the flexibility to freely switch their investment choices or change level of protection<sup>3</sup> among three sum insured options on or before Age<sup>1</sup> 65 of the life insured based on their evolving protection needs and circumstances in different life stages.

In the last quarter of 2021, PLP was introduced by the regulator<sup>4</sup> as a new subset of Investment-Linked Assurance Scheme (ILAS) products, distinguishing itself from conventional ILAS products with its embedded high insurance protection, flexibility in switching choice of funds at no cost, as well as its transparent and simple fee structure. The key objective is to encourage early retirement planning among the underserved younger generation, and to extend the

<sup>1</sup> Age means on policy effective date or Policy Anniversary, the Age of the life insured or policyholder where applicable at the life insured’s or policyholder’s next birthday. The Age will remain the same during the corresponding Policy Year until next Policy Anniversary.

<sup>2</sup> Minimum Death Benefit means the death benefit, equivalent to at least 100 % of Total Premium Payable, will be paid to the beneficiary. Any partial withdrawal will have an immediate impact on the Minimum Death Benefit if it is made within the 12 months preceding the date of death of the life insured

<sup>3</sup> Increases in the level of sum insured might be subject to the underwriting approval of HSBC Life. Underwriting approval will not be required for a decrease in the level of sum insured.

<sup>4</sup> [Insurance Authority Press Release dated 28 December 2021.](#)

product choices available in the market to satisfy the retirement planning needs of individuals throughout their life stages.

### **Sum insured of up to 250% of Total Premium Payable<sup>5,6</sup>**

The policyholder can choose a sum insured of 150%, 200% or 250% of the Total Premium Payable<sup>5</sup> if the life insured is at Age<sup>1</sup> 65 or below. As a case in point, if a policyholder selects the 250% option and the life insured dies on or before Age<sup>1</sup> 65, the death benefit will be the higher of 250% of the Total Premium Payable<sup>5</sup> or 105% of the account value. The death benefit provided will be subject to insurance charge. In the event that the account value falls to zero and the policy remains in force and meeting specify conditions<sup>7</sup>, they are still able to claim a death benefit at 250% of the Total Premium Payable<sup>5</sup> before the end of Age<sup>1</sup> 65.

### **Dynamic investment and protection options to meet evolving demands in different life stages**

Designed to meet people's changing needs as they evolve over time, the Plan enables policyholders to adjust their sum insured any time after the first anniversary in order to reflect changes in their protection needs. Policyholders can also switch among investment choice(s) and/or change premium allocation instruction of investment choice(s) at zero costs. These investment choices allow policyholders to access investments linked to multi-assets funds, equity funds, fixed income funds, ESG funds and more. Furthermore, some of these investment choices offer monthly dividend payout which enables policyholders to receive monthly dividend proceeds.

Knowing that some policyholders may want to bear lower risk as they age, the Plan offers Risk Matching and De-risking Service to facilitate policyholders achieving the goal of de-risking towards retirement.

### **Simple and transparent fee structure**

Both the fees and charges payable to HSBC Life at Plan level are simple and transparent. There are two types of on-going fees and charges – Policy Management Charge at 1.5% of the account value per annum and Insurance Charge which is subject to the age and gender of the life insured, account value and sum insured. An early encashment charge may be applied if any partial withdrawals have been made, or the policy has lapsed or has been surrendered during the first nine policy years.

Outside the Plan level, underlying funds corresponding to the investment choices may carry separate fees and charges payable to investment managers of the underlying funds, which are deducted and reflected in the unit price(s) of the underlying funds.

**K C Cheung, Head of Products, HSBC Life Hong Kong** said: "We are pleased to be the first in market to launch a Protection Linked Plan. Customers' needs evolve over time and it is important that our solution provides ample flexibility to match their changing needs. For example, their protection needs spike after having children and gradually reduce as they build up more liquid wealth at retirement. We also notice that young Hong Kongers are typically willing to take more investment risks than pre-retirees due to their different savings time horizons. We are confident that the dynamic features of the Plan will provide the needed protection and investment choices to them, no matter which life stage they are in. All in all, the Plan is targeting all those who look for life protection and flexibility in investment decision"

**Daisy Tsang, Chief Distribution and Customer Officer, HSBC Life Hong Kong** said: "For most people, it is not easy to make investment decisions under the prevailing fast-evolving

---

<sup>5</sup> Total Premium Payable means for the purpose of computing the death benefit and insurance charge, the total amount of premiums committed to be paid by policyholders for the Plan within the premium payment period selected by policyholder at policy inception, excluding top-up premiums.

<sup>6</sup> Your monthly insurance charge might also increase/decrease due to a higher/lower level of Sum Insured respectively and could impact the value of the Policy as a result.

<sup>7</sup> The specified conditions includes (i) all premiums have been paid by the due date; (ii) no partial withdrawals from the Policy have been made; (iii) this Policy has never been previously lapsed at any time since inception of this Policy, and (iv) no reinstatement has been made.

market environment. The Plan enables people to diversify risks by investing in a basket of investment choices with the flexibility to switch their investments freely based on the latest market development. The spread of premium payment also helps to better manage and mitigate risks arising from volatile market movements. Coupled with the de-risking mechanism, we are confident that the Plan will be a solution of choice to meet life protection and retirement needs”

Customers interested in the Plan can contact our insurance specialists at all HSBC retail banking branches for more details. Special discounts of the first year premiums for different payment terms will be offered from 29 August 2022 to 30 September 2022. To learn more, please click <http://www.hsbc.com.hk/wealth-select-offer-en/>.

*ends/more*



#### **The Hongkong and Shanghai Banking Corporation Limited**

The Hongkong and Shanghai Banking Corporation Limited is the founding member of the HSBC Group. HSBC serves customers worldwide from offices in 63 countries and territories in its geographical regions: Europe, Asia, North America, Latin America, and Middle East and North Africa. With assets of US\$2,985bn at 30 June 2022, HSBC is one of the largest banking and financial services organisations in the world.

#### **HSBC Life (International) Limited**

HSBC Life (International) Limited, incorporated in Bermuda with limited liability (“HSBC Life”) is an indirect wholly-owned subsidiary of The Hongkong and Shanghai Banking Corporation Limited. HSBC Life is authorised and regulated by the Insurance Authority of the Hong Kong SAR to carry on long-term insurance business in the Hong Kong SAR. As one of the leading life insurers in Hong Kong, HSBC Life offers a wide range of life insurance products, including annuities, to retail and commercial customers in Hong Kong through HSBC banking channels and third party brokers. HSBC Life provides tailored solutions to meet the protection, education, retirement, managing growth, legacy planning and medical needs of its customers.

*ends/all*

Issued by HSBC Life (International) Limited (Incorporated in Bermuda with limited liability)