LIFE INSURANCE – LIFE PROTECTION

BONUS POWER PLAN 2 (ENHANCED PROTECTION) (BP2EP)

YOUR DREAMS OF TOMORROW START WITH SAVING TODAY

Fulfil your lifelong dreams and be protected for life with **Bonus Power Plan 2 (Enhanced Protection)**.

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AIA International Limited
(Incorporated in Bermuda with limited liability)

HEALTHIER, LONGER, BETTER LIVES

You can't live on dreams alone

You need the financial resources and protection to make them a reality

That's why AIA created Bonus Power Plan 2 (Enhanced Protection), which combines the benefit of potentially greater returns with the thorough protection of life insurance. You will also find comfort in the flexibility of our payment options should misfortune come your way. So, you can reach for your dreams with confidence, knowing that we will be there for you if you should fall.

How does it work?

The **Bonus Power Plan 2 (Enhanced Protection)** is a **participating insurance plan**. We will distribute the profit generated from this product group by declaring a non-guaranteed Reversionary Bonus and Terminal Bonus to you at least once per year starting from the end of the 3rd policy year.

1. **Reversionary Bonus:** A non-guaranteed bonus, the face value of which forms a permanent addition to your policy once it is declared. It may be cashed out or left to accumulate in your policy throughout its duration, allowing the value of your policy to grow with time.

2. **Terminal Bonus:** A non-cumulative, non-guaranteed bonus, the amount of which is valid until the next declaration. The amount in each declaration may be greater or lesser than the previous amount based on a number of factors, including but not limited to investment returns and general market volatility.

Upon the death of the insured, we will pay to the beneficiary the face values of any Reversionary Bonus accumulated and Terminal Bonus under the policy.

Otherwise, upon the surrender or termination of the policy other than the death of the insured, or if the insured becomes totally and permanently disabled, suffers loss of limbs or irrecoverable loss of sight, or is diagnosed with Alzheimer's disease, Parkinson's disease or the loss of independent existence, we will pay any cash value that may have accumulated on any Reversionary Bonus and the cash value of Terminal Bonus under the policy. These cash values are not guaranteed.

If the worst should happen

If the insured, who is the person protected under the policy, passes away, we will pay the death benefit to the person whom you select in your policy as beneficiary. The death benefit will include:

i. the sum assured of your basic plan;

ii. the face value of any Reversionary Bonus; plus

iii. the face value of any Terminal Bonus.

We will deduct all outstanding debt and any benefits paid under this policy before we make the payment to the beneficiary.

For extra cover, you can choose from a range of optional add-on plans offering accident, medical, critical illness and disability protection. Add-on plans are subject to additional premiums, underwriting and exclusions. All benefits under add-on plans will be terminated when your **Bonus Power Plan 2 (Enhanced Protection)** terminates.

Your choice of settlement option

Apart from a lump sum payment, if you wish your beneficiary to take the amount of death benefit in regular instalments, the plan provides a settlement option available to you.

You can select specific amounts of benefit to be paid to your beneficiary at regular intervals chosen by you, provided that the total annual payment is at least equal to 2% of the death benefit. Remaining amount of benefit will be left in our company to accumulate at the non-guaranteed interest rate determined by us, until the full amount of benefit has been paid to the beneficiary.

The death benefit settlement option is not available if the death benefit payable is less than US$50,000.

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

Broad support during difficult times

Nowadays people are being diagnosed with debilitating conditions at a younger age. To give you extra leverage should misfortune strike, the **Bonus Power Plan 2 (Enhanced Protection)** will provide you with a series of advance payments, which will be advanced from the sum assured and the face values of any Reversionary Bonus and Terminal Bonus in your policy. Two different benefits are payable under the following circumstances:

1. **Total and Permanent Disability Benefit:** If the insured is diagnosed with a total and permanent disability or suffer loss of limbs or irrecoverable loss of sight before the age of 65. The offer of the Total and Permanent Disability Benefit will be subject to our underwriting decision.

2. **Caring Benefit:** If the insured is diagnosed with Alzheimer's disease, Parkinson's disease or loss of independent existence, such as being permanently unable to perform daily activities, before the age of 85.

Payments for the Total and Permanent Disability Benefit and Caring Benefit

First 30 months following your diagnosis

For as long as the diagnosed condition persists, we will make monthly advance payments equal to 1% of the sum of the sum assured and the face value of any Reversionary Bonus in your policy as at the date of commencement of the disability or the date of diagnosis, plus the corresponding face value of any Terminal Bonus.

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30 months after your diagnosis

Provided that the diagnosed condition persists, we will pay you the remainder of the sum assured and the face values of any Reversionary Bonus and Terminal Bonus in a lump sum. You will receive this at the end of the 30th month after the date of commencement of the disability or the date of diagnosis.

In addition, we will waive the future premiums for the basic plan if you are diagnosed with any of the above conditions, keeping the policy in force and setting your family at ease.

We will not pay the Total and Permanent Disability Benefit and Caring Benefit at the same time. The maximum aggregate amount of each benefit payable to the same insured under this policy and any other policies, and / or add-on plans is US$1.25 million. We will deduct all outstanding debt under your policy before making the advance payments.

Accumulate wealth to realise your dreams

The **Bonus Power Plan 2 (Enhanced Protection)** also offers the opportunity for long term capital growth in the form of:

i. guaranteed cash value;

ii. non-guaranteed cash value of the Reversionary Bonus; plus

iii. non-guaranteed cash value of the Terminal Bonus.

In addition, to enhance your financial flexibility, the **Bonus Power Plan 2 (Enhanced Protection)** offers you the option of cashing out all or part of the bonuses or withdrawing any cash value by reducing the sum assured of your policy. After withdrawal, the future value of the policy and death benefit will be reduced.

This plan also offers option for a policy loan. You can borrow up to 90% of the total guaranteed cash value of the policy plus the non-guaranteed cash value of any Reversionary Bonus. Interest on a policy loan will be charged at a rate solely determined by us.

Flexible premium payment terms

Denominated in US Dollars, the **Bonus Power Plan 2 (Enhanced Protection)** offers the choice of three premium payment terms, facilitating flexible planning depending on your current outlook. Premium amounts are guaranteed to be fixed throughout the premium payment term.

Premium Payment Term	Insured's Age at Policy Issue	Benefit Term
5 years	Age 18 - 65	Whole life
12 years	Age 18 - 65	
18 years	Age 18 - 60	

Different premium payment modes (annually, semi-annually, quarterly and monthly) are available for this plan.

Example

(The following example is hypothetical and for illustrative purposes only. Actual bonuses are not guaranteed and are declared at AIA's sole discretion.)

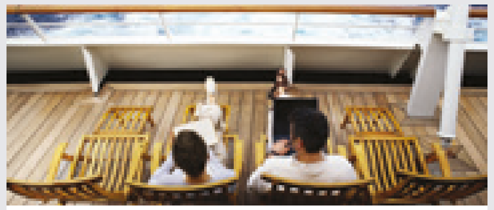
Policy owner and insured:	Raymond Yeung (age 48, non-smoker)
Occupation:	Architect
Family status:	Married

Having reached a certain stage in his career, Raymond is starting to plan for the next chapter of his life. He wants to start preparing for a good retirement, as well as securing a good future for his family. He would like to grow his wealth over a relatively short period. That's why he has decided to purchase the **Bonus Power Plan 2 (Enhanced Protection)**, which gives him both capital growth and comprehensive protection.

This case assumes that Raymond does not withdraw cash at any point, choosing instead to let the total surrender value accumulate in his policy.

	Death Benefit	Surrender Value
Non-guaranteed		
Guaranteed		
Total		

Annual premium: **US$50,000**
Premium payment term: 5 years
Sum assured: **US$364,804**



Protection
At the age of 60, Raymond's projected total death benefit will be **US$548,763** (up to **2.1 times** the total premiums paid). He can rest assured knowing that his family will be financially sound even if he passes away.

Protection
At the age of 65, Raymond's projected total death benefit will be **US$707,849** (up to **2.8 times** the total premiums paid). This sum will help provide security for his family in case anything happens to him.

Savings
At the age of 60, the projected total surrender value of Raymond's policy will be **US$295,431**^. At this point, Raymond can surrender the policy to withdraw the total amount for use, or simply continue to save it.

Savings
At the age of 65, the projected total surrender value of Raymond's policy will be **US$433,184**^. At this point, Raymond can surrender the policy to withdraw the total amount for his retirement, or simply continue saving for future use.

Sadly, Raymond is diagnosed with Parkinson's disease at the age of 65. Under the **Caring Benefit**, Raymond receives a **Monthly Advance Payment** as well as a **Lump Sum Advance Payment**. This provides reasonable reserves for long-term treatment and care, reducing the financial burden on his family.

Projected Monthly Advance Payment

First month of the 18th policy year
US$7,078

Non-guaranteed amount: US$3,430
Guaranteed amount: US$3,648

Projected Lump Sum Advance Payment

US$553,008

Non-guaranteed amount: US$297,645
Guaranteed amount: US$255,363

Monthly Advance Payment
Up to 30 monthly payments, each payment is equal to 1% of the sum of the sum assured and the non-guaranteed face value of any Reversionary Bonus as at the date of diagnosis, plus the corresponding non-guaranteed face value of any Terminal Bonus.

Lump Sum Advance Payment
The remaining balance of the sum assured and the non-guaranteed face values of any Reversionary Bonus and Terminal Bonus will be paid at the end of the 30th month after the date of diagnosis.

^ The total surrender value illustrated is the sum of the policy's guaranteed cash value plus the non-guaranteed cash values of any Reversionary Bonus and Terminal Bonus and is based on the current projected surrender value and bonus scales. The current projected surrender value and bonus scales are neither indicative of future performance nor guaranteed. Past performance or current performance of our business should not be interpreted as a guide for future performance. The actual Reversionary Bonus and Terminal Bonus payable throughout the duration of the policy may vary at AIA's sole discretion, which may be less or more favourable than those illustrated. The above example assumes that no cash withdrawal or policy loans are taken throughout the term of the policy and that all premiums are paid in full when due. To receive the amounts illustrated, the policy owner must surrender his policy at the end of respective policy year. This policy will be terminated when the total surrender value has been withdrawn entirely.

Important Information

This brochure does not contain the full terms and conditions of the policy. It is not, and does not form part of, a contract of insurance and is designed to provide an overview of the key features of this product. The precise terms and conditions of this plan are specified in the policy contract. Please refer to the policy contract for the definitions of capitalised terms, and the exact and complete terms and conditions of cover. In case you want to read policy contract sample before making an application, you can obtain a copy from AIA. This brochure should be read along with the illustrative document (if any) and other relevant marketing materials, which include additional information and important considerations about this product. We would like to remind you to review the relevant product materials provided to you and seek independent professional advice if necessary.

This brochure is for distribution in Hong Kong only.

Bonus Philosophy

This is a participating insurance plan in which we share a portion of the profits earned on it and related participating insurance plans with the policy owners. It is designed to be held long term. The premiums of a participating insurance plan will be invested in a variety of assets according to our investment strategy. The cost of policy benefits (including guaranteed and non-guaranteed benefits as specified in your plan that may be payable on death or surrender, as well as charges we make to support policy guarantees (if applicable)) and expenses will be deducted as appropriate from premiums of the participating insurance plan or from the invested assets. We aim to ensure a fair sharing of profits between policy owners and shareholders, and among different groups of policy owners.

Divisible surplus refers to profits available for distribution back to policy owners as determined by us. The divisible surplus that will be shared with policy owners will be based on the profits earned from your plan and related groups of similar plans or similar group of policies (as determined by us from time to time by considering factors such as benefit features, policy currencies and period of policy issuance), divisible surplus may be shared with the policy owners in the form of reversionary bonuses and terminal bonuses as specified in your policy.

We review and determine the bonus amounts payable to policy owners at least once per year. Divisible surplus depends on the investment performance of the assets which we invest in and the amounts of benefits and expenses we need to pay for the plan. It is therefore inherently uncertain. Nevertheless, we aim to deliver relatively stable bonus payments over time through a smoothing process by spreading out the gains and losses over a period of time. The actual bonuses declared may be different from those illustrated or projected in any insurance plan information provided (e.g. benefit illustrations) depending on whether the divisible surplus, past experience and/or outlook are different from what we expected. If bonuses are different, this will be reflected in the policy anniversary statement.

A committee has been set up to provide independent advice on the determination of the bonus amounts to the Board of the Company. The committee is comprised of members from different control functions or departments within the organisation both at the AIA Group level as well as Hong Kong local level, such as office of the Chief Executive of the Company, legal, compliance, finance, investment and risk management. Each member of the committee will endeavour to exercise due care, diligence and skill in the performance of his or her duties as a member. The committee will utilise the knowledge, experience, and perspectives of each individual member to assist the Board in the discharge of its duty to make independent decisions and to manage the risk of conflict of interests, in order to ensure fair treatment between policy owners and shareholders, and among different groups of policy owners. The actual bonuses, which are recommended by the Appointed Actuary, will be decided upon the deliberation of the committee and finally approved by the Board of Directors of the Company, including one or more Independent Non-Executive Directors, and with written declaration by the Chairman of the Board, an Independent Non-Executive Director and the Appointed Actuary on the management of fair treatment between policy owners and shareholders.

To determine the bonuses of a participating policy, we consider both past experience and the future outlook of all factors including, but not limited to, the following:

Investment returns: include interest earnings, dividends and any changes in the market value of the backing assets, i.e. the assets in which we invest your premiums (the cost of policy benefits and expenses will be deducted from the investment). Depending on the asset allocation adopted for the insurance plan, investment returns could be affected by fluctuations in interest income (both interest earnings and the outlook for interest rates) and various market risks, including interest rate risk, credit spread and default risk, fluctuations in listed and private equity prices, real estate prices as well as foreign exchange currency if the currency of the backing assets is different from the policy currency, etc.

Claims: include claims for death benefits and any other insured benefits under the insurance plan.

Surrenders: include policy surrenders, partial surrenders and policy lapses; and their corresponding impact on the backing assets.

Expenses: include both expenses directly related to the policy (e.g. commission, underwriting, issue and premium collection expenses) and indirect expenses allocated to the insurance plan (e.g. general administrative costs).

Some participating insurance plans (if applicable) allow the policy owners to place their annual dividends, guaranteed and non-guaranteed cash payments, guaranteed and non-guaranteed incomes, guaranteed and non-guaranteed annuity payments with us, potentially earning interest at a non-guaranteed interest rate. To determine such non-guaranteed interest rate, we consider the returns on the pool of assets in which these amounts are invested with reference to the past experience and future outlook. This pool of assets is segregated from other investments of the Company and may include bonds and other fixed income instruments. You have the right to request for historical accumulation interest rates before committing the purchase.

For bonus philosophy and bonus history, please visit our website at https://www.aia.com.hk/en/dividend-philosophy-history.html

Investment Philosophy, Objective and Strategy

Our investment philosophy aims to deliver sustainable long-term returns in line with the insurance plan's investment objectives and the Company's business and financial objectives.

Our aforementioned objectives are to achieve the targeted long-term investment results while minimising volatility in investment returns to support the liabilities over time. They also aim to control and diversify risk exposures, maintain adequate liquidity and manage the assets with respect to the liabilities.

Our current long-term target strategy is to allocate assets attributed to this insurance plan as follows:

Asset Class	Target Asset Mix (%)
Bonds and other fixed income instruments	30% - 50%
Growth assets	50% - 70%

The bonds and other fixed income instruments predominantly include government and corporate bonds and are mainly invested in the United States and Asia-Pacific. Growth assets may include listed equity, equity mutual funds, physical real estate, real estate funds, private equity funds and private credit funds, and are mainly invested in the United States, Asia-Pacific and Europe. Growth assets generally have a higher long-term expected return than bonds and fixed income assets but may be more volatile in the short term. The range of target asset mix may be different for different participating insurance plans. Our investment strategy is to actively manage the investment portfolio i.e. adjust the asset mix in response to the external market conditions and the financial condition of the participating business. For example, there is a smaller proportion of growth assets when interest rates are low and a larger proportion of growth assets when interest rates are high. When interest rates are low, the proportion of growth assets may be even smaller than the long-term target strategy, so as to allow us to minimise volatility in investment returns and to protect our ability to pay the guaranteed benefits under the insurance plans, whereas the proportion of the growth assets may be even larger than the long-term target strategy when interest rates are high to allow for the possibility that we may share more investment opportunities in growth assets with the policy owners.

Subject to our investment objectives, we may use a material amount of derivatives to manage our investment risk exposure and for matching between assets and liabilities, for example, the effects of changes in interest rates may be moderated, while allowing for more flexibility in asset allocation.

Our currency strategy is to minimise currency mismatches. For bonds or other fixed income instruments, our current practice is to endeavour to currency-match bond purchases with the currency of the underlying policy (e.g. US Dollar assets will be used to back US Dollar insurance plans). Subject to market availability and opportunity, bonds may be invested in a currency other than the currency of the underlying policy and currency swaps may be used to minimise the currency risks. Currently assets are mainly invested in US Dollar. Growth assets may be invested in a currency other than the currency of the underlying policy and the selection is done according to our investment philosophy, investment objectives and mandate.

We will pool the investments from similar participating insurance plans to determine the return and we will allocate the return to specific participating insurance plans with reference to their target asset mix. Actual investments (e.g. geographical mix, currency mix) would depend on market opportunities at the time of purchase, hence may differ from the target asset mix.

The investment strategy is subject to change depending on the market conditions and economic outlook. Should there be any material changes in the investment strategy, we will inform policy owners of the changes, with underlying reasons and expected impact to the bonuses.

Key Product Risks

1. You should pay premium(s) on time and according to the selected premium payment schedule. If you stop paying the premium before completion of the premium payment term, you may elect one of the non-forfeiture options to surrender the policy or convert the policy to a non-participating insurance plan with life protection only. Compare with the original plan, such a plan will have less cover.

   If no non-forfeiture option has been selected, the premium will be covered by a loan taken out on the policy automatically. When the loan balance exceeds the sum of guaranteed cash value and cash value of Reversionary Bonus (if any) of the basic plan, the policy will terminate and you will lose the cover. The surrender value of the policy will be used to repay the loan balance, and we will refund any remaining value.

2. The plan may make certain portion of its investment in growth assets. Returns of growth assets are generally more volatile than bonds and other fixed income instruments, you should note the target asset mix of the product as disclosed in this product brochure, which will affect the bonus on the product. The savings component of the plan is subject to risks and possible loss. Should you surrender the policy early, you may receive an amount considerably less than the total amount of premiums paid.

3. You may request for the termination of your policy by notifying us in written notice. Also, we will terminate your policy and you / the insured will lose the cover when one of the following happens:

   - the insured passes away;
   - you do not pay the premium within 31 days of the due date and the policy has no cash value; or
   - the outstanding debt exceeds the guaranteed cash value plus the cash value of the Reversionary Bonus (if any) of the policy.

Effective from 1 January 2018, all policy owners are required to pay a levy on each premium payment made for both new and in-force Hong Kong policies to the Insurance Authority (IA). For levy details, please visit our website at www.aia.com.hk/useful-information-ia-en or IA's website at www.ia.org.hk.

4. We underwrite the plan and you are subject to our credit risk. If we are unable to satisfy the financial obligations of the policy, you may lose your premium paid and benefits.

5. You are subject to exchange rate risks for plans denominated in currencies other than the local currency. Exchange rates fluctuate from time to time. You may suffer a loss of your benefit values and the subsequent premium payments (if any) may be higher than your initial premium payment as a result of exchange rate fluctuations. You should consider the exchange rate risks and decide whether to take such risks.

6. Your current planned benefit may not be sufficient to meet your future needs since the future cost of living may become higher than they are today due to inflation. Where the actual rate of inflation is higher than expected, you may receive less in real terms even if we meet all of our contractual obligations.

Key Exclusions

We will not cover the insured for any of the following, except in the event of the death of the insured:

1. Any illness or disability that manifested before the policy became effective, or within the 90 days after the policy became effective;

2. Attempted self-destruction or self-inflicted injuries on the part of the insured;

3. Any congenital illness or disability that manifested prior to the date on which the insured attained 17 years of age;

4. Any disability caused by war, warlike operations or restoration of public order; and

5. Entering, exiting, operating, servicing, or being transported by any aerial device except when the insured is on a commercial passenger aircraft.

Claim Procedure

If you wish to make a claim, you must send us the appropriate forms and relevant proof. You can get the appropriate claim forms in www.aia.com.hk, from your financial planner, by calling the AIA Customer Hotline (852) 2232 8888 in Hong Kong, or by visiting any AIA Customer Service Centre. For details related to making a claim, please refer to the policy contract. If you wish to know more about claim related matter, you may visit "File A Claim" section under our company website www.aia.com.hk.

Suicide

If the insured commits suicide within one year from the date on which the policy takes effect, our liability will be limited to the refund of premiums paid (without interest) less any outstanding debt.

Incontestability

Except for fraud or non-payment of premiums, we will not contest the validity of this policy after it has been in force during the lifetime of the insured for a continuous period of two years from the date on which the policy takes effect. This provision does not apply to any add-on plan providing accident, hospitalisation or disability benefits.

Cancellation Right

You have the right to cancel and obtain a refund of any premiums and any levy paid by giving written notice to us. Such notice must be signed by you and submitted to the Customer Service Centre of AIA International Limited at 12/F, AIA Tower, 183 Electric Road, North Point, Hong Kong within 21 calendar days immediately following either the day of delivery of the policy or the Cooling-off Notice to you or your nominated representative, whichever is the earlier.

Please contact your financial planner or call AIA Customer Hotline for details

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