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Life protection & savings
Grand Heritage

A black and white photograph of the Louvre Pyramid at night, illuminated from within, with the Louvre Museum building in the background. Red geometric lines are overlaid on the image, forming a large 'X' shape that frames the central text.

**A beautiful life,
across time
and generations**

Product brochure

You have built your wealth: you know how challenging life can be and you appreciate the efforts it took.

Now, you are willing to nurture the fruits of your efforts: you want to ensure that you and your dearests keep living a beautiful life, whatever your choices and whatever happens.

With clients like you in mind, AXA has designed an exclusive product: **Grand Heritage** (the “plan”). **Grand Heritage** is a participating life insurance plan which provides you with a lifelong protection (up to age 138¹) along with steady returns to keep growing your wealth over time, enabling you and your dearests to live a beautiful life, across time and generations.





Highlights



Lifelong protection

for legacy planning

Lifelong wealth accumulation

with cash value and terminal dividend

Lifelong flexibility

to match evolving needs





Lifelong protection for legacy planning

Depending on your protection preference, **Grand Heritage** provides you with 2 life protection options to choose from:



Diamond Protection

This option provides a constant level of life protection throughout the benefit period, giving you extra peace of mind.

Golden Protection

This option provides you with greater life protection during your golden years while the level of life protection will be lowered gradually when you approach your silver ages, giving you a balance between life protection and savings.

In the unfortunate event of death of the insured, the designated beneficiary will receive a death benefit which is equal to guaranteed death benefit plus any terminal dividend and less any indebtedness. Please refer to **Life protection** under the section **Grand Heritage at a glance** for further details.

Lifelong wealth accumulation with cash value and terminal dividend

Guaranteed Cash value to secure your future

Grand Heritage offers cash value. Such cash value is guaranteed by the Company and will be payable upon policy maturity or policy surrender, which helps you plan ahead for a sound future and enjoy steady wealth accumulation with certainty.

Terminal dividend to boost potential return

Terminal dividend is a bonus payable upon policy maturity, policy surrender or on the death of the insured starting from the 3rd policy anniversary. Terminal dividend is not guaranteed and may be reduced or increased by the Company from time to time. Please refer to **Non-guaranteed benefits** under the section **Important information** for details.





Lifelong flexibility to match evolving needs

Flexible settlement options for death benefit

To allow greater flexibility, you can choose to have the death benefit paid out in a lump sum or regular instalments. If you select the payment by instalments option, in the unfortunate event of the death of the insured, the death benefit will be paid over a specified period of time, with interest accrued on the balance of death benefit yet to be paid at an interest rate to be determined by the Company from time to time at our sole discretion, until the full amount of death benefit has been paid out.



Accessible cash with policy loans²

If you need access to emergency cash, you may apply for policy loans after the 1st policy year, subject to approval by the Company.

Conversion privilege to annuity plan

For your retirement planning, starting from the 10th policy anniversary, you may convert the policy to our annuity plan then available, subject to the relevant requirements and the Company's approval.



Grand Heritage at a glance

Premium payment term Single premium

Benefit period Up to age 138¹

Issue age 10 days[#] - age 70
[#] The issue age starts from 10 days only for cases where the insured's place of birth is Hong Kong or Macau; otherwise, it starts from 14 days

Minimum notional amount USD500,000³

Death benefit is equal to:

Guaranteed death benefit[^] + any terminal dividend − any indebtedness

[^] The amount of guaranteed death benefit payable will depend on when the insured passed away and be expressed as a percentage of the notional amount as set out below:

	When the insured passes away	Percentage of notional amount	
		Diamond Protection	Golden Protection
Life protection	On or before the Sapphire Anniversary*		100%
	During the 1 st policy year from the Sapphire Anniversary*		98%
	During the 2 nd policy year from the Sapphire Anniversary*		96%
	During the 3 rd policy year from the Sapphire Anniversary*		94%
	During the 4 th policy year from the Sapphire Anniversary*		92%
	During the 5 th policy year from the Sapphire Anniversary*	100%	90%
	During the 6 th policy year from the Sapphire Anniversary*		88%
	During the 7 th policy year from the Sapphire Anniversary*		86%
	During the 8 th policy year from the Sapphire Anniversary*		84%
	During the 9 th policy year from the Sapphire Anniversary*		82%
	After the end of the 9 th policy year from the Sapphire Anniversary*		80%

* Sapphire Anniversary refers to the policy anniversary on/or immediately following the insured's 70th birthday or the 20th policy anniversary, whichever is later

Cash value Payable upon policy maturity or policy surrender

Terminal dividend Payable upon policy maturity, policy surrender or on the death of the insured starting from the 3rd policy anniversary (if any)

Surrender value / Maturity benefit Cash value + any terminal dividend − any indebtedness

Important Information

Cooling-off period

If you are not completely satisfied with the policy, you have the right to cancel it by returning the policy and giving written request. Such letter of request must be signed by you and received directly by our Customer Service at Suite 2001, 20/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong within 21 days after the delivery of the policy or issue of the notice (informing about the availability of the policy and the expiry date of the cooling-off period) to you or your representative, whichever is earlier. The policy will then be cancelled and a refund of any premium(s) paid will be returned to you on the condition that no claim has been admitted.

Non-guaranteed benefits

Dividend philosophy

The plan is designed to provide both life insurance protection and growth potential for savings through a combination of:

- (a) guaranteed benefits, including cash value and death benefit; and
- (b) non-guaranteed terminal dividend.

How do we determine your terminal dividend?

In order to provide you with continuous protection and support the guaranteed financial obligation, a portion of your premium will be invested in reinsurance assets with good credit rating to match most of the guaranteed benefits. After investment to reinsurance assets, the remaining premium from your policy are pooled together with those from the owners of other policies to form a participating fund and will be invested and managed internally by us.

We will make deductions for expenses, surrenders, claims, charges attributed to the guaranteed benefits and profit sharing from this participating fund, while it earns investment returns. The value of this participating fund is called the “asset share”. It is an important reference to help us determine your terminal dividend.

When we determine the amount of the terminal dividend of your policy, we will take into account the following:

- (a) the asset share;
- (b) both the current and the expected future amount of the guarantees; and
- (c) the returns we expect the participating fund to earn in the future.

In the plan, profit and loss arising from investment of the asset share will impact your terminal dividend. To align our interest with yours, we aim to share with you 90% of the profit and loss while the remaining 10% goes to us.

What will affect your terminal dividend?

We consider the past performance and future outlook of the following factor when determining your terminal dividend and they may significantly affect them.

Investment return

This includes changes in interest rates that will cause changes in interest earnings, as well as changes in market value of the assets in the participating fund due to changes in financial markets and economic conditions. These may result from risks or changes in factors, such as interest rates, currency risk, liquidity risk, credit / default risk, volatility risk and also general investment conditions.

We may also apply smoothing when determining the terminal dividend. The value of the participating fund may go up and down sharply within days. Instead of sharing with you the gains or losses immediately, we may even out some short-term fluctuations.

As your policy will be grouped together with other similar policies, the terminal dividend of your policy may also vary if the characteristics of policies in your group change.

Based on these, we conduct a detailed analysis of the participating business and make recommendation of the terminal dividend to be declared at least annually.





Investment objective and strategy

Investment objective

The overall objective of investing the participating fund is to seek competitive returns over a medium to long term.

Investment strategy

We employ a rigorous and disciplined approach in determining strategic asset allocations which defines the nature of assets and how much we invest in. 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 and other financial agreements to manage liquidity and achieve an efficient and effective risk management.

From time to time we will review the investment strategies and asset allocations, and will modify them if necessary. We aim to ensure all guarantees are met while maintaining non-guaranteed return potential for the terminal dividend. We also assess factors such as risk tolerance, changes in market conditions and economic outlook in order to maintain an optimal portfolio.

Selection of assets

We maintain a robust asset portfolio for the participating funds by investing in a wide range of investments, primarily with exposure to the U.S. and Asia (including Hong Kong and China). Generally, we aim to match the currency of the investments and the underlying policy currency denomination to the extent appropriate investments are available and acceptable. However, taking into consideration the aforementioned market constraints, we also invest in assets that are not denominated in the same currency as the underlying policies ("currency mismatch"). In such case, we may consider using derivatives to hedge the currency risk, and more broadly to ensure a proper matching between the assets and the policies. Overall, we target to limit the extent of currency mismatch, except for some specific strategies where it may bring additional returns or be a source of diversification. We also aim at maintaining adequate liquidity with respect to the policies and an appropriate level of risk diversification.

Asset allocations

50% to 80% of your single premium will be invested into reinsurance assets and a majority of the remaining premium will be invested into growth assets*. Under the plan, we predominantly invest in reinsurance assets with good credit rating to meet the guaranteed financial obligation. Growth assets are utilized to enhance the performance of the investment portfolio.

** There may be some holdings in cash. In addition, we may accept certain degree of deviation from the above targets in order to manage the portfolio efficiently.*

For more details, please refer to the relevant participating policy fact sheet which can be found at our website <http://www.axa.com.hk/participating-policy-fact-sheets>.

For the fulfilment ratios and total value ratios of our participating life insurance plans, please refer to our website at <http://www.axa.com.hk/fulfilment-ratios-and-total-value-ratios>.

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 premiums you pay may vary as a result of changes in exchange rate.

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 get back considerably less than your premiums paid.

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.

Termination

The policy will automatically terminate upon the earliest occurrence of any of the following:

- (a) when the policy lapses, or is cancelled or surrendered; or
- (b) on the death of the insured; or
- (c) on the policy anniversary on or immediately following the insured's 138th birthday; or
- (d) when the right of policy termination is exercised pursuant to the Cross-Border Provision of the policy; or
- (e) when the indebtedness equals to or exceeds the cash value of the policy.

Suicide exclusion

If the insured commits suicide within 1 year from the policy date, whether sane or insane, the death proceeds will be limited to a refund of the total premiums paid.

If the insured commits suicide within 1 year from the date of any increase in the notional amount, whether sane or insane, such increase shall be deemed not to have taken effect entirely in determining the death proceeds payable. The additional premium paid for the increase in the notional amount will be refunded.

Any indebtedness, previous withdrawals from the policy, and benefits paid or payable by us under the policy will be deducted from the death proceeds.

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.



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. "Age 138" refers to the policy anniversary on or immediately following the insured's 138th birthday.
2. Interest will be charged on policy loans. We shall have the discretion to determine or change the interest rate from time to time. If the policy loans and interest accrued are not repaid, they will be deducted from any benefits or monies payable under the policy.
3. Please contact your financial consultant for any other policy currency available and its respective minimum notional amount (if applicable).

Note: Unless otherwise specified, all ages mentioned in this product brochure refer to the age of the insured on his or her last birthday.

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

The plan is subject to the terms, conditions and exclusions of the relevant policy contract. AXA reserves the final right to approve any application. This product brochure contains general information only and does not constitute any contract between any parties and AXA. It is not a policy. For detailed terms, conditions and exclusions of the plan, please refer to the relevant policy contract, which will be made available by the Company upon request.

ABOUT AXA HONG KONG AND MACAU

AXA Hong Kong and Macau, a member of the AXA Group, prides itself on serving over 1 million customers¹ in the region. In addition to being the #1 global Property & Casualty commercial lines insurer by Gross Written Premium (GWP)², we have also been the #1 insurance brand worldwide for ten consecutive years³. In Hong Kong and Macau, we are also one of the largest health protection providers.

"Empowering people to live a better life" is the goal of AXA Hong Kong and Macau, which is reflected in everything we do. We are one of the most diversified insurers, providing a full range of coverage for individual and commercial customers. We offer all-round, integrated solutions across Life, Health and Property & Casualty to address all their insurance needs.

As an innovative insurer, we leverage on Big Data and AI to transform the customer experience end-to-end, making insurance simpler and more personal. We continue to drive innovation notably in health and protection, supporting customers in prevention, treatment and recovery.

We also believe it is our inherent responsibility to support the communities in which we operate. AXA Foundation is our flagship corporate social responsibility programme covering all of our efforts in promoting health, education and community support to create a positive and lasting impact in Hong Kong and Macau.

¹ Including customers of AXA China Region Insurance Company Limited, AXA China Region Insurance Company (Bermuda) Limited (Incorporated in Bermuda with limited liability), and AXA General Insurance Hong Kong Limited

² AXA Corporate Solutions, AXA Matrix Risk Consultants, AXA Insurance Company, and AXA Art with AXA XL's insurance and reinsurance operations combined 2016 GWP in one billion Euro

³ Interbrand Best Global Brand 2018 (By brand value)



Grand Heritage Product Brochure

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Find out more about **Grand Heritage**



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