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Universal Life  
Heritage Builder Universal Life Plan

A black and white photograph of a hand holding a glass of red wine. The background is a blurred library with bookshelves. A red geometric line is drawn across the image, starting from the bottom left, going up to the right, then down to the right, and finally up to the right again, framing the central text and the wine glass.

**Master and build  
your timeless heritage**

Product brochure

# Essential Protection Long-Lasting Heritage

Everything can change in the blink of an eye. So...

Are you aspiring to create a lasting heritage as a gift for your loved ones?

Do you want to ensure that your wealth built over the years will be protected?

Are you seeking to grow your wealth while minimising risk exposure?

Are you well prepared for the unexpected?



Specially designed to meet the needs of prestigious clients, **Heritage Builder Universal Life Plan** (“**Heritage Builder**”) helps you create long-lasting heritage and secure essential protection to achieve peace of mind. Whether you want to preserve your wealth to build a secured future for your loved ones or plan for the succession of your business while maintaining great control over your wealth distribution, **Heritage Builder** is a one-of-a-kind choice for you.

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**Heritage Builder** can help individuals like you to shelter your wealth from possible or unexpected threats so that you can:

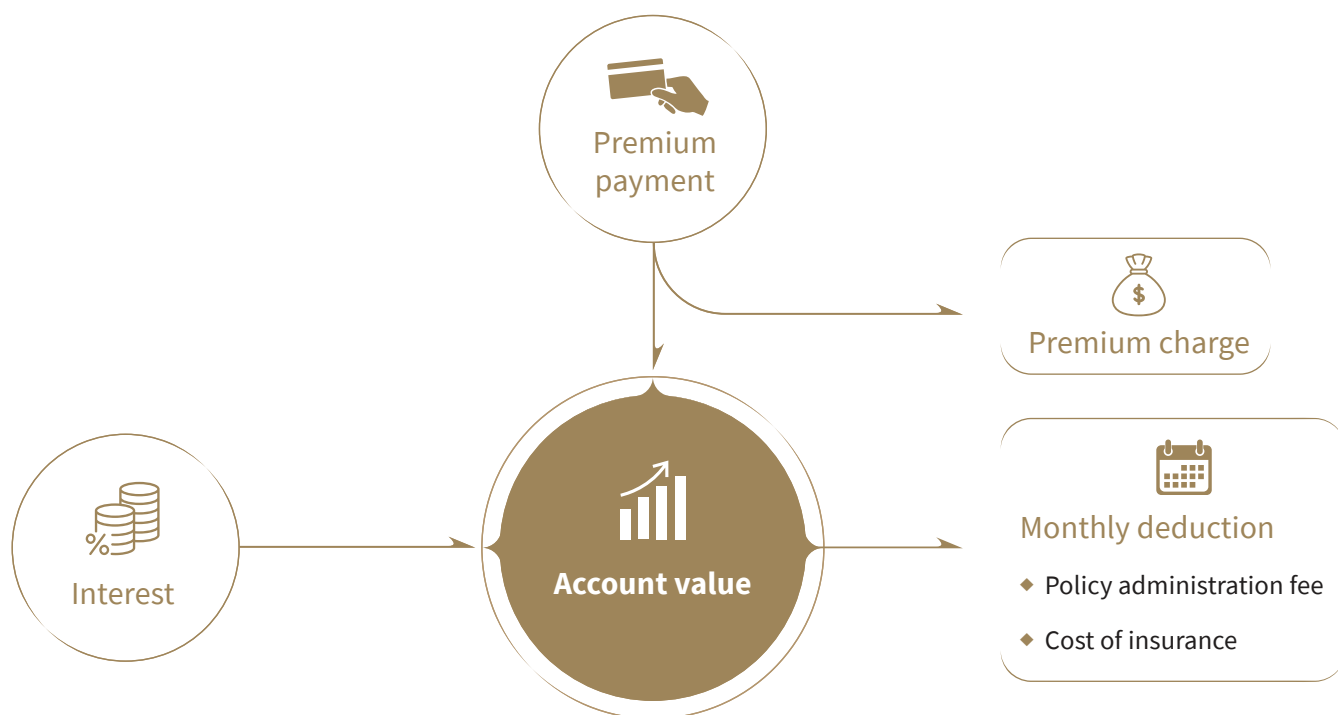
- ◆ enjoy peace of mind knowing that you and your family will be protected even in the face of unexpected events
- ◆ preserve wealth over time and achieve financial security through stable investment, allowing you to pass on your heritage to the ones you love efficiently

If you are a business owner, **Heritage Builder** can provide extra protection to your key persons and safeguard business continuity with:

- ◆ keyman insurance to secure much-needed financial support in case of a sudden loss of key persons
- ◆ ownership protection arrangement via cross purchase buy-sell agreement or entity purchase buy-sell agreement, with a life insurance policy to provide capital for business owners or the business entity (as the case may be) to acquire the interest of the deceased business owner, at a fair market value if the unexpected happens to any of the business owners

# How Does this Plan Work?

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**Heritage Builder** requires you to pay the Planned Premium<sup>10</sup> to set up your account. Your premium payment less the premium charge will be credited to your account value. Then, your account value will earn an interest accrued daily at the applicable crediting interest rate, and monthly deduction will be deducted on a monthly basis to cover the policy administration fee and the cost of insurance.







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## — Key Benefits —

# Wealth Preservation

Featuring crediting interest rate fixed period, guaranteed and transparent fees & charges rates and flexible premium arrangement, **Heritage Builder** is here to meet your wealth preservation needs whilst providing flexibility to manage your finances.

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### Crediting interest rate fixed period

**For each premium paid in cleared funds within the first 3 policy years, once a crediting interest rate is declared at the time of receipt, such rate will be fixed and applied to that premium for the first 3 policy years.** After the first 3 policy years, interest will be credited and accrued to your account value daily at the then prevailing crediting interest rate. The crediting interest rate is guaranteed at not less than 2% per annum at all times, offering much-needed financial security in a time of increasing market uncertainty.

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### Guaranteed and transparent fees and charges rates

To ensure your timely and accurate financial planning, all fees and charges rates, including the rates for premium charge, policy administration fee, cost of insurance and surrender charge, are guaranteed (except in the case of a change of the insured) so that you can rest assured that there will be no unexpected fees and charges to worry about.

### Flexible premium payment arrangement

We will determine the Planned Premium<sup>10</sup> for you. This will be the premium that is planned to be paid under the policy. To accommodate your financial conditions, **Heritage Builder** offers an alternative payment arrangement apart from paying the whole Planned Premium<sup>10</sup> upfront. You can pay a minimum of 10% of the Planned Premium<sup>10</sup> at policy application, but you shall settle the remaining balance within the 1<sup>st</sup> policy year. If you pay less than the Planned Premium<sup>10</sup> (such as 10% of it) at policy application, and do not pay the full remaining balance of the Planned Premium<sup>10</sup> within the 1<sup>st</sup> policy year, your policy may lapse earlier than expected or may even lapse immediately after the grace period following the expiry of the first 10 months from the policy date, without any Surrender Value<sup>11</sup>. (Please refer to Inadequate payment of premium and Policy lapse under the section Important Information for details.)

Furthermore, you may pay Additional Premium<sup>9</sup>, subject to approval by the Company, if you wish to pay more than the Planned Premium<sup>10</sup> or pay after the 1<sup>st</sup> policy year. You may need to observe the minimum and maximum limits determined by the Company.

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## — Key Benefits —

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# Life Protection

**Heritage Builder** provides death benefit which offers financial assistance to your loved ones should anything unfortunate happened to you. In addition, it comes with two embedded benefits, aiming at providing extra security and peace of mind for you.

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### Death benefit

Designed to provide coverage to protect the insured's family, death benefit will be payable in the event of the insured's death. The amount of the death benefit will be (i) the account value or (ii) the sum insured less certain withdrawals\*, whichever is higher, less any policy debt, if the insured dies before the policy anniversary on or immediately following the insured's 120<sup>th</sup> birthday.

### Embedded benefits

Two embedded benefits are offered to provide extra security:

- ◆ Advanced terminal illness benefit: an advance payment of the death benefit (or a part thereof) will be payable if a terminal illness is diagnosed before the policy anniversary on or immediately following the insured's 120<sup>th</sup> birthday
- ◆ Additional accidental death benefit: an additional benefit amount will be payable if the insured passes away as a result of an accident within the first 5 policy years

*\* For details, please refer to the section Summary of plan features.*

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## — Key Benefits —

# Policy Adaptability

As your life circumstances change through the years, different financial needs may arise. With **Heritage Builder**, we provide you with policy adaptability to meet your needs during your life journey, making it an essential resource to solidify your financial foundation.



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## Access your cash

To help you with your financial needs, you can make withdrawals from your account value<sup>^</sup> anytime starting from the 2<sup>nd</sup> policy year, and the sum insured will be reduced by the amount withdrawn and a surrender charge will apply. **Starting from the 11<sup>th</sup> policy year, you can enjoy an annual Free Withdrawal Amount of 5% of your account value<sup>^</sup> without reduction in the sum insured or incurring a surrender charge.** Starting from the 16<sup>th</sup> policy year, withdrawals made are free of surrender charge.

## Borrow funds with policy loans

With an option to take a loan<sup>#</sup> against your policy in case you need it, **Heritage Builder** provides you with another access to your account value, subject to approval by the Company.

## Change of insured option

With this option, you can change the existing insured to a new insured, subject to approval by the Company. Upon approval of the change of the insured, a new Planned Premium<sup>10</sup> will be determined for the policy, Additional Premium<sup>9</sup> may be required and additional fees and charges may be applicable.

<sup>^</sup> Account value herein refers to the account value attributable to the Planned Premium<sup>10</sup>

<sup>#</sup> The loan interest rate will be declared from time to time by the Company

*Note: The information in this section is intended for key benefit highlights. Please refer to the section Summary of plan features for further details.*





# Summary of plan features

Please note that the plan features below are subject to the terms and conditions of the policy contract. For details, you may request a copy of the policy from us.

General information	
Issue age	10 days <sup>1</sup> - 80 (based on age last birthday)
Policy currency	USD
Benefit term	Whole life
Minimum sum insured	USD500,000
Wealth preservation	
Crediting interest rate	<ul style="list-style-type: none"><li>◆ Your account value will earn interest at the crediting interest rate declared by the Company from time to time</li><li>◆ For each premium received in cleared funds during the first 3 policy years, the crediting interest rate applicable at the time of receipt of that premium will apply to that premium and be fixed until the end of the 3<sup>rd</sup> policy year</li><li>◆ After the first 3 policy years, interest will be credited and accrued to your account value daily at the then prevailing crediting interest rate</li><li>◆ From the policy anniversary on or immediately following the insured's 120<sup>th</sup> birthday, the crediting interest rate shall be set at the minimum guaranteed crediting interest rate</li></ul>
Minimum guaranteed crediting interest rate	<ul style="list-style-type: none"><li>◆ 2% per annum</li></ul>

## Summary of plan features (con't)

### Life protection

The higher of:

#### Death benefit<sup>2</sup>

- (i) the account value; and
- (ii) the sum insured less an amount of the total withdrawals in the 12 months preceding the insured's death from the portion of the account value attributable to the Additional Premium<sup>9</sup>,  
less any policy debt

#### Advanced terminal illness benefit

- ◆ Advance payment of death benefit (or a part thereof), determined by applying an applicable limit<sup>3</sup>, will be payable upon diagnosis of terminal illness<sup>4</sup>
  - ▷ If the net amount at risk<sup>5</sup> is equal to or less than the applicable limit<sup>3</sup>, the amount payable will be equal to the death benefit, and the policy will terminate automatically
  - ▷ If the net amount at risk<sup>5</sup> is higher than the applicable limit<sup>3</sup>, the amount payable will be the applicable limit<sup>3</sup> less any policy debt, and the sum insured will be reduced by the applicable limit<sup>3,6</sup>
- ◆ The advanced terminal illness benefit shall automatically terminate upon the earliest occurrence of the following events:
  - ▷ on the policy anniversary on or immediately following the insured's 120<sup>th</sup> birthday;
  - ▷ when the policy terminates; and
  - ▷ when the advanced terminal illness benefit is paid or becomes payable under the policy

#### Additional accidental death benefit

- ◆ The lower of:
  - ▷ 20% of the sum insured; or
  - ▷ the accidental death benefit limit<sup>7</sup>,  
less any policy debt, will be payable upon the insured's death due to an accident within the first 5 policy years
- ◆ The additional accidental death benefit under the policy shall automatically terminate upon the earliest occurrence of the following events:
  - ▷ on the 5<sup>th</sup> policy anniversary;
  - ▷ when the policy terminates; and
  - ▷ when the additional accidental death benefit is paid or becomes payable under the policy



## Premium

### Premium type

#### Planned Premium<sup>10</sup>

- ◆ You can pay a minimum of 10% of the Planned Premium<sup>10</sup> at policy application and settle the remaining balance within the 1<sup>st</sup> policy year by no more than 3 instalments including the initial payment of the Planned Premium<sup>10</sup>
- ◆ After the 1<sup>st</sup> policy year, no payment of the Planned Premium<sup>10</sup> will be accepted
- ◆ If you pay less than the Planned Premium<sup>10</sup> (such as 10% of it) at policy application, and do not pay the full remaining balance of the Planned Premium<sup>10</sup> within the 1<sup>st</sup> policy year, the policy may lapse earlier than expected or may even lapse immediately after the grace period following the expiry of the first 10 months from the policy date without any Surrender Value<sup>11</sup> (Please refer to Inadequate payment of premium and Policy lapse under the section Important information for details)

#### Additional Premium<sup>9</sup>

- ◆ You may pay Additional Premium<sup>9</sup>, subject to approval by the Company
- ◆ The premium amount is subject to the minimum and maximum limits determined by the Company

## Summary of plan features (con't)

### Withdrawal

<b>Conditions</b>	<p>You can make withdrawals from your account value starting from the 2<sup>nd</sup> policy year, subject to the followings:</p> <ul style="list-style-type: none"><li>◆ the withdrawal amount shall not exceed an amount which equals the Surrender Value<sup>11</sup> less 6 times of the immediately preceding monthly deduction charged</li><li>◆ the remaining sum insured after withdrawal shall not be less than the minimum sum insured</li><li>◆ the minimum withdrawal amount shall be met</li></ul>
<b>Withdrawal sequence</b>	<p>(1) From the account value attributable to the Additional Premium<sup>9</sup> paid (if any)</p> <p>(2) From the account value attributable to the Planned Premium<sup>10</sup> paid</p> <p>In both cases above, a first-in-first-out basis will be adopted</p>
<b>Effect of withdrawal</b>	<p>From the account value attributable to the Planned Premium<sup>10</sup>:</p> <ul style="list-style-type: none"><li>◆ From the 2<sup>nd</sup> to the 10<sup>th</sup> policy year, any withdrawals will result in a reduction in the sum insured, leading to a surrender charge</li><li>◆ From the 11<sup>th</sup> policy year, you can enjoy an annual Free Withdrawal Amount of 5% of the account value without reduction in the sum insured or incurring a surrender charge; withdrawals exceeding that amount will result in a reduction in the sum insured, leading to a surrender charge; any unused Free Withdrawal Amount in the policy year cannot be carried forward to the next policy year</li><li>◆ Starting from the 16<sup>th</sup> policy year, withdrawals exceeding the Free Withdrawal Amount will result in a reduction in the sum insured but no surrender charge will be incurred</li></ul>
	<p>From the account value attributable to the Additional Premium<sup>9</sup>:</p> <ul style="list-style-type: none"><li>◆ No impact on the sum insured<ul style="list-style-type: none"><li>▷ If the death of the insured is within 12 months after the withdrawal, death benefit will be reduced accordingly</li></ul></li><li>◆ Free of surrender charge</li></ul> <p>In both cases above, the account value will be reduced by the amount withdrawn and the surrender charges (if applicable)</p>



## Fees and charges **Rates Guaranteed**

### Premium charge

Guaranteed at 6% of each premium paid and deducted on the day the premium payment is received in cleared funds

### Policy administration fee<sup>8</sup>

Deducted monthly in advance for the first 15 policy years and calculated based on the sum insured

### Monthly deduction

### Cost of insurance<sup>8</sup>

Deducted monthly in advance until (but excluding) the policy anniversary on or immediately following the insured's 120<sup>th</sup> birthday and calculated based on the net amount at risk<sup>5</sup>

### Surrender charge<sup>8</sup>

- ◆ Applicable during the first 15 policy years upon:
  - ▷ policy lapse;
  - ▷ policy surrender;
  - ▷ policy termination (except as a result of the insured's death or when the advanced terminal illness benefit payable equals the death benefit); or
  - ▷ withdrawal which results in a reduction in the sum insured
- ◆ Deducted from the amount payable, except for withdrawal, the charge will be deducted from the remaining account value
- ◆ Calculated based on the decrease in the sum insured

*Should you have any enquiry, please contact your financial consultant.*





## Important information

### Cooling-off period

If you are not completely satisfied with the policy, you have the right to cancel the policy and obtain a refund of any premium(s) paid provided that there is no claim payment made under the policy prior to your request for cancellation. To exercise this right, please return the policy (if applicable) and send your signed written notice of cancellation directly to our Customer Service at Suite 2001, 20/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong within **21 calendar days** immediately following either the day of delivery of the policy or the notice of policy issuance (notifying you of the cooling-off period) to you or your nominated representative (whichever is earlier). The policy will then be cancelled and a refund of any premium(s) paid and any levy paid will be returned to you.

### Crediting interest rate and investment philosophy

We will pool the premiums we receive from you and other policy owners into different funds based on certain criteria such as the time of premium payment, policy currency, etc. and then the funds will be invested. The asset portfolio of the funds will then be a key reference when we set the crediting interest rates.

When deciding the crediting interest rates, we handle with care and discipline. We bear in mind the following key considerations:

- (a) fairness to policy owners;
- (b) policy owners' reasonable expectation; and
- (c) long-term sustainability of the crediting interest rates.



We will review and declare the crediting interest rates at least annually. With all these principles in mind, our appointed actuary conducts a detailed analysis and make recommendation of the crediting interest rates to be declared. To further safeguard your interest, we have designated committees to review and scrutinise the recommendation. Our board of directors will then make the decision taking into account the appointed actuary's recommendation. Through this robust framework of governance, we ensure a fair balance of interests of the policy owners and shareholders in every decision we make.

The board of directors may delegate the authority to designated committees to ensure efficient management of the crediting interest rates.

We aim to provide stable returns to our policy owners, so we will invest mainly in highly rated U.S. corporate bonds<sup>i</sup> or other similar instruments. We monitor market positions carefully and frequently, and update our allocations when appropriate. In addition, we may complement our investment strategies with the use of derivatives<sup>ii</sup> and other financial agreements to manage liquidity and achieve an efficient and effective risk management.

When we set the crediting interest rates, we take into account primarily the yields of our asset portfolio. We will then adjust them with any credit gain or loss, market value gain or loss from trading, cost of providing you with the guarantee and a margin for our shareholders' profit. In order to avoid frequent and rapid changes to the crediting interest rates, we will apply smoothing, which means that we may choose to keep the crediting interest rates unchanged or make a milder adjustment.

If you pay premiums more than once, we may pool the different premium payments into separate funds. Since the investment performance of the funds may vary, we may apply different crediting interest rate to the corresponding account value of each of the payment of premium.

In summary, the crediting interest rates will depend on the following factors:

#### **Actual investment performance**

This includes changes in interest rates that will cause changes in interest earnings, as well as gain and loss of the asset portfolio due to changes in financial markets and economic conditions. These may result from risks or changes in factors, such as interest rates<sup>iii</sup>, currency risk<sup>iv</sup>, liquidity risk<sup>v</sup>, credit / default risk<sup>vi</sup>, volatility risk<sup>vii</sup> and also general investment conditions.

#### **Smoothing**

The crediting interest rates we declare may not immediately reflect the ups and downs in the asset portfolio because of smoothing. We will try to even out some of the short-term fluctuations so that the crediting interest rates can remain stable. However, the extent of smoothing depends on the size of the fluctuations and also the profit and loss from smoothing in the past. There may be circumstances we do not apply any smoothing as well.

## Important information (con't)

### Historical crediting interest rates

[www.axa.com.hk/historical-crediting-interest-rates](http://www.axa.com.hk/historical-crediting-interest-rates)

You may browse the above website to understand the company's historical crediting interest rates for reference purposes. Please be reminded that the historical crediting interest rates shown on the website are before any relevant fees and charges (e.g. cost of insurance, policy administration fees, etc).

### Decrease in crediting interest rate

The company reserves the right to determine the crediting interest rate from time to time unless otherwise specified. As a result, the account value may become lower or higher than expected. If the future crediting interest rate is reduced and the account value becomes lower than expected, the policy may be terminated earlier than expected, and you may need to pay Additional Premium<sup>9</sup> to keep the policy in effect.

### Withdrawal

This plan offers you flexibility to access your account value through withdrawal. However, any withdrawal made (whether or not exceeding the Free Withdrawal Amount offered from the 11<sup>th</sup> policy year onwards) will reduce the account value and may cause earlier-than-expected policy termination. You may need to pay Additional Premium<sup>9</sup> to keep the policy in effect.

### Policy currency

If your policy 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 premium(s) you pay may vary as a result of changes in exchange rate.

### Inadequate payment of premium

We recommend you pay the full amount of the Planned Premium<sup>10</sup> at policy application, but alternatively, you can pay a minimum of 10% of the Planned Premium<sup>10</sup> at policy application, provided that you should settle the remaining balance within the 1<sup>st</sup> policy year. If you pay less than the Planned Premium<sup>10</sup> (such as 10% of it) at policy application, and do not settle the full remaining balance within the 1<sup>st</sup> policy year, the policy may lapse earlier than expected or may even lapse immediately after the grace period following the expiry of the first 10 months from the policy date without any Surrender Value<sup>11</sup>. You may lose the insurance protection offered by the policy if the account value cannot cover the fees & charges and policy debt; and the Surrender Value<sup>11</sup> (if any) to be received may be considerably less than your premium(s) paid.

### Early surrender

The policy is designed to be held for long term. Early surrender of the policy may result in a significant loss where you may lose the insurance protection offered by the policy and the Surrender Value<sup>11</sup> (if any) to be received may be considerably less than your premium(s) paid.



## Policy lapse

After the first 10 months from the policy date, if on a monthly deduction day, before deducting the monthly deduction payable on such day, the Surrender Value<sup>11</sup> is less than 2 times of such monthly deduction payable, we will send you a notice requesting you to pay the remaining balance of the outstanding Planned Premium<sup>10</sup> and/or an Additional Premium<sup>9</sup> within a 60-day grace period to cover the shortfall. If the Surrender Value<sup>11</sup> has fallen to zero or below at the expiry of the grace period, your policy shall cease to have any value and will then lapse. Then you will lose all insurance protection. You should consult your financial consultant for details, such as how the crediting interest rate, fees and charges, withdrawal, the policy loan, the loan interest rate and inadequate payment of premium could impact the account value of your policy.

## Inflation

The cost of living in the future is likely to be higher than it is today due to inflation. In case the actual rate of inflation is higher than expected, the purchasing power of the amounts you receive under the policy may be lower than expected.







## Key exclusions

### ◆ Exclusions for advanced terminal illness benefit

The advanced terminal illness benefit is subject to the following:

- (1) no advanced terminal illness benefit will be payable unless the terminal illness first occurs or commences before the policy anniversary on or immediately following the insured's 120<sup>th</sup> birthday;
- (2) any pre-existing illnesses, diseases, impairments or conditions from which the insured is suffering (including any physical or mental condition of the insured existing) prior to the issue date or reinstatement date or the effective date of the change of insured (if applicable) of the policy, whichever is latest, will not be covered, unless the insured or the new insured (as the case may be) makes a declaration in the relevant policy applications, and such application and pre-existing illnesses, diseases, impairments or conditions are specifically accepted by us;
- (3) no advanced terminal illness benefit will be payable if the signs or symptoms of the medical condition of the insured first occur or commence within 60 days after the issue date or reinstatement date or the effective date of the change of insured, whichever is latest, unless such signs and symptoms are medically proven to be directly related to the pre-existing illnesses, diseases, impairments or conditions (including any physical or mental condition) of the insured, which has been declared in the relevant policy applications and such application and pre-existing illnesses, diseases, impairments or conditions are specifically accepted by us under paragraph (2) above;
- (4) no advanced terminal illness benefit will be payable if in our reasonable opinion, the terminal illness is resulted from or is related (directly or indirectly) to Acquired Immunodeficiency Syndrome (AIDS) or Human Immunodeficiency Virus (HIV);
- (5) no advanced terminal illness benefit will be payable for terminal illness due (directly or indirectly) to a congenital defect or disease which manifests or is diagnosed before the insured attains 17 years of age; and
- (6) no advanced terminal illness benefit will be payable for terminal illness resulting from self-inflicted injury or injuries.



◆ **Exclusions for additional accidental death benefit**

No additional accidental death benefit will be paid if the death of the insured is as a result of:

- (1) any self-inflicted injury or suicide, whether sane or insane;
- (2) disease or infection (except infection which occurs through an accidental cut or wound), including infection with any Human Immunodeficiency Virus (HIV) and/or any HIV-related illness including Acquired Immune Deficiency Syndrome (AIDS) and/or any mutations, derivations or variations thereof;
- (3) bodily or mental infirmity;
- (4) taking poison, drugs not prescribed by registered medical practitioner of western medicine, alcohol, sedatives, or inhaling gas (except from hazard incidental to occupation);
- (5) the attempt or commission of assault or unlawful act by the insured;
- (6) any act due to war, declared or not, military, naval or air service for any country at war, declared or not;
- (7) travel or flight in any aircraft, except as a fare-paying passenger on a public licensed air services;
- (8) pregnancy, childbirth, miscarriage or any of their consequences, pre-existing physical or mental defect or infirmity; or
- (9) any chemical, nuclear and biological attacks.



## Key exclusions (con't)

### ◆ War Exclusion

(1) The death benefit under the policy will be limited to the Surrender Value<sup>11</sup> and no additional accidental death benefit will be payable; and

(2) no advanced terminal illness benefit will be payable,

if the death or the terminal illness (as the case may be) of the insured was directly or indirectly resulted from war, warlike operations (whether war is declared or not, conventional, biological, chemical or nuclear), invasion, acts of foreign enemies, hostilities, acts of terrorism, terrorist sabotage, rebellion, mutiny, civil commotion, civil war, revolution, insurrection, military or usurped power, martial law, embargo, or any act committed by any person or persons for the purpose of overthrowing a government by violent force or to influence political decision making, occurring within the place of residence of the insured at policy issue which falls within certain designated countries<sup>VIII</sup>. Terrorism (suspected or proven) shall be construed to include the consequences of hostage taking, drive-by shootings, planting of bombs, and other forms of physical violence.

### ◆ Suicide Exclusion

If the insured, whether sane or insane, commits suicide while the policy is in effect within 1 year from the issue date or reinstatement date or the effective date of the change of insured, whichever is latest, then the amount of death benefit is limited to the account value plus the fees and charges paid from the issue date or reinstatement date or the effective date of the change of insured, whichever is latest, less any policy debt, withdrawal that you have made and payment of any benefits.

## Termination of policy

The policy will automatically terminate on the earliest occurrence of the following:

- ▶ on the death of the insured;
- ▶ when the policy is surrendered;
- ▶ when the policy lapses;
- ▶ when the advanced terminal illness benefit payable or paid equals the death benefit; or
- ▶ when the right of policy termination is exercised pursuant to the cross-border provision, in which case the Surrender Value<sup>11</sup> will be paid to you.

*(For details of the cross-border provision, please refer to the policy contract.)*

## Levy on insurance premium

Levy collected by the Insurance Authority through the Company will be imposed on the policy at the applicable rate. Policyholders must pay the levy in order to avoid any legal consequences.

## Rights of third parties

The policy is excluded from the application of the Contracts (Rights of Third Parties) Ordinance (Cap 623 of the Laws of Hong Kong) ("TP Ordinance"). Any person or entity which is not a party to the policy shall have no rights under the TP Ordinance to enforce any terms of the policy.

### Remarks

- I. Bonds are securities under which the issuer owes the holders a debt and is generally obliged to pay interest and / or to repay the principal at a specified date.
- II. Derivatives are instruments of which the prices are dependent on or derived from the value of underlying assets. Examples of some common derivatives are forwards, futures, options, swaps, etc.
- III. If interest rates change, the value of some assets, e.g. bonds, will also be changed. In general, this will have a greater effect on assets with longer term to maturity.
- IV. If the assets are not denominated in the same currency as the policies, any change in the foreign exchange rates will change the value of the assets measured in this currency and affect the investment performance.
- V. Liquidity risk is the risk that securities or assets cannot be traded rapidly or have to be traded at a loss in a short period of time.
- VI. Credit / default risk is a risk where companies or individuals may be unable to make payments on their debt obligations, leading to losses in principal and interest / coupons for investors.
- VII. The values of assets are subject to price fluctuations. There is no assurance of value appreciation, and prices of assets may increase or decrease over time, sometimes quite significantly.
- VIII. For details of the designated countries, please contact your financial consultant.

## U.S. Foreign Account Tax Compliance Act

Under the U.S. Foreign Account Tax Compliance Act (“FATCA”), a foreign financial institution (“FFI”) is required to report to the U.S. Internal Revenue Service (“IRS”) certain information on U.S. persons that hold accounts with that FFI outside the U.S. and to obtain their consent to the FFI passing that information to the IRS. An FFI which does not sign or agree to comply with the requirements of an agreement with the IRS (“FFI Agreement”) in respect of FATCA and / or who is not otherwise exempt from doing so (referred to as a “nonparticipating FFI”) will face a 30% withholding tax (“FATCA Withholding Tax”) on all “withholdable payments” (as defined under FATCA) derived from U.S. sources (initially including dividends, interest and certain derivative payments).

The U.S. and Hong Kong have signed an inter-governmental agreement (“IGA”) to facilitate compliance by FFIs in Hong Kong with FATCA and which creates a framework for Hong Kong FFIs to rely on streamlined due diligence procedures to (i) identify U.S. indicia, (ii) seek consent for disclosure from its U.S. policyholders and (iii) report relevant tax information of those policyholders to the IRS.

FATCA applies to the Company and this policy. The Company is a participating FFI. The Company is committed to complying with FATCA. To do so, the Company requires you to:

- (i) provide to the Company certain information including, as applicable, your U.S. identification details (e.g. name, address, the US federal taxpayer identifying numbers, etc); and
- (ii) consent to the Company reporting this information and your account information (such as account balances, interest and dividend income and withdrawals) to the IRS.

If you fail to comply with these obligations (being a “Non-Compliant Accountholder”), the Company is required to report “aggregate information” of account balances, payment amounts and number of non-consenting US accounts to IRS.

The Company could, in certain circumstances, be required to impose FATCA Withholding Tax on payments made to, or which it makes from, your policy. Currently the only circumstances in which the Company may be required to do so are:

- (i) if the Inland Revenue Department of Hong Kong fails to exchange information with the IRS under IGA (and the relevant tax information exchange agreement between Hong Kong and the U.S.), in which case the Company may be required to deduct and withhold FATCA Withholding Tax on withholdable payments made to your policy and remit this to the IRS; and
- (ii) if you are (or any other account holder is) a nonparticipating FFI, in which case the Company may be required to deduct and withhold FATCA Withholding Tax on withholdable payments made to your policy and remit this to the IRS.

You should seek independent professional advice on the impact FATCA may have on you or your policy.



## Remarks

- (1) The issue age starts from 10 days only for cases where the insured's place of birth is Hong Kong; otherwise, it starts from 14 days.
- (2) The death benefit mentioned herein is payable if death occurs before the policy anniversary on or immediately following the insured's 120<sup>th</sup> birthday. Otherwise, the death benefit is equal to the Surrender Value<sup>11</sup>.
- (3) The applicable limit is equal to the lower of (i) 20% of the sum insured or (ii) a portion of USD2,000,000, such portion being the ratio of (A) the net amount at risk<sup>5</sup> of the policy to (B) the total of all the net amounts at risk<sup>5</sup> for similar coverage or benefits relating to terminal illness under the policy and any and all other universal life insurance policies issued by the Company on the life of the same insured (notwithstanding any difference in the definition of terminal illness and claims conditions).
- (4) Terminal illness means a medical condition of the insured which satisfies the following:
  - (i) the diagnosis of the medical condition is supported by evidence which is satisfactory to us (including but not limited to clinical, radiological and laboratory evidence); and
  - (ii) conclusive diagnosis (with written confirmation) of the medical condition is provided by a registered practitioner (who must not be the owner, insured, any assignee or beneficiary, or their respective business partners and relatives) of western medicine in the appropriate medical specialty (and if such practitioner is registered in a place other than Hong Kong, he must be acceptable to the Company in the Company's reasonable discretion), and confirmed by the Company's appointed registered practitioner of western medicine (whose opinion is also conclusive), and such medical condition is expected to result in death of the insured within 12 months of the date of terminal illness diagnosis. "Relatives" shall mean spouse, parents, grandparents, children, grandchildren and siblings.
- (5) The net amount at risk is the sum insured less the account value, subject to a minimum of zero.
- (6) For any reduction in sum insured due to the payment of advanced terminal illness benefit, no surrender charge will be deducted and the requirement on minimum sum insured will be waived. But the policy administration fee and the cost of insurance will continue to be deducted monthly based on the reduced sum insured.
- (7) The accidental death benefit limit is equal to a portion of USD2,000,000, such portion being the ratio of (A) the net amount at risk<sup>5</sup> of the policy to (B) the total of all the net amounts at risk<sup>5</sup> for similar coverage or benefits relating to accidental death under the policy and any and all other universal life insurance policies issued by the Company on the life of the same insured (notwithstanding any difference in the definition of accidental death and claims conditions).
- (8) The policy administration fee rates, the cost of insurance rates and the surrender charge rates determined at policy issue will be guaranteed unchanged for the same insured.
- (9) Additional Premium is any premium paid by you during the 1<sup>st</sup> policy year which has exceeded the amount of Planned Premium (as defined in remark 10 below) or any premium paid by you after the 1<sup>st</sup> policy year. Additional Premium is subject to the approval of the Company and such minimum and maximum limits imposed. For details, please consult the Company and refer to the policy contract.
- (10) Planned Premium is the premium determined by the Company, with reference to a number of factors including the insured's age and other underwriting criteria and the prevailing crediting interest rate at policy issue.
- (11) Surrender Value is the account value less any policy debt and any applicable surrender charge.

**Heritage Builder Universal Life Plan** is underwritten by AXA China Region Insurance Company (Bermuda) Limited (Incorporated in Bermuda with limited liability) ("AXA", the "Company", or "we").

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## ABOUT AXA HONG KONG AND MACAU

AXA Hong Kong and Macau is a member of the AXA Group, a leading global insurer with presence in 51 markets and serving 93 million customers worldwide. Our purpose is to act for human progress by protecting what matters.

As one of the most diversified insurers in Hong Kong, we offer integrated solutions across Life, Health and General Insurance. We are the largest General Insurance provider and a major Health and Employee Benefits provider. Our aim is to not only be the insurer to provide comprehensive protection to our customers, but also a holistic partner to the individuals, businesses and community we serve. At the core of our service commitment is continuous product & service innovation and customer experience enrichment, which is achieved through actively listening to our customers' needs and leveraging and investing in technology and digital transformation.

We embrace our responsibility to be a driving force against climate change and a force for good to create shared value for our community. We are proud to be the first to address the importance of mental health through different products and services and thought leading iconic research. Our overall Sustainability Strategy, with emphasis on climate strategy and biodiversity commitment, is developed based on TCFD recommendations. We are committed to integrating environmental, social and governance factors across our business and strive to contribute to a sustainable future through 3 distinct roles - as an investor, an insurer and an exemplary company.





Heritage Builder Universal Life Plan  
Product brochure

November 2023

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