

## Important Facts Statement – Premium Financing

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|-----------------------------|---|------------------------|
| Application / Policy Number | Name of Applicant/ Proposed Policyowner | Name of Life Insured   |
| Insurance Intermediary Code | Name of Insurance Intermediary          | Agency (if applicable) |

- I) This “Important Facts Statement – Premium Financing” (“**IFS-PF**”) aims to help you understand the factors to be considered and the risks involved in funding the purchase of your life insurance policy using premium financing. Your licensed insurance intermediary should fully explain to you the implications and associated risks involved in the use of premium financing to pay for the premium of a life insurance policy.
- II) If you do not understand any of the following paragraphs or the advice or information provided to you by the licensed insurance intermediary is different from the information in this IFS-PF, please **do not sign** this IFS-PF and **do not proceed** with the application for premium financing. In addition, you should make sure that you are fully aware of your rights and responsibilities under the loan contract and policy assignment agreement between you and the lender (usually a financial institution) that providing you with the premium financing facility (also known as loan facility).

You may request the Chinese version of this statement from your licensed insurance intermediary. 閣下可向牌保險中介人索取本文件的中文版本。

III)

### SOME IMPORTANT FACTS YOU SHOULD KNOW

Please read carefully before signing.  
Your licensed insurance intermediary should clearly explain the following to you.

#### Important Notes & Implications

- What premium financing is about:** Premium financing is an insurance funding arrangement whereby you, as the proposed policyowner, borrow funds from the lender to pay for the premium of the proposed life insurance policy (the “**Policy**”) and in doing so, you would assign all or part of your rights under the Policy to the lender as collateral.
- Stand-alone arrangement/contract:** Premium financing is a stand-alone arrangement between you and the lender. It is not, and does not form part of the insurance contract between you and Well Link Life Insurance Company Limited (the “**Insurer**”). The Insurer is not a party to the loan contract or policy assignment agreement and is therefore not governed by the terms and conditions (including dispute resolution) of these contract and agreement you enter into with the lender. In case you have any questions about the terms and conditions, you should contact the lender.
- Restriction of rights under the Policy:** All or part of your rights under the Policy will be assigned to the lender as collateral via a deed of assignment. Subject to the terms and conditions of the loan contract and policy assignment agreement, the lender will be entitled to exercise all or part of the rights under your Policy, and you will not be able to exercise those rights unless the lender's approval is obtained. Examples of those rights include:
  - receive any benefits (including surrender value, death benefit, etc.) payable by the insurer under your Policy;
  - cancel your policy within the cooling off period, surrender the policy, or make withdrawals;
  - apply for policy loan, or exercise any options under the policy; and
  - make certain changes or amendments to your Policy (e.g. appointment of new beneficiary, further pledge or assign the policy).
 You should therefore carefully read the terms and conditions of the loan contract and policy assignment agreement, and consider how these potential adverse impacts may affect the outcome of the Policy and whether the Policy is still suitable for you.
- Shortfall in actual benefits receivable:** The actual net benefits receivable under the proposed policy financed by premium financing will be less than the amount indicated in the relevant Benefit Illustration, as part of the benefit payments would be offset by the repayment of the loan facility (including the principal amount of the loan and the relevant interest). This shortfall may be significant especially if you intend to pay a substantial portion of the premium using premium financing.
- Release and access of information:** The lender will be given rights to access your policy information and may from time to time instruct the Insurer to release information relating to your Policy, for example, surrender value, cash value, and any loans or advances on the Policy.
- Risk of collateral top-up and repayment on demand:** Your loan facility may be subject to review by the lender and the lender has the right to restructure or terminate the loan facility at any time. The lender may request you to provide additional collateral, or partially or fully repay the outstanding loan, under particular circumstances stated in the loan contract. If you fail to meet the request(s), the lender may restructure or terminate the loan facility or exercise its rights on the Policy such as surrendering the policy.  
  
You should read the terms and conditions of the loan contract, for example the frequency of review, the circumstances that may trigger the request(s) and the relevant arrangements of the request(s). You should consider your financial affordability in meeting the particular circumstances stated in the loan contract before purchasing life insurance products through the use of premium financing.

7. **Consequence of late repayment and default of loan facility:** If the Policy is funded by a loan facility, you are obligated to repay the outstanding loan amount and interest payments according to the repayment schedule under the terms and conditions of the loan contract. Any late or default of loan repayment over the course of the loan facility, including interest payment and principal repayment, may trigger the lender to demand the repayment of the loan immediately. The lender may surrender the policy and recover the defaulted payment, causing you significant financial losses and loss of insurance coverage. You may not be able to obtain the same insurance coverage for reasons such as changes in health conditions. You shall remain liable for any shortfall between the amounts of the proceeds of the policy and the outstanding amount of the loan facility.
- In addition, the lender may set off any obligation under the loan facility owed by you to the lender against any obligation owed by the lender to you (including credit balances in any account you maintain with the lender).
8. **Impact of early termination / surrender / withdrawal:** If the lender exercises its right under the terms and conditions of the policy assignment agreement to terminate or surrender the policy, or withdraw cash value before the end of policy term:
- the amount of benefits receivable under the policy may be substantially less than the sum of total premium paid, interest expenses incurred and early repayment penalty imposed (if applicable) under the loan contract, especially in the early years of the policy;
  - you may partially or fully lose the insurance coverage and may not be able to obtain the same insurance coverage;
  - you may lose the entitlement to dividends, bonuses, etc. under the policy;
  - the lender may apply all or part of the benefits receivable under the policy against the outstanding amounts owed by you (whether or not the outstanding amounts are under the loan facility); and
  - in cases where the policy is required as part of conditions in your business or other arrangements, the termination of the policy may trigger further events of defaults in these arrangements with adverse consequences.
9. **Impact of death of insured:** In the event of the death of the insured, the amount of death benefit receivable under the policy may be substantially less than the sum of total premium paid, interest expenses incurred and early repayment penalty imposed (if applicable) under the loan contract, and you may suffer a significant financial loss.
10. **Exposure to interest rate fluctuation:** The interest payment of the loan facility for premium financing will affect the net rate of return (i.e. net of interest payment) you plan to achieve in your Policy with the use of premium financing. You may be exposed to significant interest rate risk if the interest rate of the loan facility is not fixed (i.e. floating rate subject to changes from time to time). Even in the case of fixed interest rate, the lender may have discretion to adjust the interest rate on the loan facility from time to time. Any increase in interest rates applicable to the loan facility will increase the cost of servicing the loan facility (i.e. increase in regular interest payments.). You may not be able to service the loan facility and may hence default when there is a substantial increase in the interest rate. Also, in cases where the interest rate of the loan facility is substantially higher than the returns received from the policy, you will suffer a significant financial loss.
11. **Exposure to risk of non-guaranteed benefits fluctuation:** If your Policy includes non-guaranteed benefits, the projected non-guaranteed benefits shown in the Benefit Illustration are determined under the assumed investment return and are not guaranteed. If the investment return assumed for your Policy is not achieved, your non-guaranteed benefits may be lower than those illustrated or substantially lower than the interest applicable to the loan facility, and in certain circumstances, may even be zero.
- If the total return generated by the Policy is substantially lower than the interest payable under the loan facility, you will suffer a significant financial loss.
12. **Exposure to exchange rate fluctuation:** Exchange rate exposure arises when the loan currency differs from the policy currency. In the case of premium financing, you may be required to convert the proceeds received under your Policy into the loan currency, under the prevailing exchange rate, before being able to settle the loan repayments. In cases where the proceeds received from the policy is substantially lower than the outstanding loan amount due to adverse fluctuation in the exchange rate, you will suffer a significant financial loss.
13. **Exposure to credit risk:** You are subject to the credit risk of the Insurer. In the event that the Insurer becomes default on its obligations or an adverse change in its credit rating, the lender may, at its discretion, ask for additional collateral, adjust your credit limit, restructure or even terminate the loan facility. You may be obligated to repay the loan, the interest and administrative fee accrued immediately, and you shall remain liable for any shortfall between the amounts of the proceeds of the policy and the outstanding amount of the loan facility.
14. **Payment timing mismatch:** There is a possibility that the proceeds from your Policy will not be remitted to the lender on or before the repayment date as specified in the loan contract (e.g. due to loan facility maturity date being earlier than your policy maturity date, or turn-around-time for policy benefits disbursement), resulting in the default of loan repayment by you. You will be solely liable for any late penalty interest or defaulting interest imposed by the lender under the terms and conditions of the loan contract.
15. **Impacts on cooling-off right:** Your right to cancel this Policy within the cooling-off period may be assigned to the lender, and therefore any cancellation request may be subject to the lender's consent. For a policy acquired through the use of premium financing and cancelled within the cooling-off period, you may be obligated to repay the loan principal, early repayment penalty (if applicable), interest and other administrative fee accrued under the premium financing facility.

#### IV) Declaration by the Applicant / Proposed Policyowner

I confirm that the above "Important Notes & Implications" have been explained to me by the Licensed Insurance Intermediary, and I have read and understood its contents.

#### Recommendation or solicitation involving the use of premium financing

(Please check either one of the following boxes)

☐ I confirm that the Licensed Insurance Intermediary **HAS NOT** recommended or solicited me to use premium financing to fund the purchase of the Policy.

**OR**

☐ I confirm that the Licensed Insurance Intermediary **HAS** recommended or solicited me to use premium financing to fund the purchase of the Policy.

**Information on the proposed premium financing facility**

(Please check either one of the following boxes)

*Note to Applicant / Proposed Policyowner: The information on the proposed premium financing facility would be used by the Licensed Insurance Intermediary to assess your suitability and affordability to use premium financing to fund the purchase of the Policy. You are strongly advised to provide the information on the facility to the best of your knowledge. If the terms and conditions of the premium financing facility eventually offered by the lender are less favorable (e.g. a higher loan interest rate) than the information you provide below, you should contact your Licensed Insurance Intermediary immediately so that he / she can re-assess your suitability and affordability to use premium financing to fund the purchase of the Policy.*

☐ I am willing to provide to the best of my knowledge the information on the proposed premium financing facility below:

Name of lender:

Loan amount (Please specify the currency):

Loan interest rate (e.g. Reference Rate + x%);

Loan tenor (e.g. 120 monthly installments):

Repayment amount for each installment (e.g. HKDxx,xxx per month):

**OR**

☐ I do not wish to provide information on the proposed premium financing facility. I understand that the Licensed Insurance Intermediary would not be able to assess my suitability and affordability to use premium financing without the information and would perform the suitability assessment and affordability assessment as if I am not acquiring the Policy using premium financing (i.e. the total premium is to be funded entirely by my own funds).

**Warning:** you must read all items carefully and check that the licensed insurance intermediary has explained all the information in this IFS-PF before you sign this statement.

\_\_\_\_\_  
Signature of the Applicant / Proposed  
Policyowner

\_\_\_\_\_  
Full Name of the Applicant / Proposed  
Policyowner

\_\_\_\_\_  
Date (DD/MM/YYYY)

V) **Declaration by the Licensed Insurance Intermediary**

I declare that I have discussed and fully explained the Important Notes & Implications covered in this IFS-PF, including the implications and associated risks, to the Applicant / Proposed Policyowner regarding his/her decision to use premium financing to fund the purchase of the Policy.

I further declare that I have not made any inaccurate or misleading statements or representations, or withheld any information which may affect the decision of the Applicant / Proposed Policyowner.

\_\_\_\_\_  
Signature of the Licensed Insurance Intermediary

\_\_\_\_\_  
Full Name of the Licensed Insurance Intermediary

\_\_\_\_\_  
IA License No.

\_\_\_\_\_  
Date (DD/MM/YYYY)