

CONSULTATION PAPER

P006-2015  
June 2015

Proposed Enhancements  
to Disclosure  
Requirements for Sale of  
Investment-Linked  
Policies

MAS

Monetary Authority of Singapore

## PREFACE

An Investment-Linked Policy (“ILP”) is a life insurance policy that provides both protection and investment benefits. MAS recognises that policyholders may find an ILP more complex than a term life insurance policy, with features resembling a life insurance policy and a Collective Investment Scheme (“CIS”). In view of this and to improve the clarity of existing disclosure documents, including available information on fees and charges, MAS proposes to enhance the disclosure requirements for the sale of ILPs.

2 MAS invites comments on the proposals outlined in this consultation paper. Electronic submission is encouraged. Please submit your written comments by 31 July 2015 to:

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Monetary Authority of Singapore  
10 Shenton Way  
MAS Building  
Singapore 079117

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3 Please note that all submissions may be made public unless confidentiality is specifically requested for the whole or part of the submission.

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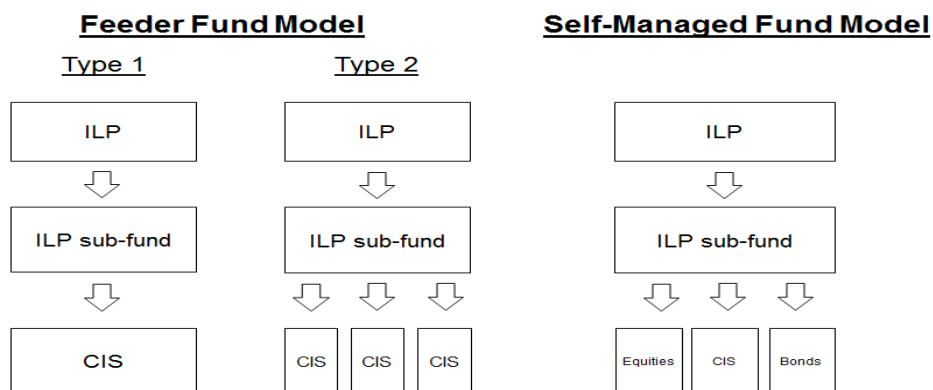
## 1. INTRODUCTION

1.1. An ILP is a life insurance policy that provides both protection and investment benefits. An ILP pays out benefits upon death, total permanent disability and/or critical illness, depending on the coverage purchased. It also provides a surrender value that is based on the value of the units in the underlying ILP sub-fund(s). ILPs can be classified as Single Premium ILPs (“SP ILPs”) or Regular Premium ILPs (“RP ILPs”). SP ILPs require the premium to be paid in one lump sum at the start of the policy period while RP ILPs allow policyholders to pay premiums on a regular basis over the policy period.

1.2. A policyholder who purchases an ILP can choose to invest in one or several ILP sub-funds. An ILP sub-fund pools together the premiums paid by all policyholders who choose to invest in that sub-fund, and invests in a portfolio of assets in line with the sub-fund’s investment objective. The price of each unit of the ILP sub-fund depends on the value of the underlying investments in that sub-fund.

1.3. ILP sub-funds can either be feeder funds or self-managed funds. A feeder ILP sub-fund invests in one or more CIS, in line with the investment objective of the ILP sub-fund. A self-managed ILP sub-fund may be managed by the insurer or the insurer’s appointed fund manager, and invests directly in assets such as equities, bonds and CIS, depending on the investment objective of the ILP sub-fund. Please refer to Diagram 1.

**Diagram 1 – Types of ILP Sub-fund Models**



Note: For illustration purposes, only one ILP sub-fund is shown per ILP. However, in reality, an ILP can invest in multiple ILP sub-funds.

## 2. PROPOSALS TO ENHANCE DISCLOSURE REQUIREMENTS FOR SALE OF ILPS

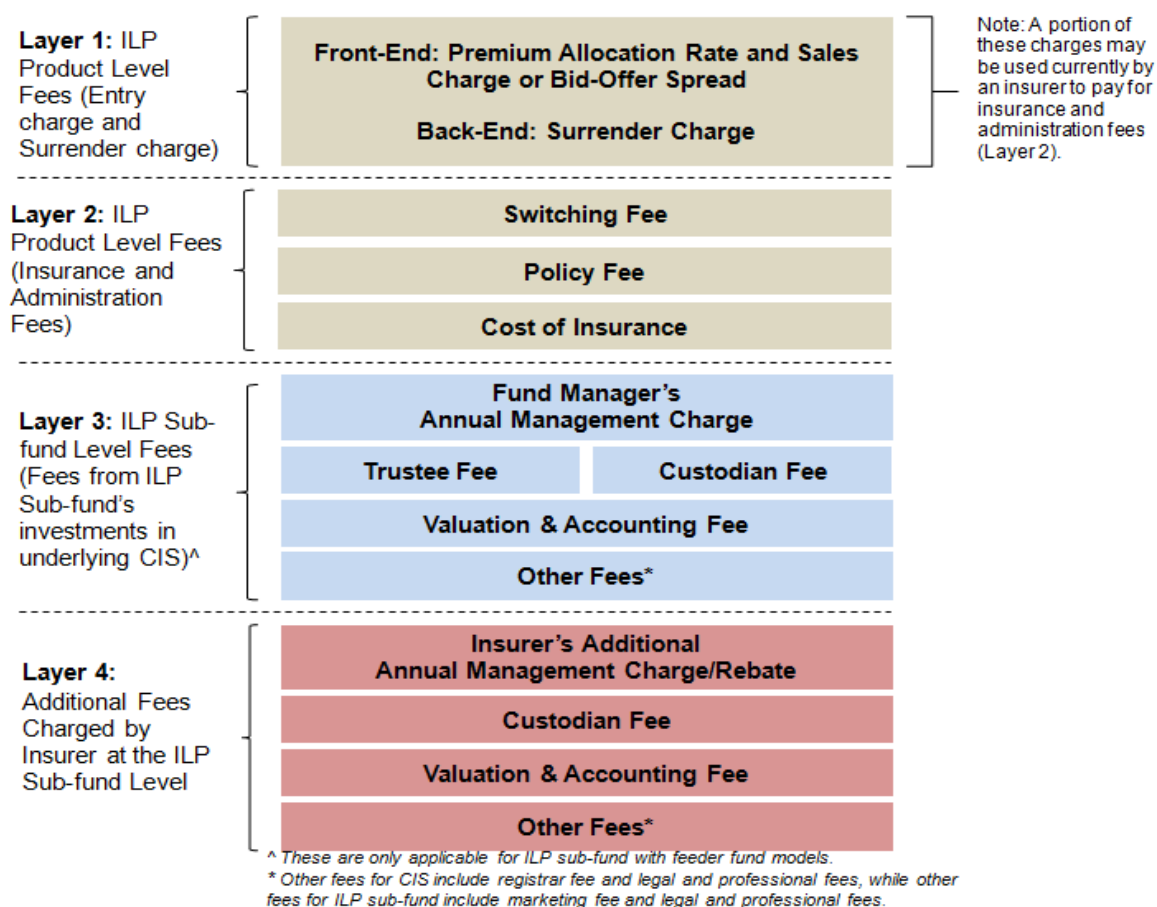
### 2.1. Proposal 1: Enhanced Disclosure on Fees and Charges in a new product level Product Highlights Sheet

#### Background

2.1.1. The fees and charges for an ILP can be broadly categorised into the following (as illustrated in Diagram 2):

- (i) Layer 1: ILP product level fees (Entry charge and surrender charge);
- (ii) Layer 2: ILP product level fees (Insurance and administration fees);
- (iii) Layer 3: ILP sub-fund level fees (Fees from ILP sub-fund's investments in underlying CIS)<sup>1</sup>; and
- (iv) Layer 4: Additional fees charged by insurer at the ILP sub-fund level.

**Diagram 2 – Fees and Charges for ILP**



<sup>1</sup> These are only applicable for ILP sub-fund with feeder fund models.

2.1.2. The benefits of an ILP can largely be replicated by purchasing a term life insurance policy and a CIS (i.e. by investing the difference in premiums between an ILP and the term life insurance policy in the CIS) separately to obtain similar protection and investment benefits. Compared to purchasing a term life insurance policy and a CIS, an ILP policyholder may incur additional fees net of rebates (if any) at the ILP sub-fund level (i.e. layer 4 in Diagram 2). Additional fees include the additional annual management charge (“AMC”) that may be imposed by the insurer (on top of the AMC charged by the underlying CIS, shown in layer 3 in Diagram 2), and custodian, valuation and accounting fees charged at the sub-fund level. However, in some cases, a rebate on the AMC charged by the underlying CIS is given to the ILP-sub-fund. This means that the policyholder pays a lower AMC investing in an ILP sub-fund as compared to investing directly in the underlying CIS.

2.1.3. All fees and charges are currently disclosed in the product summary<sup>2</sup> provided to policyholders before the purchase of ILPs. However, the presentation format for the fees and charges is not standardised. Some policyholders may not be clear what the fees and charges relate to. Some may also be unaware of additional charges or savings arising from purchasing an ILP as compared to purchasing a term life insurance policy and a CIS separately.

### **Proposal**

2.1.4. There are requirements to issue a Product Highlights Sheet (“PHS”) for a CIS and an ILP sub-fund. However, the PHS for an ILP sub-fund does not fully capture the ILP fees and charges at the product level (i.e. layers 1 and 2 in Diagram 2). **To enhance disclosure, MAS proposes to require all fees and charges for ILPs to be categorised according to Table 1 and to be disclosed individually.** This standardised format for presenting fees and charges allows policyholders to have more clarity on the total charges incurred due to insurance coverage and due to investments in the ILP sub-funds, where the latter can be more closely compared to the charges for a CIS. The Chief Executive of an insurer will be required to confirm that the fees and charges for ILPs are properly categorised and disclosed according to Table 1 in the insurer’s product submission to MAS.

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<sup>2</sup> Appendix A of MAS Notice 307 on ILPs prescribes the information required to be disclosed in the product summary of ILPs, which includes, amongst others, the fees and charges for the ILP and ILP sub-fund.

**Table 1 – Categorisation of ILP Fees and Charges in Product Level PHS**

| Type of Fees/Charges  | Description   |
|---|---|
| <b>Entry charge and Surrender charge</b>                                  | Entry charge is levied on incoming premium before subscription of units. Surrender charge is levied when the policy is withdrawn or surrendered. These charges are mainly to pay for distribution costs.<br><br>Please see Proposals 2 and 3 for discussions on entry charge. |
| <b>Insurance and Administration Fees</b>                                  | Charges to cover the costs of administering/underwriting the ILP.   |
| <b>Fees from ILP Sub-fund's Investments in Underlying CIS<sup>3</sup></b> | Charges incurred at the ILP sub-fund level due to investments in underlying CIS.  |
| <b>Additional Fees Charged by Insurer at the ILP Sub-fund Level</b>       | Charges incurred at the ILP sub-fund level due to additional fees charged by insurer. These charges are mainly used to cover other expenses incurred by insurer such as valuation and accounting fee for the ILP sub-fund.  |

2.1.5. We propose to require the disclosure of all fees and charges for ILPs in a **new product level PHS (refer to Annex A)**. This product level PHS is an additional requirement, on top of the existing PHS<sup>4</sup> for ILP sub-funds. The proposed product level PHS will summarise the main features and risks of the ILP at the product level and provide information on valuations and how to withdraw from the policy. The proposed product level PHS will also highlight that an ILP, being essentially a combination of a term life insurance policy and a CIS, is suitable only for investors seeking both protection and investment. No changes are being proposed to the format or content of the existing PHS for ILP sub-funds.

<sup>3</sup> These are only applicable for ILP sub-fund with feeder fund models.

<sup>4</sup> The PHS is an existing requirement, as specified in paragraph 9 of MAS Notice 307. Currently, information in the PHS relates to the key features and risks of the ILP sub-fund, rather than the ILP product (as a whole).

**Question 1:** MAS seeks views on the following proposals to require:

- (a) Fees and charges for ILPs to be categorised according to Table 1 above and to be disclosed individually; and
- (b) A new product level PHS (refer to Annex A) for ILPs, on top of the current PHS for ILP sub-funds. The new product level PHS will, amongst other things, include disclosures on fees and charges according to Table 1 above.

## 2.2. Proposal 2: Method of Determining Entry Charge for Layer 1

### Background

2.2.1. When a policyholder purchases an ILP, a portion of the premiums paid may be deducted upfront before the remaining amount of premiums is invested in the ILP sub-fund. These upfront deductions under an ILP reduce the amount of premiums invested in units of the ILP sub-fund and the surrender value, assuming the price of the units remains unchanged. These upfront deductions are firstly levied via a premium allocation rate (“PA rate”), and secondly via a sales charge or bid-offer spread (where applicable).

2.2.2. The PA rate represents the proportion of premiums that is allocated to purchase units in an ILP sub-fund. However, some policyholders may assume that the PA rate fully reflects the amount that is used to purchase units in the ILP sub-fund, without realising that there may be a further deduction in the form of a sales charge or bid-offer spread under layer 1 in Diagram 2. See Table 2 for an example of the application of PA rate and sales charge or bid-offer spread, assuming an annual premium of \$5,000 for an RP ILP with PA rates of 20% in Year 1, 35% in Year 2, 55% in Year 3 and so on.

**Table 2 – Example on PA Rate, Sales Charge and Bid-offer Spread**

|                | PA Rate  |
|----------------|--|
| <b>Example</b> | As stated in paragraph 2.2.2 above, a PA rate of 20% means that for \$5,000 annual premium paid into an RP ILP in Year 1, only \$1,000 will be used to purchase units (invested) in the ILP sub-funds. |



|                    |  |  |
|--------------------|--|--|
|                    | However, this amount of \$1,000 may be subject to a further sales charge or bid-offer spread after the PA rate is applied.   |  |
|                    | <b>Method 1: Sales Charge</b>  | <b>Method 2: Bid-offer Spread</b>  |
| <b>Assumptions</b> | Net Asset Value (“NAV”) of \$1.00 per unit<br>Policyholder buys in and cashes out his units almost immediately, and there is no change to the NAV of the ILP sub-fund.   |  |
|                    | Sales charge of 5%   | Bid-offer spread of 5%, i.e. the policyholder buys units at an offer price of \$1.05 and sells units at a bid price of \$1.00  |
| <b>Example</b>     | <p>Number of units subscribed<br/>= \$1,000 ÷ [NAV of \$1.00 per unit]<br/>= 1,000 units</p> <p>Sales charge<br/>= 5% x \$1,000 ÷ [NAV of \$1.00 per unit]<br/>= 50 units</p> <p>Net number of units subscribed<br/>= 1,000 units – 50 units<br/>= 950 units</p> <p>Surrender value of ILP<br/>= [NAV of \$1.00] x 950 units<br/>= \$950</p> | <p>Number of units subscribed<br/>= \$1,000 ÷ [Offer price of \$1.05 per unit]<br/>= 952.38 units</p> <p>Surrender value of ILP<br/>= [Bid price of \$1.00 per unit] x 952.38 units<br/>= \$952.38</p> |

2.2.3. The PA rate, sales charge and bid-offer spread are all upfront deductions. However, the different methods for calculating these charges are potentially confusing for policyholders.

## Proposal

2.2.4. **To minimise potential confusion for policyholders, MAS proposes that insurers simplify the upfront deductions to a single “entry charge”. The entry charge is calculated as a percentage of the premium amount and will be deducted from the premiums before subscription of units.** This means for the example in Table 2, the entry charge will be approximately 81% of the premium amount for both methods, i.e.  $100\% - [\$950/\$5,000]\%$  for Method 1 and  $100\% - [\$952.38/\$5,000]\%$  for Method 2.

2.2.5. For the avoidance of doubt, premiums invested in an ILP are still subject to other types of fees and charges (i.e. layers 2 to 4 in Diagram 2) as set out in Table 1.

**Question 2:** MAS seeks views on the proposal for insurers to simplify the upfront deductions to a single “entry charge”. The entry charge is calculated as a percentage of the premium amount and will be deducted from the premiums before subscription of units.

### 2.3. Proposal 3: Use of the Terms “Premium Allocation Rate” and “Bid-Offer Spread”

#### Background

2.3.1. In view of proposal 2, the term “PA rate” used in communicating the proportion of premiums that is allocated to purchase units in an ILP sub-fund may no longer be meaningful. This figure can be derived from the premiums paid less the entry charge levied.

2.3.2. Most CIS have moved from pricing using “bid-offer spread” to single pricing based on the NAV, which is more easily understood. Some ILP sub-funds are also currently priced on a NAV basis. To help policyholders understand the pricing of ILP sub-funds, it may be helpful to use single pricing on a NAV basis. Pricing on a bid-offer basis may bring about marginally better financial outcomes for policyholders as compared to pricing on a NAV basis, as seen in Table 2. However, under the bid-

offer basis, policyholders may need to incur the bid-offer spread as and when they switch between ILP sub-funds. Therefore, it is unclear which pricing basis will be more beneficial for policyholders in the long run. The implementation of Proposal 2 will also require the use of a single pricing based on the NAV as the premiums less entry charge should only be used for subscription of units.

### **Proposal**

2.3.3. **MAS proposes to disallow the use of the term “premium allocation rate” for ILPs** to minimise potential confusion for policyholders given the introduction of the entry charge. **MAS also seeks comments on whether insurers should move towards pricing ILP sub-funds on a NAV basis** to help policyholders to understand ILP better.

**Question 3:** MAS seeks views on the proposal to disallow the use of the term “premium allocation rate” in view of proposal 2, and whether insurers should adopt a single pricing using NAV basis.

## **2.4. Proposal 4: Monthly Statements for ILPs with Minimal Insurance Cover**

### **Background**

2.4.1. Insurers are currently required under Appendix C of MAS Notice 307 to provide policyholders with annual statements on their ILPs. These statements set out, amongst others, information on the number and value of units held in the ILP sub-fund(s), death benefit, as well as net cash surrender value at the end of the current statement period. In comparison, investors in CIS receive monthly statements from their fund management companies, banks or brokers, stating the number and value of units held in the CIS, and details of transactions over the past month. Such monthly statements provide investors with regular updates of their investment portfolio, and allow them to make timely adjustments to their investments following changes in market conditions.

2.4.2. MAS recognises that some ILPs are purchased not only for investment but also to obtain insurance cover. They are different from an investment in a CIS and the provision of monthly statements for such ILPs that may be purchased with a longer term horizon may not be necessary.

### **Proposal**

2.4.3. **MAS proposes that monthly statements, containing information as required currently under Appendix C of MAS Notice 307, be provided to policyholders of ILPs that provide minimal insurance cover.** We note that SP ILPs in the market have minimal insurance cover and are purchased primarily for investment purposes, similar to investments in CIS. Therefore, monthly statements should be provided to policyholders of SP ILPs. Insurers should continue to furnish statements annually to policyholders of RP ILPs that provide substantive insurance cover and are purchased with a longer term horizon in mind.

**Question 4:** MAS seeks views on the proposal for insurers to furnish policyholders of SP ILPs with monthly statements on information as required currently under Appendix C of MAS Notice 307.

### 3. TRANSITIONAL PERIOD

3.1. Proposals 1 to 3 will apply to new ILPs issued after the relevant legislation is effected while proposal 4 will apply to existing and new policyholders of SP ILPs. **MAS proposes to provide insurers with a transitional period of six months (after the relevant legislation is effected) to implement the proposals in this consultation paper.**

**Question 5:** MAS seeks views on the proposed transitional period of six months (from the date the relevant legislation is effected).

## Annex A

### Requirements in relation to preparation of the product level PHS for ILPs

1. The aim of this PHS is to highlight key features of an ILP at the product level and relevant information on the ILP sub-funds to policyholders. The PHS must:
  - (a) clearly disclose the required information in the format as set out in this Annex;
  - (b) only contain information that is included in the product summary and benefit illustration (if applicable); and
  - (c) not contain any information that is false or misleading.
2. The template for the PHS as set out below, serves as a minimum standard. Insurers should adhere to the format (including the tabular structure and the yellow strip on the right edge of the document) as well as headings and sub-headings set out in the template. Headings and text in black font in the template must be included in the PHS by insurers. Additional sub-headings may be added if these are useful to enumerate points in a long section. An insurer must include any additional key information that is important for policyholders to understand the product.
3. Notes to guide an insurer in preparing the PHS are presented as italicised statements in square brackets in the template. Some examples (in blue font) are presented for illustration. These notes and examples are not meant to be exhaustive or prescriptive. An insurer must consider and decide on the information to be disclosed in the PHS so as to highlight key features and risks of the ILP to policyholders. In deciding on the information to be disclosed in the PHS, an insurer must consider whether omitting the information would lead to the PHS containing false or misleading information.
4. An insurer must answer the questions prescribed in the templates in clear and simple language that policyholders can easily understand. An insurer must avoid using technical jargon in the PHS. Where technical terms are unavoidable, an insurer must attach a glossary to the PHS to explain these technical terms.
5. An insurer may include references to websites or to corresponding sections of the prospectus that set out additional information for policyholders in the right-hand column of the PHS. Every insurer is encouraged to include links to online copies of disclosure documents, educational resources or explanatory material. However, key information must be clearly disclosed in the PHS and the insurer must not merely make reference to information in other sources, such as the product summary.
6. The use of diagrams such as graphs, charts, flowcharts, tables or numerical explanations to explain structures or payoffs of the ILP to policyholders is encouraged.
7. The PHS (excluding Appendices to the PHS) must not be longer than four pages. If diagrams and a glossary are included, these pages would not be considered as part of the four-page limit. However, the PHS including diagrams and the glossary should not exceed eight pages. Diagrams may be inserted within the

main body of the PHS if appropriate. The insurer's corporate logo or trade mark may also be inserted.

8. Information in the PHS (including footnotes and references) must be in a font size of at least 10-points Times New Roman.
9. An insurer must refrain from including disclaimers in a PHS.
10. Unless required by law or the listing rules of a securities exchange, an insurer must avoid producing marketing material which resembles or may otherwise be confused with a PHS.

Prepared on: DD/MM/YY

This Product Highlights Sheet is an important document.

- It highlights the key terms and risks of this product and complements the Benefit Illustration (if applicable) and Product Summary.
- It is important to read the Benefit Illustration (if applicable) and Product Summary before deciding whether to purchase the product. If you do not have a copy of these documents, please contact us to ask for one.
- You should not purchase the product if you do not understand it or are not comfortable with the accompanying risks.

NAME OF PRODUCT  
[“the Product”]

| Product Type             | Investment-Linked Policy (ILP) |
|--------------------------|--------------------------------|
| Single / Regular Premium | [.]                            |
| Premium Frequency        | [Yearly/ Monthly etc]          |
| Underwritten by          | [.]                            |
| Capital Guaranteed       | [Yes/No]                       |
| Policy Currency          | [.]                            |

PRODUCT SUITABILITY

WHO IS THIS PRODUCT SUITABLE FOR?

- The product is only suitable for policyholders who:
  - [State return objectives(e.g. capital growth/ protection coverage) which the product will be suitable for]
  - [State if the principal will be at risk]
  - [State how long policyholders should be prepared to hold the product]
  - [State other key characteristics of the product which will help policyholders determine whether the product is suitable for them]

**Example:**

- The product is only suitable for policyholders who:
  - wish to obtain coverage against death, total and permanent disability, or critical illness;
  - seek capital growth over a period of X years or longer; and
  - do not have short or medium term liquidity needs.
- This is a life insurance product that has two components – (i) it provides insurance coverage and (ii) it has an investment element. Please note that an alternative to this product is to purchase a term life insurance product (which only provides insurance coverage) and investing the difference in premiums (between buying a pure term life insurance product and this ILP) directly into a collective investment scheme (CIS) with a similar investment objective as the ILP sub-fund.
- A summary of the costs you will incur from purchasing the product is as follows:

|   | Key Fees and Charges  |
|---|---|
| Entry Charge and Surrender Charge<br>(Note: these charges are mainly to pay for distribution costs) | Entry charge of 81% of your premium in Year 1<br>No surrender charge throughout the policy term |
| Insurance and Administration Fees   | Insurance cost of \$77 in Year 1<br>Policy fee of \$5 a month                                   |
| Fees from ILP Sub-funds’ Investments in Underlying CIS  | Annual management fee of 1% to 1.5% of Net Asset Value (NAV) (depending on choice of sub-funds) |
| Additional Fees Charged by Insurer at the ILP Sub-fund Level  | Additional annual management fee of 0.1% to 0.5% of NAV (depending on choice of sub-funds)      |

Please refer to Appendix 2 on Fees and Charges for the detailed breakdown of applicable fees and charges for your chosen sub-funds.



- *[Summarise all applicable fees and charges under each category. Where the fees and charges vary across different ILP sub-funds, state the range of applicable fees and charges. ]*

### KEY PRODUCT FEATURES

#### WHAT ARE YOU INVESTING IN?

*[State key features of the product, the name of the insurance company and highlight that the product provides an insurance coverage and invests in sub-fund(s) of the policyholder's choice. Include a diagram of the structure of the product, if necessary.]*

#### Example:

- You are purchasing an ILP underwritten by [name of insurance company]. This Product provides you with insurance coverage, as well as an investment into ILP sub-fund(s) of your choice.
- Please refer to Appendix 1 for details of your Policy.

#### Further information

Refer to “[Relevant Section]” on Page XX of the Benefit Illustration (if applicable) and ILP Product Summary for further information on the features of the product.

### Parties Involved

#### WHO ARE YOU DEALING WITH?

*[State all parties involved in the structure of the product (at the product level), such as name of underwriter and distributor.]*

#### Example:

- The ILP is underwritten by [.]
- The ILP is distributed by [.]

Refer to “[Relevant Section]” on Page XX of the ILP Product Summary on the roles and responsibilities of these entities.

### KEY RISKS

#### WHAT ARE THE KEY RISKS OF THIS PRODUCT?

*[State key risks of this product which are either commonly occurring events, or which may cause significant losses if they occur, or both.]*

#### Example:

This product is meant to produce returns over the long term. You should not purchase the product with the aim of achieving short-term gains from your investment. An early termination of the product usually involves high costs and the surrender value payable may be less than the total premiums paid.

### Product-Specific Risks

*[State product-specific risks, which include structure-related risks, investment objective related risks, etc.]*

#### Example:

- **Investment Returns are Not Guaranteed**  
The performance of the sub-funds is not guaranteed and the price of the units can rise or fall and this will affect the surrender value. The surrender value is not guaranteed. Past performance is not an indicator of future performance. You should realise that a possible loss of your principal investment sum cannot be ruled out.
- **Cash value accumulation may be inadequate during the early policy years**  
Regular-premium investment-linked policies may not accumulate adequate cash value during the early policy years. This means that if the policy is terminated during the early policy years, you may not get back any investment value, or what you get back may be less than the premiums you have paid.
- **Insurance and Administration Fees are Not Guaranteed**  
Insurance and administration fees are not guaranteed and [.] reserves the right to vary the insurance costs for the basic benefits of Death and Total Permanent Disability (TPD) coverage and administration fees. However, [.] will give you 30 days' written notice before doing so.

Refer to “[Relevant Section]” on Page XX of the ILP Product Summary for further information on the risks of the product.

- **Units May Be Insufficient to Pay the Insurance and Administration Fees**  
There is a likelihood that your insurance coverage may stop when the premiums paid plus the accumulated cash values of your policy are not enough to pay for the insurance and administration fees. This likelihood is higher when:
  - Your invested fund(s) is/are performing badly; and/or
  - You stop paying your regular premiums; and/or
  - You make frequent and/or large partial surrender(s).
 In order to ensure that your insurance coverage will continue, you should regularly monitor your policy account to ensure that your premiums paid plus the accumulated cash values of your policy are enough to pay for the insurance and administration fees.

## VALUATIONS AND EXITING FROM THE INVESTMENT

### HOW OFTEN ARE VALUATIONS AVAILABLE?

*[State how often and where valuations are published, e.g.: provide a web address or the name of local newspapers where the valuation is published.]*

#### Example:

The actual prices of the sub-funds are published on our website at the end of the first business day after the relevant pricing date.

Prices of the funds can also be obtained from the following sources:

The Straits Times/ The Business Times/ Lianhe Zaobao.

Frequency of publication is determined by the relevant media. The actual prices of the sub-funds are published two business days after the relevant pricing date.

*Refer to “[Relevant Section]” on Page XX of the ILP Product Summary and Benefit Illustration (if applicable) for further information on valuations and exiting from the investment.*

### HOW CAN YOU EXIT FROM THE POLICY AND WHAT ARE THE RISKS AND COSTS IN DOING SO?

*[State length of cancellation period and describe how policyholders can exit from the policy if they change their minds within the cancellation period and the relevant costs. If there is no cancellation period, state so clearly. Subsequent to the cancellation period, describe how policyholders can exit from the policy, e.g. surrendering the policy, switching of units and the relevant costs.]*

#### Example:

##### Cancellation of Policy within the Free-Look period

- If you cancel the policy within the free-look period of 14 days from the date you receive your policy document, premiums less medical fees (if any) incurred in assessing the risk under the policy will be refunded.

##### Surrender/Partial Surrender of Policy

- You can exit the ILP sub-fund by submitting a signed written instruction to us or the distributor from whom you purchased your ILP.
- Partial surrenders are subject to minimum holding requirements. If you make a partial surrender, the remaining units in your ILP must be worth at least S\$1,000 based on the actual price of the sub-fund at the time of surrender. If this is not the case, you will not be able to make a partial surrender.
- For details on the surrender value of your ILP sub-fund(s), please refer to the Product Summary.
- The surrender value of the ILP is not guaranteed and is dependent on the investment returns of the sub-fund. A lower investment return for the sub-fund will mean your ILP will have a lower surrender value.
- You will incur surrender charges in the event that you surrender your policy. Please refer to Appendix 2 on Fees and Charges for your chosen sub-funds.

Switching of units

- You may instruct us to switch all or any of the units of one ILP sub-fund to units of another ILP sub-fund offered by submitting a fund switch form subject to a minimum total switch amount of S\$50.

Occurrence of insured event

- The product is an insurance policy, and will terminate with the occurrence of an insured event.
- For details on the benefits to be paid out due to the occurrence of the insured event, please refer to the Product Summary.

**OTHER IMPORTANT INFORMATION**

Please see the attached appendices for details on:

- Appendix 1 to PHS – Summary of Your Policy Details
- Appendix 2 to PHS – Fees and Charges
- Appendix 3 to PHS – PHS of Selected ILP Sub-funds

As purchasing a life insurance product is a long-term commitment, you should read the Benefit Illustration (if applicable) and Product Summary documents carefully. You may also wish to visit [www.comparefirst.sg](http://www.comparefirst.sg) to view other life insurance products before deciding which product to purchase.

**CONTACT INFORMATION**

**HOW DO YOU CONTACT US?**

*[State contact details of underwriters/ distributors whom policyholders can contact if they have enquiries. Include a website address and email address if appropriate.]*

**GLOSSARY OF TERMS**

*[This section should explain terms used in the Product Highlights Sheet which may not be understandable to the average policyholder. Where possible, issuers should simplify the terms used in the main body of the Product Highlights Sheet instead of explaining them in the glossary.]*

**APPENDIX 1 TO PHS - SUMMARY OF YOUR POLICY DETAILS**

**Prepared on: DD/MM/YY**

**SUMMARY OF YOUR POLICY DETAILS**

[State key features of the product and state details of the insurance coverage and investment in sub-fund(s), including:

- whether the product is a single premium or regular premium ILP;
- the premium amount and frequency of payment;
- the insurance coverage, term of coverage and sum assured;
- the allocation of the premium invested (net of front-end fees and charges) into the sub-fund(s) of choice;
- if applicable, that the investment in sub-fund(s) will be subject to various recurring fees and charges, as set out in Appendix 2 on 'Fees and Charges'.

State clearly how the benefits of the policy (e.g. Death benefit, Disability benefit, Critical Illness benefit etc.) will be paid out or claimed by the policyholder.]

| <p><b>Single/ Regular<br/>Premium ILP</b><br/>Amount: S\$XX<br/>Payment Frequency: e.g.<br/>monthly</p>   | <p><b><u>Insurance Coverage</u></b></p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Type of Coverage</th> <th>Term of Coverage</th> <th>Sum Assured</th> </tr> </thead> <tbody> <tr> <td>e.g. Death/TPD/CI</td> <td>e.g. 99 yrs</td> <td>e.g. \$ XXX</td> </tr> </tbody> </table> <p><b><u>Example:</u></b><br/><b><u>Death Benefit</u></b><br/>In the event of death, [name of insurance company] pays the cash value of all the units under the policy plus the sum assured for Death as shown on your certificate of Life Assurance and minus any outstanding amounts owing to [.]</p> <p><b><u>TPD Benefit</u></b><br/>If you have made any claim under TPD Benefit, the sum assured of the Death Benefit shall be reduced accordingly to an amount equal to the difference between the sum assured of the Death Benefit and the sum assured of the TPD Benefit that has been claimed.</p> <p><b><u>Occurrence of insured event</u></b></p> <ul style="list-style-type: none"> <li>• The product is an insurance policy, and will terminate with the occurrence of an insured event.</li> <li>• For details on the benefits to be paid out due to the occurrence of the insured event, please refer to the Product Summary.</li> </ul> |                  |             | Type of Coverage | Term of Coverage | Sum Assured | e.g. Death/TPD/CI | e.g. 99 yrs | e.g. \$ XXX |
|---|---|------------------|-------------|------------------|------------------|-------------|-------------------|-------------|-------------|
|   | Type of Coverage  | Term of Coverage | Sum Assured |                  |                  |             |                   |             |             |
| e.g. Death/TPD/CI   | e.g. 99 yrs   | e.g. \$ XXX      |             |                  |                  |             |                   |             |             |
| <p><b><u>Investment in sub-fund(s)</u></b></p> <p>Note: Your investment in the sub-fund(s) will incur various fees and charges. Please refer to Appendix 2 on Fees and Charges of your chosen sub-funds.</p> <p>Your investment in the sub-funds will follow this ratio:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Sub-fund</th> <th>Ratio (%)</th> </tr> </thead> <tbody> <tr> <td>Sub-fund A</td> <td>50%</td> </tr> <tr> <td>Sub-fund B</td> <td>50%</td> </tr> </tbody> </table> |   |                  | Sub-fund    | Ratio (%)        | Sub-fund A       | 50%         | Sub-fund B        | 50%         |             |
| Sub-fund  | Ratio (%)   |                  |             |                  |                  |             |                   |             |             |
| Sub-fund A  | 50%   |                  |             |                  |                  |             |                   |             |             |
| Sub-fund B  | 50%   |                  |             |                  |                  |             |                   |             |             |

**APPENDIX 2 TO PHS – FEES AND CHARGES**  
**Prepared on: DD/MM/YY**

**WHAT ARE THE FEES AND CHARGES FOR THE PRODUCT?**

*[State all fees and charges payable. This includes entry and surrender charges (i.e. charges at the point of entry, such as the sales charge or other distribution charges, and charges at the point of exit), insurance and administration fees (e.g. switching fee; policy fee; cost of insurance), fees from ILP sub-funds' investments in underlying CIS (e.g. fund manager's annual management charge; trustee fee; custodian fee; valuation and accounting fee; any other fees such as registrar fee and legal and professional fees), and additional fees charged by the insurer at the ILP sub-fund level (e.g. additional annual management charge; valuation and accounting fee; custodian fees). If fees are increased or if new fees are introduced at a later stage, state so here. If needed, the information on fees and charges may be presented in landscape format.]*

**Example:**

You will incur the following fees and charges for your policy, based on your choice of sub-funds:

|   | Type  | Sub-fund A   | Sub-fund B                       |
|---|---|--|----------------------------------|
| Entry Charge and Surrender Charge<br>(Note: these charges are mainly to pay for distribution costs) | Entry Charge                                  | Year 1: 81% of your premium<br>Please refer to Product Summary for entry charge(s) for subsequent years.                             |                                  |
|   | Surrender Charge                              | 0% throughout the policy term  |                                  |
| Insurance and Administration Fees   | Switching Fee                                 | Free of charge   |                                  |
|   | Policy Fee                                    | S\$5 per month   |                                  |
|   | Cost of Insurance                             | Year 1: \$77<br>Please refer to Product Summary and Benefit Illustration (if applicable) for cost of insurance for subsequent years. |                                  |
| Fees from ILP Sub-funds' Investments in Underlying CIS  | Fund Manager's Annual Management Charge       | 1.50% (max 3%) per annum of NAV.   | 1.50% (max 3%) per annum of NAV. |
| Additional Fees Charged by Insurer at the ILP Sub-fund Level  | Insurer's Additional Annual Management Charge | 0.10% per annum of NAV.  | 0.10% per annum of NAV.          |

**APPENDIX 3 TO PHS – PHS OF SELECTED ILP SUB-FUNDS**

*[Provide all PHS for ILP Sub-Funds chosen by the policyholder.]*



Monetary Authority of Singapore