



Annex – Features of Direct Purchase Products

Direct purchase products will comprise:

- (a) Term life insurance products with Total Permanent Disability (TPD) cover;
- (b) Whole life insurance products with TPD cover; and
- (c) Optional critical illness (CI) rider attached to term life or whole life insurance products

with the following features:

Features	Remarks
(a) For whole life direct purchase products, only participating products will be offered	Non-participating products are typically not offered in the market due to poor demand and high cost.
(b) Premium payment periods for whole life direct purchase products: <ul style="list-style-type: none"> • Up to age 70 • Up to age 85 	This will cater to consumers' preferences to either pay premiums for a shorter duration at a higher annual premium but lower total premiums; or to pay premiums for a longer duration at a lower annual premium but higher total premiums.
(c) Policy coverage period for term life direct purchase products: <ul style="list-style-type: none"> • 5 years (with renewability feature)* • 20 years* • Up to age 65 * TPD and CI benefits cover up to age 65; Death and Terminal Illness benefits	This will cater to consumers with different protection needs - 5 year renewable term for consumers who prefer shorter coverage, and 20 year term and term up to 65 for consumers who prefer longer coverage. For the 5 year renewable term and 20 year term, consumers can be covered up to age

<i>cover up to age 85.</i>	85.
(d) Maximum sum assured: \$400,000, with a sub-limit of \$200,000 for whole life direct purchase products, on a 'per person per insurer' basis	<p>This takes into consideration the average protection need of the average working adult, estimated at 10 times of annual income based on a 2012 Protection Gap Study commissioned by LIA. Based on the Ministry of Manpower 2013 Comprehensive Labour Force survey, the median gross monthly income of full-time employed residents, including employers' CPF, is \$3,705 in 2013. Based on MAS' estimate, this will amount to a gross annual income of about \$44,000. This will translate to protection needs of about \$400,000.</p> <p>The sub-limit of \$200,000 for whole life products seeks to alleviate the risk of consumers buying whole life products beyond their means and protection needs. This is because whole life products have higher premiums than term life products, and typically require a longer-term premium commitment. Policyholders who surrender their whole life policies in the early years of the policy also stand to lose a significant portion of their premium outlay.</p>
(e) Minimum sum assured: \$50,000 per policy	This is in line with most term and whole life policies currently sold in the market.
(f) Maximum entry age: 65	This is based on the current official re-employment age cap.

<p>(g) Minimum entry age: 18</p>	<p>This is in line with current industry practice for a life insurance policy owned by the insured. No third party policies will be offered, as these products typically have a premium waiver rider attached. Consumers will likely require financial advice for the purchase of such products.</p>
<p>(h) Death, terminal illness, TPD and CI benefits: 100% of sum assured, with standardised TPD definitions and 30 CIs covered**</p> <p><i>** 10% sum assured for Angioplasty & Other Invasive Treatment for Coronary Artery. A list of the 30 CIs covered are as follows:</i></p> <ol style="list-style-type: none"> <i>1. Major Cancers</i> <i>2. Heart Attack of Specified Severity</i> <i>3. Stroke</i> <i>4. Coronary Artery By-Pass Surgery</i> <i>5. Kidney Failure</i> <i>6. Aplastic Anaemia</i> <i>7. End Stage Lung Disease</i> <i>8. End Stage Liver Failure</i> <i>9. Coma</i> <i>10. Deafness (Loss of Hearing)</i> <i>11. Heart Valve Surgery</i> <i>12. Loss of Speech</i> <i>13. Major Burns</i> 	<p>This TPD benefit pay-out is consistent with current industry practice. The 30 standardised CIs are commonly offered by life insurers. In particular, the top 5 CIs – major cancers, heart attack of specified severity, coronary artery bypass surgery, stroke and kidney failure account for over 90% of all severe stage claims received by life insurers¹.</p>

¹ Source: 2012 Dread Disease Survey by major reinsurer General Reinsurance Corporation.

<p>14. <i>Major Organ/Bone Marrow Transplantation</i></p> <p>15. <i>Multiple Sclerosis</i></p> <p>16. <i>Muscular Dystrophy</i></p> <p>17. <i>Parkinson's Disease</i></p> <p>18. <i>Surgery to Aorta</i></p> <p>19. <i>Alzheimer's Disease / Severe Dementia</i></p> <p>20. <i>Fulminant Hepatitis</i></p> <p>21. <i>Motor Neurone Disease</i></p> <p>22. <i>Primary Pulmonary Hypertension</i></p> <p>23. <i>HIV Due to Blood Transfusion and Occupationally Acquired HIV</i></p> <p>24. <i>Benign Brain Tumour</i></p> <p>25. <i>Viral Encephalitis</i></p> <p>26. <i>Bacterial Meningitis</i></p> <p>27. <i>Angioplasty & Other Invasive Treatment for Coronary Artery</i></p> <p>28. <i>Blindness (Loss of Sight)</i></p> <p>29. <i>Major Head Trauma</i></p> <p>30. <i>Paralysis (Loss of Use of Limbs)</i></p>	
<p>(i) Non-guaranteed premium for CI acceleration*** rider.</p> <p>*** Upon contracting a CI, the CI benefits will be paid out and the main policy will terminate.</p>	<p>This is consistent with current industry practice.</p>