HEALTHIER, LONGER, BETTER LIVES

VALUE-ADDED SERVICES

# TRANSITIONAL OWNER ARRANGEMENT

Seamless policy succession solution
for wealth transfer and preservation

# A BRIDGE FOR TODAY SECURITY FOR TOMORROW

With forward-looking succession planning, you can designate a family member to inherit your life insurance policy, providing him/her lasting financial security. Your wisdom is what makes your wealth keep on growing for generations to come.

According to a survey, respondents* intend to pass on an average of **HK$4.29M** to their children/family

**80%** of respondents* have plans to pass on wealth to their children/family

Of the respondents* who have wealth inheritance plans,

**90%** will pass on assets in the form of **cash**

Only about **60%** would use insurance plans for **inheritance arrangements**

* Respondents aged 35 or above

Source: AIA commissioned market research company KANTAR to conduct "Hong Kong and Macau Segmentation Study 2021"

The above information collected from external sources is based on general circumstances and is for reference only.

## Stewarding your legacy to future generations

The **Transitional Owner Arrangement** is a structured planning approach to allow your policy to be managed and passed down effectively. By designating a contingent owner and appointing a transitional owner both under the Transitional Owner Arrangement, you can preserve your legacy and empower your loved ones to steward your wealth according to your wishes.

Transitional Owner Arrangement is a value-added service, it is not a product feature and is not offered under the policy contract. Future Guard Option is one of the service features under the Transitional Owner Arrangement. The Company reserves the right to withdraw the Transitional Owner Arrangement or change the terms and conditions or any related requirements of the Transitional Owner Arrangement at any time at its sole and absolute discretion.

**In this leaflet, "Savings Insurance Plans" refers to designated Savings Insurance Plans with Principal Amount, and "Life Insurance Plans" refers to designated Life Insurance Plans with Sum Assured. Please note that (i) for Savings Insurance Plans, the Transitional Owner Arrangement is applicable if the policy owner and the insured are the same individual or different individuals; and (ii) for Life Insurance Plans, the Transitional Owner Arrangement is applicable only if the policy owner and the insured are different individuals.**

## By designating a contingent owner under the Transitional Owner Arrangement

### Secure your legacy

Enable a smooth policy ownership transition and provide a solution for wealth allocation as per your wish.

### Preserve your wealth and potential for growth

Continue to accumulate your insurance policy value while providing long-term financial stability for your loved ones.

## By appointing a transitional owner under the Transitional Owner Arrangement

### Lay the foundation for next generation

With the appointment of a transitional owner, it enables you to designate your heir under age 18 to be the contingent owner under the Transitional Owner Arrangement, facilitating efficient wealth transfer.

### Prepare your family to multiply and thrive

**First-in-market^ Future Guard Option#** enables the appointment of an additional contingent owner under the Transitional Owner Arrangement to extend your legacy to future generations.

# Illustrative Example (Solution 1)
# Nominate a contingent owner without Transitional Owner Arrangement

**The below illustrative example (Solution 1) is hypothetical and is for reference only, and it assumes the policy owner and insured of the policy are different individuals. The below illustrative example is applicable to Savings Insurance Plans and Life Insurance Plans.**

**Policy Owner**

**Contingent Owner**

The contingent owner must be age 18 or above

### When the policy owner is alive and the policy is effective

- Name a contingent owner. (without Transitional Owner Arrangement)

### The policy owner passes away before the policy ends

- The contingent owner will become the new policy owner of the policy if the Company has approved his/her application for change of ownership.

^ As of 7 May 2025, compared against similar services offered by Hong Kong major insurance companies.

**# Future Guard Option is not applicable to Life Insurance Plans. Please refer to page 12 of the Important Information of this leaflet for details of the Future Guard Option.**

## Illustrative Example (Solution 2)

# Nominate a contingent owner under the Transitional Owner Arrangement (without Future Guard Option#)

**The below illustrative example (Solution 2) is hypothetical and is for reference only, and it assumes the policy owner and insured of the policy are different individuals.**
**The below illustrative example is applicable to Savings Insurance Plans and Life Insurance Plans.**

### Policy Owner

When the policy owner is alive and the policy is effective

- Name a family member as the Contingent Owner under Transitional Owner Arrangement ("Contingent Owner under TOA").
- Set a specified age for the Contingent Owner under TOA (which must be age 18 or above) or a specified date (Contingent Owner under TOA must be age 18 or above on the specified date) to transfer ownership of the policy to the Contingent Owner under TOA after the passing of the policy owner.
- Appoint a family member as the transitional owner (must be age 18 or above) who may take on ownership of the policy for a temporary period with limited policy administrative rights.
- Specify the policy administrative rights of the transitional owner under the Administrative Actions of Transitional Owner®.

### Transitional Owner

The policy owner passes away prior to the Contingent Owner under TOA reaches the specified age or specified date while the policy is effective

- The transitional owner will become the new policy owner of the policy for a temporary period and may exercise the limited policy administrative rights as provided under the Administrative Actions of Transitional Owner®, if the Company has approved his/her application for change of ownership within 1 year from the date of death of the policy owner. The transitional owner is not entitled to exercise the Restricted Actions.

### Contingent Owner under Transitional Owner Arrangement

Upon the Contingent Owner under TOA reaches the specified age or specified date

- The Contingent Owner under TOA will become the new policy owner of the policy upon reaching the specified date or the specified age, provided the Company has approved his/her application for change of ownership within 1 year from the first day he/she reaches the specified age or the specified date.

The policy remains in force if both the insured and the new policy owner are alive.

**For Savings Insurance Plans**: Transitional Owner Arrangement is applicable when the policy owner and the insured of the policy are the same individual or different individuals. If the policy owner is also the insured, contingent insured under Transitional Owner Arrangement must be designated, and the person designated as Contingent Owner under TOA must also be designated as the contingent insured under Transitional Owner Arrangement. In the event the policy owner passes away ("deceased owner") and the deceased owner is also the insured of the policy, if the contingent insured under Transitional Owner Arrangement does not become the new insured of the policy within 1 year after the death of the deceased owner/insured pursuant to the policy provisions, the Transitional Owner Arrangement will be revoked automatically, the policy will terminate on the day the deceased owner/insured passes away, and death benefit will be paid to the beneficiary(ies) according to the policy provisions. For details, please refer to the Important Information section of this leaflet.

**For Life Insurance Plans**: Transitional Owner Arrangement is only applicable when the policy owner and the insured of the policy are different individuals, and the person designated as Contingent Owner under TOA must also be designated as the insured of the policy. For details, please refer to the Important Information section of this leaflet.

**# Future Guard Option is not applicable to Life Insurance Plans. Please refer to page 12 of the Important Information of this leaflet for details of the Future Guard Option.**

## Illustrative Example (Solution 3) / This illustrative example (Solution 3) is only applicable to Savings Insurance Plans /

# Nominate a contingent owner under the Transitional Owner Arrangement (with Future Guard Option#)

**The below illustrative example (Solution 3) is hypothetical and is for reference only, and it assumes the policy owner and insured are different individuals.**
**The below illustrative example (Solution 3) is applicable to Savings Insurance Plans but it is not applicable to Life Insurance Plans.**

### Policy Owner

When the policy owner is alive and the policy is effective

- Name a family member as the Contingent Owner under Transitional Owner Arrangement ("Contingent Owner under TOA").
- Set a specified age for the Contingent Owner under TOA (which must be age 18 or above) or a specified date (Contingent Owner under TOA must be age 18 or above on the specified date) to transfer ownership of the policy to the Contingent Owner under TOA after the passing of the policy owner.
- Appoint a family member as the transitional owner (must be age 18 or above) who may take on ownership of the policy for a temporary period with limited policy administrative rights.
- Specify the policy administrative rights of the transitional owner under the Administrative Actions of Transitional Owner®.

### Transitional Owner

The policy owner passes away prior to the Contingent Owner under TOA reaches the specified age or specified date while the policy is effective

- The transitional owner will become the new policy owner of the policy for a temporary period and may exercise the limited policy administrative rights as provided under the Administrative Actions of Transitional Owner®, if the Company has approved his/her application for change of ownership within 1 year from the date of death of the policy owner. The transitional owner is not entitled to exercise the Restricted Actions.

#### Future Guard Option#

If the policy owner has granted the transitional owner the right to exercise the Future Guard Option, after the 1st policy year and while the transitional owner takes up ownership of the policy, if the basic policy is fully paid up, the transitional owner may choose to exercise the Future Guard Option once as follows: (i) split the policy into two policies each with smaller principal amount based on the split percentage designated by the deceased policy owner while he/she was alive; (ii) designate a family member (being the sibling or child) of the current Contingent Owner under TOA to be the Contingent Owner under TOA (and insured) of the split policy ("additional Contingent Owner under TOA"); and (iii) designate a specified date or specified age upon which the additional Contingent Owner under TOA may take up ownership of the split policy.

### Contingent Owner under Transitional Owner Arrangement

Upon the Contingent Owner under TOA reaches the specified age or specified date

- The Contingent Owner under TOA and additional Contingent Owner under TOA will become the new policy owner of the current policy and split policy respectively upon reaching the specified date or the specified age, provided the Company has approved his/her application for change of ownership within 1 year from the first day the Contingent Owner under TOA/additional Contingent Owner under TOA (as applicable) reaches the specified age or the specified date.

Sibling/Child

### Additional Contingent Owner under Transitional Owner Arrangement

First-in-market^ Future Guard Option#

- The Contingent Owner under TOA and additional Contingent Owner under TOA will each own a separate policy based on the split percentage pre-set by the policy owner.

The policy remains in force if both the insured and the new policy owner are alive.

For Savings Insurance Plans: Transitional Owner Arrangement is applicable when the policy owner and the insured of the policy are the same individual or different individuals. If the policy owner is also the insured, contingent insured under Transitional Owner Arrangement must be designated, and the person designated as Contingent Owner under TOA must also be designated as the contingent insured under Transitional Owner Arrangement. In the event the policy owner passes away ("deceased owner") and the deceased owner is also the insured of the policy, if the contingent insured under Transitional Owner Arrangement does not become the new insured of the policy within 1 year after the death of the deceased owner/insured pursuant to the policy provisions, the Transitional Owner Arrangement will be revoked automatically, the policy will terminate on the day the deceased owner/insured passes away, and death benefit will be paid to the beneficiary(ies) according to the policy provisions. For details, please refer to the Important Information section of this leaflet.

^ As of 7 May 2025, compared against similar services provided by Hong Kong major insurance companies.

# **Future Guard Option is not applicable to Life Insurance Plans. Please refer to page 12 of the Important Information of this leaflet for details of the Future Guard Option.**

# Example 1 / This Example 1 is only applicable to Life Insurance Plans /

Upon entering his golden age, German wishes to get his newborn grandson Gordon (age 0) financially well-prepared, ensuring financial security and continuity for future generations. Accordingly, he purchases a life insurance policy for life protection needs. He intends to pass on his policy in a structured and strategic manner to Gordon in the long-term.

German designated the Transitional Owner Arrangement for his policy. As Gordon is a minor, German appoints his son, Gabriel, as the transitional owner to manage the policy. Meanwhile, as the transitional owner, Gabriel has been authorised to withdraw policy values on the condition that the reduction of the sum assured caused by such withdrawals cannot exceed 10% of the sum assured of the policy (such sum assured refers to the amount of sum assured as of the first day Gabriel becomes the transitional owner (without any withdrawal made to the policy)), providing financial support and allowing the policy to remain aligned with the family's needs.

| Policy owner: | Family status: |
|---|---|
| **German** (age 60) | Married with a son **Gabriel** (age 35) and grandson **Gordon** (age 0) |

## Policy issuance

**Policy owner**
German (age 60)

**Insured**
Gordon (age 0)

<u>Under the Transitional Owner Arrangement</u>

**Transitional owner**
Gabriel (age 35)

**Contingent Owner under TOA:**
Gordon (age 0)

**Policy owner has selected the Transitional Owner Arrangement and designated a Contingent Owner under TOA & a transitional owner**

German purchases the policy with his grandson Gordon as the insured.

German designates Gordon to be the Contingent Owner under TOA and specifies Gordon may inherit the policy at age 25 ("specified age") after German passes away.

He names his son Gabriel as the transitional owner.

## Policy Year 3

<u>Under the Transitional Owner Arrangement</u>

**Transitional owner**
Gabriel (age 38)

**Contingent Owner under TOA & insured:**
Gordon (age 3)

**Policy transfers to transitional owner after policy owner's death**

3 years later, German passes away.

Gabriel's application for temporary policy ownership has been approved and acts as the transitional owner of the policy.

In accordance with the rights granted by German, Gabriel exercises a one-off withdrawal to support Gordon's growth and education. The withdrawal causes a reduction of the policy's sum assured by 5%.

## Policy Year 25

**Policy owner & insured**
Gordon (age 25)

**Transition to the next generation**

Upon Gordon attaining age 25, his application for policy ownership has been approved by the Company and he becomes the policy owner of the policy that provides coverage for him as the insured.

The above illustration example is hypothetical and is for reference only. The "contingent owner" stated in this example is designated under the Transitional Owner Arrangement. Only 1 contingent owner can be designated for each policy (with or without Transitional Owner Arrangement).

**With this structured approach, German's policy is not only preserved but also strategically passed down according to his wishes — offering structured control, financial protection, and long-term family wealth continuity.**

# Example 2 / This Example 2 is only applicable to Savings Insurance Plans /

Upon entering his golden age, German wishes to get his newborn grandson Gordon (age 0) financially well-prepared, ensuring financial security and continuity for future generations. Accordingly, he purchases a savings insurance policy with one-time premium payment. He intends to pass on his policy in a structured and strategic manner to Gordon in the long-term.

German designated the Transitional Owner Arrangement for his policy. As Gordon is a minor, German appoints his son, Gabriel, as the transitional owner to manage the policy. Anticipating the possibility of more grandchildren, German grants Gabriel the flexibility of the Future Guard Option# so that as the transitional owner, Gabriel may at his option designate an additional Contingent Owner under TOA in the future. Meanwhile, as the transitional owner, Gabriel has been authorised to withdraw policy values on the condition that the reduction of the principal amount caused by such withdrawals cannot exceed 10% of the principal amount of the policy (such principal amount refers to the amount of principal amount as of the first day Gabriel becomes the transitional owner (without any withdrawal made to the policy and without exercising the Future Guard Option)), providing financial support and allowing the policy to remain aligned with the family's needs.

Policy owner:
**German** (age 60)

Family status:
Married with a son **Gabriel** (age 35) and grandson **Gordon** (age 0)

## Policy issuance

**Policy owner**
German (age 60)

**Insured**
Gordon (age 0)

<u>Under the Transitional Owner Arrangement</u>

**Transitional owner**
Gabriel (age 35)

**Contingent Owner under TOA**
Gordon (age 0)

**Policy owner has selected the Transitional Owner Arrangement and designated a Contingent Owner under TOA & a transitional owner**

German purchases the policy with his grandson Gordon as the insured.

German designates Gordon to be the Contingent Owner under TOA and specifies Gordon may inherit the policy at age 25 ("specified age") after German passes away.

He names his son Gabriel as the transitional owner, and also grants him the right to exercise the Future Guard Option when Gabriel becomes the transitional owner of the policy.

## Policy Year 3

<u>Under the Transitional Owner Arrangement</u>

**Transitional owner**
Gabriel (age 38)

**Contingent Owner under TOA & insured**
Gordon (age 3)

**Policy transfers to transitional owner after policy owner's death**

3 years later, German passes away.

Gabriel's application for temporary policy ownership has been approved and acts as the transitional owner of the policy.

In accordance with the rights granted by German, Gabriel exercises a one-off withdrawal to support Gordon's growth and education. The withdrawal causes a reduction of the policy's principal amount by 5%.

## Policy Year 5

<u>Under the Transitional Owner Arrangement</u>

**Transitional owner**
Gabriel (age 40)

**Contingent Owner under TOA & Insured**
Gordon (age 5)

**After exercising the Future Guard Option, Contingent Owner under TOA & insured for the split policy**
Gigi (age 0)

**Under the Future Guard Option, additional Contingent Owner under TOA is designated by transitional owner**

Gabriel's daughter Gigi is born 2 years later.

As the transitional owner and in accordance with the rights granted by German, Gabriel exercises the Future Guard Option, the policy splits into two policies each with a smaller principal amount based on the split percentage pre-set by German, and Gabriel designates his daughter Gigi as the Contingent Owner under TOA and insured of the split policy. He specifies Gigi may inherit the split policy at age 25.

## Policy Year 25

<u>Current policy</u>

**Policy owner & insured**
Gordon (age 25)

<u>Split policy</u>
<u>(with Transitional Owner Arrangement)</u>

**Transitional owner**
Gabriel (age 60) – for Gigi's part of policy

**Contingent Owner under TOA & insured**
Gigi (age 20)

**Transition to the next generation**

Upon Gordon attaining age 25, his application for policy ownership has been approved by the Company and he becomes the policy owner of the policy that provides coverage for him as the insured.

Gabriel remains as the transitional owner of the split policy with Gigi as the Contingent Owner under TOA and the insured.

## Policy Year 30

<u>Current policy</u>

**Policy owner & insured**
Gordon (age 30)

<u>Split policy</u>

**Policy owner & insured**
Gigi (age 25)

**The structured transfer of wealth to future generation is completed**

Upon Gigi attaining age 25, her application for policy ownership has been approved by the Company and she becomes the policy owner of the split policy that provides coverage for her as the insured.

Gabriel is released from his role as transitional owner. Gordon and Gigi are now the policy owners of the current policy and the split policy respectively.

The above illustration example is hypothetical and is for reference only. The "contingent owner" and "additional contingent owner" stated in this example are designated under the Transitional Owner Arrangement. Only 1 contingent owner can be designated for each policy (with or without Transitional Owner Arrangement).

**With this structured approach, German's policy is not only preserved but also strategically passed down according to his wishes — offering structured control, financial protection, and long-term family wealth continuity.**

**# Future Guard Option is not applicable to Life Insurance Plans. Please refer to page 12 of the Important Information of this leaflet for details of the Future Guard Option.**

## Notes for Solution 2 and Solution 3

(1) The Contingent Owner under TOA must be the same individual as the insured or the contingent insured designated under Transitional Owner Arrangement (as applicable) of the policy. Contingent insured under Transitional Owner Arrangement is only applicable for designation under Savings Insurance Plans (but not Life Insurance Plans), and only 1 contingent insured can be designated for each policy (with or without Transitional Owner Arrangement). Only 1 contingent owner can be designated for each policy (with or without Transitional Owner Arrangement).

(2) In addition to the Administrative Actions of Transitional Owner®, the transitional owner can place or withdraw amounts into/from the policy's future premium deposit account. The transitional owner can make and submit claims under the policy. Once such claims have been approved by the Company, the claim payments will be paid to the transitional owner. If the policy provides the Terminal Illness Benefit, the transitional owner can make and submit a claim for Terminal Illness Benefit on behalf of the insured. Once such claim has been approved by the Company, the policy will terminate immediately and the Terminal Illness Benefit will be paid to the transitional owner.

(3) The transitional owner is not entitled to exercise the Restricted Actions. Please refer to Clause 10 of the Important Information section of this leaflet for details of the Restricted Actions.

(4) ®Administrative Actions of Transitional Owner refers to the following administrative actions:

1. Withdrawal of policy values
2. Exercise the Future Guard Option (please refer to the below Notes for Future Guard Option)
3. Exercise the Bonus Lock-in Option
4. Exercise the Terminal Dividend Lock-in Option
5. Exercise the Bonus Unlock Option
6. Exercise the Value Safeguard Option
7. Apply for Educational Merit Benefit

The administrative actions are not default options. However, the above option or benefit is only available for selection by the policy owner if such option or benefit is a product feature of the policy. Future Guard Option is not applicable to Life Insurance Plans.

For withdrawal of policy values, if guaranteed cash value is withdrawn, the principal amount/sum assured of the policy will be reduced. The percentage of reduction of the principal amount/sum assured as a result of accumulated withdrawals made by the transitional owner cannot exceed the maximum percentage of reduction of principal amount/sum assured specified by the policy owner in the relevant form(s). If the principal amount/sum assured of the policy is reduced, the guaranteed cash value, all non-guaranteed benefits and the total premiums paid (for calculation of the death benefit) will all be reduced based on the reduced principal amount/sum assured. The non-guaranteed benefits which the Company may declare subsequently will be reduced accordingly. This will reduce the value of the policy and the death benefit and surrender benefit of the policy.

## Notes for Solution 3

(5) The term "current policy" refers to the original policy after policy split with reduced principal amount based on the split percentage designated by the deceased policy owner while he/she was alive.

(6) The "Contingent Owner under TOA" and the "additional Contingent Owner under TOA" stated in Solution 3 are both designated under the Transitional Owner Arrangement. Only 1 contingent owner can be designated for each policy (with or without Transitional Owner Arrangement).

(7) Notes for Future Guard Option

(Future Guard Option is not applicable to Life Insurance Plans. Please refer to page 12 of the Important Information of this leaflet for details of the Future Guard Option.)

1. Future Guard Option can only be exercised once per Transitional Owner Arrangement. The Future Guard Option can only be exercised after the end of the 1st policy year and provided that the basic policy is fully paid up (i.e. the basic policy is providing coverage without any further required premiums) and the policy owner has granted the transitional owner the right to exercise the Future Guard Option in the relevant form(s).
2. The additional Contingent Owner under TOA designated for the split policy under the Future Guard Option must be a sibling or child of the Contingent Owner under TOA of the current policy. The additional Contingent Owner under TOA must be under the age of 18 at the time of application to designate him/her as the additional Contingent Owner under TOA pursuant to the Future Guard Option. The additional Contingent Owner under TOA designated for the split policy under the Future Guard Option must also be the insured of such split policy, and the beneficiary of the split policy will be the estate of the additional Contingent Owner under TOA.
3. The transitional owner will act as the transitional owner of the current policy and the split policy after policy split. The Transitional Owner Arrangement (including the administrative rights which the transitional owner is entitled to exercise pursuant to the Administrative Actions of Transitional Owner) will remain unchanged after policy split, and will apply to both the current policy and the split policy. If the transitional owner is allowed to make withdrawals from the policy, the percentage of reduction of each of the principal amount of the current policy and the split policy resulted from accumulated withdrawals made by the transitional owner before and after exercising the Future Guard Option cannot exceed the maximum percentage of reduction of principal amount of the current policy and the split policy respectively.

For details including but not limited to the eligibility, risks and limitations of the Transitional Owner Arrangement, please refer to the Important Information section of this leaflet. For the full terms and conditions of the Transitional Owner Arrangement, please refer to the relevant application form for Transitional Owner Arrangement.

# Important Information

This leaflet should be read in conjunction with the product brochure of your basic plan.

For the full terms and conditions of the Transitional Owner Arrangement, please refer to the relevant application form for Transitional Owner Arrangement.

1. Transitional Owner Arrangement ("TOA") is a value-added service, it is not a product feature and it is not offered under the policy contract. Future Guard Option is one of the service features under the Transitional Owner Arrangement.

   **Note:** Future Guard Option is only applicable to Savings Insurance Plans, but it is not applicable to Life Insurance Plans.

2. Transitional Owner Arrangement is only applicable to selected products (determined by the Company from time to time) as set out on the Company's website and policies which meet the following requirements:

   (i) the policy must be issued in Hong Kong; and

   (ii) the total premium payable of the policy must fulfil a minimum premium requirement of US$500,000 (or equivalent) and such minimum premium requirement may be changed by the Company from time to time at its sole and absolute discretion.

   The Transitional Owner Arrangement is not applicable to corporate owned policies.

   **Note:** For Savings Insurance Plans, Transitional Owner Arrangement is applicable if the policy owner and the insured are the same individual or different individuals. For Life Insurance Plans, Transitional Owner Arrangement is applicable only if the policy owner and the insured are different individuals. Please also note that Contingent Insured under Transitional Owner Arrangement is only applicable for designation under Savings Insurance Plans (but not Life Insurance Plans).

3. The acceptance of any Transitional Owner Arrangement application is at the Company's sole and absolute discretion and which is subject to appliable laws, regulations and the terms and conditions of the Transitional Owner Arrangement (as may be amended by the Company from time to time).

4. The Company reserves the right to withdraw the Transitional Owner Arrangement or change the terms and conditions of the Transitional Owner Arrangement at any time with sole and absolute discretion (such changes will be reflected on the Company's prescribed form(s)) without the obligation to provide any prior notice.

**Designation of Transitional Owner Arrangement**

5. The policy owner must make application to designate the Transitional Owner Arrangement using the Company's prescribed form(s) which includes application to designate the following persons and items:

   (i) **Transitional Owner**:
   who must be aged 18 or above. After the policy owner passes away, the Transitional Owner may become the policy owner of the policy for a designated period and is entitled to exercise the limited policy administrative rights as granted by the policy owner (**"Administrative Actions of Transitional Owner"**). The Transitional Owner is not entitled to exercise the restricted actions as described in Clause 10 below (**"Restricted Actions"**).

   (ii) **Contingent Owner under Transitional Owner Arrangement** (**"Contingent Owner under TOA"**):
   after the policy owner passes away, the Contingent Owner under TOA may become the owner of the policy upon reaching the Specified Age or the Specified Date. The Contingent Owner under TOA shall be the same individual as the insured or the Contingent Insured under Transitional Owner Arrangement (as applicable) of the policy. Only 1 Contingent Owner under TOA can be designated for each policy.

   (iii) **Contingent Insured under Transitional Owner Arrangement** (**"Contingent Insured under TOA"**):
   if the policy has Contingent Insured Option and if the Owner and the Insured of the policy are the same individual, the individual designated as the "Contingent Insured" or "Contingent Insured under Transitional Owner Arrangement" (as applicable) as set out in the Company's prescribed form(s). For the purposes of the Transitional Owner Arrangement, the terms "Contingent Insured" and "Contingent Insured under Transitional Owner Arrangement" shall be used interchangeably. Please note that Contingent Insured under TOA is only applicable for designation under Savings Insurance Plans (but not Life Insurance Plans).

   (iv) **Beneficiary under Transitional Owner Arrangement**:
   who shall be the estate of the Contingent Owner under TOA. The beneficiary of the policy will be automatically changed to "estate of the Contingent Owner under TOA" upon the Transitional Owner or the Contingent Owner under TOA takes on ownership of the policy (whichever is earlier).

   (v) **Specified Date** or **Specified Age** (only either a Specified Date or a Specified Age can be designated).

   - "Specified Age" means the age of the Contingent Owner under TOA when he/she may take on ownership of the policy. The Specified Age must be age 18 or above.
   - "Specified Date" means the date when the Contingent Owner under TOA may take on ownership of the policy. The Contingent Owner under TOA must be age 18 or above on the Specified Date.

   (vi) Specify the **Administrative Actions of Transitional Owner** which the Transitional Owner is entitled to exercise.

   Note:

   - The Transitional Owner must be a family member of the Contingent Owner under TOA, and related to the Contingent Owner under TOA as parent, spouse, child, sibling, grandparent, grandchild, niece, nephew, aunt, uncle or cousin.
   - The Contingent Owner under TOA must be a family member of the policy owner, and related to the policy owner as parent, spouse, child, sibling, grandparent, grandchild, niece, nephew, aunt, uncle or cousin.
   - If the policy owner is also the insured, it is required to designate a Contingent Insured under TOA who must be the same individual as the Contingent Owner under TOA. Contingent Insured under TOA is only applicable for designation under Savings Insurance Plans (but not Life Insurance Plans).

     **Note:** Notwithstanding any provisions to the contrary, in the event the current policy owner passes away ("**Deceased Owner**") and the Deceased Owner is also the insured of the policy, if the Contingent Insured under TOA does not become the new insured of the policy within one year after the death of the Deceased Owner (also the insured) pursuant to the policy provisions, the Transitional Owner Arrangement will be revoked, the policy will terminate on the day the Deceased Owner (also the insured) passes away and death benefit will be paid to the beneficiary(ies) according to the policy provisions.
   - The acceptance of any of the applications to make designations under the Transitional Owner Arrangement as listed above is at the Company's sole and absolute discretion, and which is subject to applicable laws, regulatory requirements and the terms and conditions of the Transitional Owner Arrangement.

- **TO Event** refers to any of the following events: (a) the Transitional Owner passes away or he / she is incapable of taking up or continuing to take up the ownership of the policy (provided the Company is aware of the occurrence of such event); (ii) the Company has received written notification from the Transitional Owner that he/she refuses to act as the Transitional Owner or to continue to act as Transitional Owner; or (iii) the Company has not received application for change of ownership submitted by the Transitional Owner within 1 year from the date of death of the Deceased Owner; or (iv) the Company has not provided approval for or has rejected the Transitional Owner's application for change of ownership within 1 year from the date of death of the Deceased Owner.

6. Once the Company has approved the application to designate the Transitional Owner Arrangement for the policy, all designations and instructions made by the policy owner under the Mental Incapacity Option or the Health Impairment Option (as applicable) will be revoked. While the Transitional Owner Arrangement is designated for the policy, no designation or instruction can be made under the Mental Incapacity Option or the Health Impairment Option (as applicable).

7. After the policy owner has designated the Transitional Owner Arrangement, while the policy is effective and provided the insured is alive, the policy owner can make an application to change or cancel the Transitional Owner Arrangement at any time using the Company's prescribed form(s). The application is subject to the relevant terms and conditions, applicable laws and the Company's approval. Once the Transitional Owner Arrangement is cancelled, the designations of Transitional Owner and Contingent Owner under TOA will both be cancelled, but the Contingent Insured under TOA (if any) will become the contingent insured of the policy and the beneficiary of the policy will remain unchanged.

8. Upon the occurrence of any of the following events while the policy owner is alive and the policy is effective, the designation of Transitional Owner Arrangement will be revoked automatically with immediate effect:

   (i) the Company is aware that the Transitional Owner or the Contingent Owner under TOA passes away or is incapable of taking up the ownership of the policy;

   (ii) the Company has been informed the Transitional Owner or the Contingent Owner under TOA refuses to take up the ownership of the policy; or

   (iii) any change of policy owner or insured of the policy, or if there is any designation of contingent owner (not for the purposes of the TOA) or contingent insured (not for the purposes of the TOA) for the policy. Note: change of insured and contingent insured are only applicable to Savings Insurance Plans (but not Life Insurance Plans).

   The Company reserves the right to revoke the designation of the Transitional Owner Arrangement and/or any of the designations made under the Transitional Owner Arrangement if such designation may constitute a breach of or conflict with any laws, regulations or guidelines, or may render the Company to incur any liability or potential liability. If the Transitional Owner Arrangement is revoked, the policy owner shall retain the ownership of the policy.

**Transfer of ownership upon death of policy owner**

9. If the Deceased Owner passes away before (i) the Specified Date, or (ii) the Contingent Owner under TOA has attained the Specified Age:

   the Transitional Owner will become the policy owner of the policy (with limited policy administrative rights as specified by the policy owner in the Administrative Actions of Transitional Owner section of the relevant form(s)) for a designated period if the Transitional Owner gives the Company satisfactory proof of death of the Deceased Owner and his/her application for change of ownership (including meeting the Company's customer due diligence requirements) has been approved by the Company within 1 year from the date of the Deceased Owner's death. The Transitional Owner is not entitled to exercise the Restricted Actions set out in Clause 10 below. If the Transitional Owner fails to become the policy owner of the policy within 1 year after the date of the Deceased Owner's death, ownership of the policy may transfer to (i) the Contingent Owner under TOA if he/she has attained the age of 18 when the TO Event occurs or (ii) successor to the Deceased Owner's estate if the Contingent Owner under TOA is below age 18 when the TO Event occurs or if the Contingent Owner under TOA fails to become the policy owner of the policy within the specified period, subject to relevant terms and conditions and the Company's approval. Please see the relevant form(s) for further details on the requirements and the terms and conditions.

   When the Transitional Owner has taken up ownership of the policy, ownership of the policy will be changed from the Transitional Owner to the Contingent Owner under TOA after the Contingent Owner under TOA has reached the Specified Date or the Specified Age (as the case may be), on the condition that the Company has approved the Contingent Owner under TOA's application for change of ownership (including meeting the Company's customer due diligence requirements) within 1 year after (i) the Specified Date or (ii) the first day the Contingent Owner under TOA attains the Specified Age (as the case may be). If the Contingent Owner under TOA fails to become the policy owner of the policy within 1 year after (i) the Specified Date or (ii) the first day the Contingent Owner under TOA attains the Specified Age, ownership of the policy may transfer to successor to the Deceased Owner's estate.

   If the Deceased Owner passes away on or after (i) the Specified Date, or (ii) the Contingent Owner under TOA has attained the Specified Age:

   the Contingent Owner under TOA will become the owner of the policy if he/she gives the Company satisfactory proof of death of the Deceased Owner and his/her application for change of policy ownership (including meeting the Company's customer due diligence requirements) has been approved by the Company within 1 year after the date of the Deceased Owner's death. If the Contingent Owner under TOA fails to become the policy owner of the policy within 1 year from the date of the Deceased Owner's death, ownership of the policy may transfer to successor to the Deceased Owner's estate.

10. During the period the Transitional Owner has taken up ownership of the policy, the Transitional Owner shall assume all obligations of the policy as the policy owner (including but not limited to meeting the premium payment obligations) and be bound by and subject to the terms and conditions of the policy. The Transitional Owner is entitled to exercise the Administrative Actions of Transitional Owner, but he/she is not entitled to exercise the Restricted Actions which include the following:

    (i) change the policy owner, Contingent Owner under TOA, insured, Contingent Insured under TOA (if any) or beneficiary of the policy, or designate a contingent owner or contingent insured for the policy (Note: change of insured and contingent insured are only applicable to Savings Insurance Plans (but not Life Insurance Plans));

    (ii) change any of the designations or instructions made by the policy owner under the Transitional Owner Arrangement;

    (iii) apply, make designations or exercise any benefit options under the policy that would result in change in policy values of the policy including but not limited to apply for policy loan or partial surrender, or withdrawal of any policy values of the policy, unless such actions are granted by the policy owner under the "Administrative Actions of Transitional Owner" section of the relevant form(s);

    (iv) apply or make designations under the Death Benefit Settlement Option or Beneficiary Flexi Option (if such options are applicable to the Policy); and

    (v) assign the policy.

11. When the Transitional Owner has taken up ownership of the policy, if the Transitional Owner passes away or he/she is incapable of continue to take up the ownership of the policy (provided the Company is aware of the occurrence of such event) or the Company has received written notification from the Transitional Owner that he/she refuses to continue to act as the Transitional Owner of the policy, then ownership of the policy may transfer to (i) the Contingent Owner under TOA if he/she has attained the age of 18 when the TO Event occurs or (ii) successor to the Deceased Owner's estate if the Contingent Owner under TOA is below age 18 when the TO Event occurs or if the Contingent Owner under TOA fails to become the policy owner of the policy within the specified period, subject to relevant terms and conditions and the Company's approval. Please see the relevant form(s) for further details on the requirements and the terms and conditions. If the Company has received written notification from the Transitional Owner that he/she refuses to continue to act as the Transitional Owner of the policy, within 1 year after the date the Company has received the said written notification from the Transitional Owner but before the Contingent Owner under Transitional Owner Arrangement takes up ownership of the policy, the Transitional Owner shall continue to assume all obligations of the policy as the policy owner (including but not limited to meeting premium payment obligations) and be bound by and subject to the terms and conditions of the policy but he/she shall not be entitled to exercise the Administrative Actions of Transitional Owner and the Restricted Actions during such period.

**Future Guard Option (Note: Future Guard Option is only applicable to Savings Insurance Plans but it is not applicable to Life Insurance Plans)**

12. Under the Future Guard Option, after the end of the 1st policy year and during the period the Transitional Owner has taken up ownership of the policy, if the basic policy is fully paid up (i.e. the basic policy is providing coverage without any further required premiums) and the policy owner has granted the Transitional Owner the right to exercise the Future Guard Option in the relevant form(s), the Transitional Owner can at his/her option make application to split the policy once. Immediately after the split of the policy, (i) the Transitional Owner will act as the Transitional Owner for the current policy and the split policy, the Transitional Owner Arrangement (including the administrative rights which the Transitional Owner is entitled to exercise pursuant to the Administrative Actions of Transitional Owner) will remain unchanged after policy split, and will apply to both the current policy and the split policy; (ii) the current Contingent Owner under TOA will remain as the Contingent Owner under TOA and the insured of the current policy; (iii) the Transitional Owner can apply to change the Contingent Owner under TOA and the insured of the split policy to another family member of the current Contingent Owner under TOA provided the new Contingent Owner under TOA must meet the Company's eligibility requirements to be determined by the Company at its sole discretion from time to time. The beneficiary of the split policy will also be changed to the estate of the new Contingent Owner under TOA; and (iv) the Transitional Owner can select a specified date or specified age upon which the new Contingent Owner under TOA can take up ownership of the split policy. The new Contingent Owner under TOA of the split policy must meet the following eligibility requirements at the time of application to be designated as the Contingent Owner under TOA of the split policy (such requirements may be changed by the Company from time to time at its discretion): (a) under the age of 18; and (b) he/she is a sibling or child of the current Contingent Owner under TOA.
13. Future Guard Option can only be exercised once per Transitional Owner Arrangement. Only one Contingent Owner under TOA can be designated for each policy. The exercise of the Future Guard Option cannot be cancelled or reverted. No subsequent changes can be made to the Contingent Owner under TOA and the insured of the split policy while the Transitional Owner Arrangement is in effect.
14. If the Transitional Owner subsequently exercised the Future Guard Option and the policy is split, the maximum percentage of reduction of principal amount pre-set by policy owner applies to each of the current policy and the split policy, and the "principal amount" for calculation of the maximum percentage of reduction of principal amount for the current policy and the split policy respectively will be based on the Original Principal Amount pro-rated among the current policy and the split policy according to the split percentage pre-set by the policy owner. The "**Original Principal Amount**" refers to the principal amount as of the first day the Transitional Owner takes up ownership of the policy (without any withdrawal made and without exercising the Future Guard Option). The percentage of reduction of each of the principal amount of the current policy and the split policy resulted from accumulated withdrawals made by the Transitional Owner before and after exercising the Future Guard Option cannot exceed the maximum percentage of reduction of principal amount of the current policy and of the split policy respectively.

**Other Conditions**

15. The Company reserves the right to withhold and/or reject the transfer of ownership to the Transitional Owner or the Contingent Owner under Transitional Owner Arrangement (including the Future Guard Option), if such transfer of ownership may constitute a breach of or conflict with any laws, regulations or guidelines, or may render the Company to incur any liability or potential liability. The Company shall not be liable for any loss, damages and/ or costs incurred arising out of such suspension or rejection of transfer of ownership.
16. The Company shall not assume any duty or be responsible to verify or be responsible for the validity, legality, capability or suitability of any designation of the Transitional Owner, the Contingent Owner under TOA and the Specified Age/Specified Date, and the specification of the Administrative Actions of Transitional Owner. The policy owner should consider all relevant factors and make his/her own independent assessment of the Transitional Owner's eligibility, suitability and capability to act in such role.

    **IMPORTANT: If the Transitional Owner becomes bankrupt, the policy will be vested in the Trustee-in-Bankruptcy of the Transitional Owner, and the proceeds of the policy will be used to pay the debts of the Transitional Owner. In the event of a divorce of the Transitional Owner, the policy may become the matrimonial asset of the Transitional Owner and may be transferred or allocated to the former spouse of the Transitional Owner. When the Transitional Owner takes up ownership of the policy, if the policy is not yet fully paid, the Transitional Owner has the obligations to meet the premiums payment requirement. If the premium is not paid within the grace period, the policy will terminate.**
17. In no circumstances shall the Company be liable to the policy owner, the Transitional Owner, the Contingent Owner under TOA, or any other person as a result of change of ownership or execution of the Transitional Owner Arrangement in accordance with the instructions provided by the policy owner.
18. The policy owner shall be solely responsible for informing both the Transitional Owner and the Contingent Owner under TOA regarding the Transitional Owner Arrangement including the designations made, the application requirements and the terms and conditions of the Transitional Owner Arrangement. The policy owner shall procure the Transitional Owner and the Contingent Owner under TOA to carefully study the terms and conditions of the policy and the Transitional Owner Arrangement and make their own independent assessment on their ability to meet their obligations under the policy and the Transitional Owner Arrangement. The policy owner, Transitional Owner and Contingent Owner under TOA should consult their own independent legal, accounting and/or tax advisors as appropriate.

Please see the relevant forms for further details on the terms and conditions applicable to Transitional Owner Arrangement and the Future Guard Option. The Company reserves the right to change or update the terms and conditions and related requirements of the Transitional Owner Arrangement at any time with absolute discretion without any obligation to provide prior notice.

For further enquiries, please contact your financial planner or call the AIA Customer Hotline at (852) 2232 8888.

"AIA", "the Company", "We", "our" or "us" herein refers to AIA International Limited (Incorporated in Bermuda with limited liability).

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