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Life protection & savings  
FortuneXtra Savings Plan

# Currency Conversion Option: A Quick Guide and FAQs



Welcome to our quick guide on the Currency Conversion Option offered by **FortuneXtra Savings Plan (“FortuneXtra”)**. In this guide, we’ll walk you through how the Currency Conversion Option works and frequently asked questions to ensure you make informed decisions regarding your financial goals. Let’s explore how this option can unlock new opportunities for you!

## What is the Currency Conversion Option?

Whether you’re adapting to new circumstances or exploring investment opportunities, the Currency Conversion Option offers you the flexibility to effortlessly convert your policy to a policy of a different currency offered under **FortuneXtra Series**.

You can exercise this option within 30 days from each policy anniversary starting from the 2<sup>nd</sup> policy anniversary (for policy with 2-year premium payment term) or from the 3<sup>rd</sup> policy anniversary (for policy with 5-year or 10-year premium payment term). You have the freedom to convert either the entire total cash value of your policy or a specific portion of it. Let’s delve deeper into how this convenient option can empower you to make the most of your financial journey.



### Important points to consider before exercising the Currency Conversion Option

Once your request to exercise this option is approved, your current policy will be converted in whole (“Converted Policy”) or in part (“Split Policy”) to a policy of your chosen currency of the latest plan available under **FortuneXtra Series**. It’s highly important to note that the terms and conditions of the Converted Policy or Split Policy may differ from your current policy. Please note that the exercise of this option carries certain risks, including potential fluctuations in exchange rates. For detailed information regarding this option and the relevant risks, please refer to the section of “**Important information**”.

## Let's illustrate how this option works with an example

(The illustrative example is for illustrative purpose only.)

Suppose you have held a **FortuneXtra** policy with a policy currency in Renminbi (RMB) for the past 10 years, and now you are considering converting 100% of the total cash value from RMB to United States Dollars (USD) using the Currency Conversion Option:

Premium payment term	5 years
Annual premium	RMB 143,400

Total premium paid	RMB 717,000
Notional amount at the end of the 10 <sup>th</sup> policy year	RMB 1,000,000

Your policy ( Before exercising Currency Conversion Option)						
End of policy year	Currency	Notional amount	Guaranteed cash value	Cash value of revisionary bonus	Cash value of terminal bonus	Total cash value
10	RMB	1,000,000	173,000	75,565	589,576	838,141 <b>A</b>

### 1 Step

#### Conversion of Total Cash Value

The total cash value of the policy is converted from the original currency to the desired currency based on prevailing exchange rate ("Converted Total Cash Value").

End of the 10<sup>th</sup> policy year

Total Cash Value before exercising  
Currency Conversion Option (in RMB)

838,141 **A**

x

Prevailing  
exchange rate

RMB 1 = USD 0.142857

=

Converted Total  
Cash Value (in USD)

119,734 **B**

2  
Step

## Calculation of Converted Notional Amount

Once we have calculated your policy's Converted Total Cash Value, our next step is to determine the new notional amount in USD ("Converted Notional Amount"). We compare the Converted Total Cash Value to the total cash value of a **FortuneXtra's USD reference policy** to determine the appropriate Converted Notional Amount. The reference policy refers to a sample **FortuneXtra** policy with the same premium payment term and notional amount as the original policy but denominated in the converted currency for illustrative purpose.

**FortuneXtra's USD reference policy (5-year premium payment term with a notional amount of USD 1,000,000)**

End of policy year	Currency	Notional amount	Guaranteed cash value	Cash value of revisionary bonus	Cash value of terminal bonus	Total cash value
10	USD	1,000,000	173,000	75,565	619,203	867,768 <b>C</b>

Notional amount of  
FortuneXtra's USD reference policy  
1,000,000

x

Ratio of Converted Total Cash Value to the total cash value of  
FortuneXtra's USD reference policy ("Conversion Ratio")

=

Converted  
notional amount (in USD)  
137,979

$$119,734 \text{ **B**} \div 867,768 \text{ **C**} = 0.137979 \text{ **D**}$$

3  
Step


## Calculation of Policy Values

After establishing the Converted Notional Amount, we can then calculate the policy values in USD. This includes determining the guaranteed cash value, the cash value of the reversionary bonus, and the cash value of the terminal bonus. These calculations are performed based on a Conversion Ratio, which represents the ratio of the Converted Total Cash Value to the total cash value of **FortuneXtra's USD reference policy**. By applying this ratio to the reference values from **FortuneXtra's USD reference policy**, we can calculate the converted policy values in USD.

At the 10 <sup>th</sup> policy year	FortuneXtra's USD reference policy	Conversion Ratio	Converted Policy Value (in USD)
Guaranteed cash value	173,000		23,870
Cash value of revisionary bonus	75,565	x 0.137979 <b>D</b>	10,426
Cash value of terminal bonus	619,203		85,437

## Summary of policy values

This below summary clearly illustrates your policy values **before and after** exercising Currency Conversion Option

	End of policy year	Currency	Notional amount	Guaranteed cash value	Cash value of revisionary bonus	Cash value of terminal bonus	Total cash value
<b>Before</b> exercising Currency Conversion Option	10	RMB	1,000,000	173,000	75,565	589,576	838,141
	 USD equivalent value based on the prevailing exchange rate (Assume RMB 1 = USD 0.142857)	USD	142,857	24,714	10,795	84,225	119,734
<b>After</b> exercising Currency Conversion Option	10	USD	137,979	23,870	10,426	85,437	119,734



If you exercise the Currency Conversion Option, the total cash value at the time of conversion will remain unchanged for currency equivalent, but the notional amount, guaranteed cash value, cash value of the reversionary bonus and cash value of the terminal bonus (and therefore, the proportion of guaranteed and non-guaranteed benefits) will be affected and may be higher or lower than the currency equivalent value before exercising this option based on the prevailing exchange rate.

## Is there any impact on future premiums payable?

After exercising Currency Conversion Option, the notional amount under the Converted Policy or Split Policy will be adjusted. As a result, future premiums payable of the basic plan will be adjusted according to the latest notional amount in the respective policy currency of the Converted Policy or Split Policy. In this specific example, since the premium has already been paid up, no future premium payments are required. However, if the policy has not been fully paid up, the premium payable of the basic plan will be calculated based on the Conversion Ratio with same mechanism as illustrated in Step 3 above. It's important to note that future premiums may be higher than the currency equivalent of the existing premium after exercising the Currency Conversion Option.

## How about the calculation mechanism of partial conversion?

The calculation mechanism is the same for both full conversion and partial conversion. In the case of partial conversion, only a portion of the total cash value is converted into the desired currency based on your selected converted percentage.

## How do I make a request to exercise the Currency Conversion Option?

To initiate a request to exercise the Currency Conversion Option, you need to reach out to your financial consultant. Your financial consultant will provide you with a quotation for the conversion to the desired currency. The illustration will showcase the notional amount, policy values and premium payable of the basic plan (if applicable) in the new policy currency resulting from the currency conversion. This detailed illustration will enable you to make an informed decision on whether to proceed with the conversion.

## Important information

### Currency and exchange rate

You may face an exchange rate risk in the following situations:

- Premium and benefit payment: If your policy value is denominated in a currency other than your local currency, you may face an exchange rate risk. Upon currency conversion, the amounts you receive and the premiums you pay may vary as a result of changes in exchange rate.
- For Currency Conversion Option: the notional amount, premiums payable (if any) and the policy value projection of the Converted Policy or the Split Policy may vary as a result of changes in exchange rate. The prevailing currency exchange rate to be used for currency conversion shall be as shown in the illustration document signed and submitted by you in respect of the Converted Policy or the Split Policy (as the case may be) and accepted by the Company. The Company reserves the right to amend this approach without prior notice.
- For switching between the Prime Currency Account and the Global Currency Account: the actual amount switched into the Prime Currency Account or the Global Currency Account (as the case may be) may vary as a result of changes in exchange rate.

### Changes due to exercising the Currency Conversion Option

Upon the approval of exercising the Currency Conversion Option, as we convert your existing policy to the latest plan available under **FortuneXtra Series** in your chosen policy currency, please note that the new plan for which the Converted Policy or the Split Policy is issued on the conversion could have different terms and conditions compared to the existing plan. The notional amount, premiums payable (if any) and the policy value projection of the Converted Policy or the Split Policy could be higher or lower than those of the existing policy or those of the converted portion of the existing policy due to a number of factors, including but not limited to the prevailing currency exchange rate and the projected investment return and asset values of the underlying portfolio of assets of the new plan. The management and determination of the non-guaranteed benefits of the Converted Policy / Split Policy (including but not limited to the bonus philosophy, investment strategy and asset allocations) could be different from the existing policy. In addition, supplements attached to the basic plan could be terminated or their sum insureds could be reduced as a result of conversion and you or the insured may lose the relevant cover partly or entirely. The approval of the application and the availability of currency at the time of conversion will be subject to the applicable laws and regulations as well as the prevailing administrative rules of the Company.

Further details of changes on conversion pursuant to the Currency Conversion Option are as follows:

- For full conversion, the basic plan of the existing policy will terminate and the Converted Policy of the new plan will be issued in the new policy currency with the policy date being the same as that of the existing policy. All supplement(s) (if any) attached to the basic plan will be detached from the basic plan and attached to the Converted Policy and the currency of such supplement(s) will be converted to the new policy currency at the prevailing currency exchange rate. However, if a supplement attached to the basic plan is not offered in the new policy currency, such supplement will terminate.
- For partial conversion, the notional amount of the existing policy will be reduced in accordance with the converted percentage and the policy values of the existing policy will also be reduced accordingly. The Split Policy of the new plan will be issued in the new policy currency with the policy date being the same as that of the existing policy. All supplement(s) (if any) attached to the basic plan will continue to be attached to the basic plan.
- For both full and partial conversion, any reduction in the notional amount may induce a reduction of the supplement amount(s) (if any) pursuant to the Company's then prevailing rules. If the supplement amount(s) fall(s) below the minimum amount(s) as determined by the Company from time to time, the relevant supplement(s) will terminate.
- The value of the Global Currency Account (in the case of full conversion) or the converted percentage of the value of the Global Currency Account (in the case of partial conversion) of the existing policy will be transferred to the Prime Currency Account or the Global Currency Account of the Converted Policy or the Split Policy, depending on (i) whether the currency of the Global Currency Account of the existing policy is the same as the policy currency of the Converted Policy or the Split Policy and (ii) if a new currency is selected for the Global Currency Account of the Converted Policy or the Split Policy in the application for conversion.

For details of the Currency Conversion Option, please refer to the policy contract.



## Remarks

- An application to exercise the Currency Conversion Option must fulfill the following requirements:
  - (i) the notional amount of the Converted Policy upon full conversion / the remaining notional amount of the existing policy and the notional amount of the Split Policy upon partial conversion (as applicable) after the Currency Conversion Option is exercised must not be less than the minimum amount as may be determined by the Company from time to time;
  - (ii) an application for conversion cannot be withdrawn or changed once it has been submitted;
  - (iii) at the time of our approval of your application, there is no advance payment of premiums under the policy (including both the basic plan and any supplement(s) to the basic plan), all premiums of the policy which are due have been paid and the policy has no indebtedness;
  - (iv) only one application for conversion can be made per policy year;
  - (v) there has been no transaction or application for such transaction under the policy from the policy anniversary immediately before the date of the application for conversion to the date of our approval of such application which would have resulted or may result in a change of the policy value or premium payable under the policy; and
  - (vi) any application for conversion is subject to the approval of the Company at its absolute discretion. The values of Prime Currency Account and Global Currency Account (if any) will be converted based on the prevailing exchange rate. For more details, please refer to the section of “**Important information**”.
- The illustrative exchange rate used in the example is for your reference only. The prevailing currency exchange rate is determined by the Company in good faith and a commercially reasonable manner at its sole discretion from time to time with reference to prevailing market rate. For the exchange rate risk and changes due to exercising the Currency Conversion Option, please refer to the section of “**Important information**”.
- All the policy values and figures stated in this leaflet are for illustrating the conceptual calculation mechanism of the Currency Conversion Option only and do not represent the actual amounts upon exercising of Currency Conversion Option.
- All the policy values stated in this leaflet are rounded to the nearest whole number and are subject to rounding differences.

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