

Magnitude

Special offer for welcome bonuses

Promotion period: September 1, 2021 to October 31, 2021



Unless otherwise specified, words and expressions which are capitalized shall have the meanings ascribed to them in the section “**Glossary**” on page 7.

Important notes:

1. **Magnitude is an investment-linked assurance scheme (“ILAS policy”) which is a life insurance policy issued by Zurich Life Insurance (Hong Kong) Limited (“Zurich”, “We”, “we”, “us”).**
2. **It is not a bank savings product. Your investments are subject to the credit risks of Zurich and other investment risks.** Although your ILAS policy is a life insurance policy, the policy value is linked to the performance of the corresponding underlying fund of the investment choices as selected by you from time to time, and are subject to investment risks and market fluctuation. The policy value and benefits payable may be significantly less than your premiums paid and may not be sufficient for your individual needs.
3. **What you are investing in is an ILAS policy. The premium paid by you towards the ILAS policy, and any investments made by Zurich in the underlying funds, will become and remain part of the assets of Zurich. You do not have any rights or ownership over any of those assets. Your recourse is against Zurich only.**
4. The premiums received from you will be invested by Zurich into the underlying funds corresponding to the investment choices as selected by you for our asset liability management. However, the Unit(s) allocated to your ILAS policy is notional and is solely for the purpose of determining the policy value and benefits of your ILAS policy.
5. **Your potential return on investment is calculated and determined by Zurich with reference to the performance of your selected underlying funds. Besides, your potential return shall be subject to ongoing fees and charges which will continue to be deducted from the ILAS policy; hence, it may be lower than the return of the corresponding underlying funds.** Each of the underlying funds has its own investment profile and associated risks. The underlying funds available for your selection are listed in the investment choices brochure. These underlying funds are authorized by the Securities and Futures Commission pursuant to the Code on Unit Trusts and Mutual Funds. The Securities and Futures Commission’s authorization is not a recommendation or endorsement of an underlying fund nor does it guarantee the commercial merits of an underlying fund or its performance. It does not mean the underlying fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.
6. **The investment choices available under Magnitude can have very different features and risk profiles. Some may be of high risk. Corresponding underlying funds of some investment choices are derivative funds where the net derivative exposure may be exceeding 50% or even more than 100% of its net asset value. They may only be suitable for investors who understand the complicated structure of derivative products and their associate risk. You may incur significant loss if you invest in such investment choices. You are strongly advised to exercise caution in relation to such investment choices.**
7. More importantly, you should be aware of the following regarding your death benefit and the cost of insurance (“insurance charges”):
 - (i) Part of the fees and charges you pay that will be deducted from the value of your ILAS policy will be used to cover the cost of insurance for the life coverage.
 - (ii) The cost of insurance will reduce the amount that may be applied towards investment in the underlying funds selected.
 - (iii) The cost of insurance may increase significantly during the term of your ILAS policy due to factors such as age and investment losses, etc. This may result in significant or even total loss of your premiums paid.
 - (iv) If the value of your ILAS policy becomes insufficient to cover all the ongoing fees and charges, including the cost of insurance, causing the Total Account Value to fall to zero, your ILAS policy may be terminated early and you could lose all your premiums paid and any benefits.
 - (v) You should consult your licensed insurance intermediary for details, such as how the cost of insurance may increase and could impact the value of your ILAS policy.
8. This ILAS policy is designed to be held for a long-term period. **Early termination, surrender, partial withdrawal and regular withdrawal from the Accumulation Account, exercising premium holiday or reduction in regular premium of your ILAS policy may result in a significant loss of your investment and premiums paid as well as bonuses awarded (if applicable). Poor performance of the underlying funds may further magnify the investment losses while all fees and charges are still deductible.**
9. You should not purchase this ILAS policy unless you understand it and your licensed insurance intermediary has explained to you how it is suitable for you. The final decision is yours.
10. Investment involves risk. You should not invest based on this material only. You should read the offering documents of **Magnitude** and the underlying funds, which can be obtained from your licensed insurance intermediary or Zurich upon request, free of charge, for details.

Magnitude is a regular premium investment-linked assurance scheme and the below outlines the key product features of Magnitude. For details of Magnitude, please read the offering documents of Magnitude, which consist of product brochure, investment choices brochure and product key facts.

Magnitude features at a glance:

- **Premium:** Based on the issue age of the policyholder and the life insured, you may select the premium payment term of 10/15/20/25 years. The premium payment term cannot be changed once your ILAS policy is issued. You can choose to pay your premium monthly, semi-annually or annually, and the minimum regular premium contribution is HKD 3,000/USD 400 per month, HKD 18,000/USD 2,400 per half year or HKD 36,000/USD 4,800 per year. **Once the regular premium is set by you, you are not allowed to change your regular premium amount during the Initial Contribution Period. Please refer to the section “D) Product features” – “Premium payment” in page 11 of the product brochure for details.**
- **Death benefit:** From the Policy Issue Date, upon the unfortunate death of the life insured while the ILAS policy is in force with no contingent life insured assigned during the policy term, we will pay the beneficiary(ies) the death benefit which is equivalent to the higher of (i) 105% of the Total Account Value; or (ii) 100% of the total premium paid by you, less any accumulated partial withdrawal amount(s) and/or regular withdrawal amount(s) that has/have been paid to you. **You should note that the death benefit is linked to the performance of the underlying funds corresponding to the investment choices you select from time to time, your death benefit is subject to investment risks and market fluctuations. Poor performance of the underlying funds, partial withdrawals, regular withdrawals, exercising premium holiday and fees and charges will reduce the death benefit amount, which may be significantly less than the total premiums paid and may not be sufficient for the needs of the beneficiary(ies). Please refer to the section “D) Product features” - “Death Benefit” in page 14 of the product brochure for details.**
- **Initial Contribution Period:** The Initial Contribution Period (24/30/36/42 months from the Policy Date) will be determined according to your selected premium payment term. During Initial Contribution Period, you are not allowed to adjust the premium amount, make withdrawal and exercise premium holiday. **Moreover, the ILAS policy will be terminated if regular premium due during the Initial Contribution Period remain unpaid within the grace period of 30 calendar days after its due date. Please refer to the section “D) Product features” – “Initial Contribution Period” in page 9 of the product brochure for details.**
- **Dual account structure: Magnitude** has a dual account structure (i.e. Initial Account and Accumulation Account) to record all regular premiums paid over the entire premium payment term. Payments of regular premium due during the Initial Contribution Period and any welcome bonus and loyalty bonus to be credited under the ILAS policy will be allocated to the Initial Account in the form of notional Units of investment choices, while those payments of regular premium due after the Initial Contribution Period will be allocated to the Accumulation Account in the form of notional Units of investment choices. **Please refer to the section “D) Product features” – “Premium payment” in page 11 of the product brochure for details.**
- **Surrender:** You may request to surrender your ILAS policy at any time while the ILAS policy is in force. **There may be a surrender charge of up to 60% of the Initial Account Value (after any applicable welcome bonus claw-back) and you may also lose your entitlement to the loyalty bonus upon surrender. For details, please refer to the section “D) Product features” – “Surrender” in page 27 of the product brochure.**
- **Termination:** Your ILAS policy will be automatically terminated on the earliest of the following: (i) the death of the life insured with no contingent life insured assigned; (ii) the surrender of the ILAS policy; (iii) the maturity of the ILAS policy at the end of the 150th policy year; (iv) the lapsation of your ILAS policy due to premium due during the Initial Contribution Period remaining unpaid within the grace period of 30 calendar days after its due date; or (v) the lapsation of the ILAS policy due to the Total Account Value dropping to zero. **Please refer to the section “D) Product features” – “Termination” in page 28 of the product brochure for details.**
- **Investment choices and switching:** We have made a number of investment choices available to **Magnitude** for your selection. You may switch the notional units in the investment choices held in the Initial Account or Accumulation Account, subject to minimum requirement for switching. **No switching across the Initial Account and Accumulation Account is allowed. Please refer to the section “F) Investment choices information” - “Change of future premium allocation instruction and switching” in page 38 of the product brochure for details.**
- **Bonus:** The following bonuses will be credited to the Initial Account:
 - Welcome bonus(es) - You will receive welcome bonus upon our receipt of each regular premium due during the first policy year subject to certain terms and conditions. **The original amount of welcome bonus(es) will be claw backed under certain circumstances. Please refer to the sub-section “Welcome bonus(es)” under the section “D) Product features” – “Bonus” in page 17 of the product brochure for details.**

- Loyalty bonus - You will be entitled for a loyalty bonus at the end of each of the 10th and 20th policy year, subject to certain terms and conditions. **For further details on the loyalty bonus entitlement, please refer to the sub-section “Loyalty bonuses” under the section “D) Product features” – “Bonus” in page 19 of the product brochure.**

The applicable welcome bonus rate and loyalty bonus rate does not represent the rate of return or performance of your investments. You should not participate in this ILAS policy if you solely rely on the bonus only and you should decide on the overall features and risks of *Magnitude*. Please note that these bonuses will form part of the Initial Account Value and will be subject to applicable fees and charges as set out in the section “F) Summary of fees and charges” in page 31 of the product brochure of *Magnitude*. For details, please refer to the section “D) Product features” – “Bonus” in page 17 of the product brochure for details.

- **Fees and charges:** There are various charges, including expense recoupment charge, cost of insurance, administration charge and surrender charge, and underlying fund charges under *Magnitude*. **Please refer to the section “E) Summary of fees and charges” in page 31 of the product brochure for details of the investment-linked assurance scheme charges.**

Investment involves risk. You should refer to and read the offering documents of *Magnitude* including the product features of *Magnitude*, fees and charges, the risk factors and the investment choices available under *Magnitude*. For details of the underlying funds corresponding to the investment choices, please refer to the offering documents of the underlying funds, which are available from us upon request, free of charge.

Special offer for welcome bonus(es)

If (i) you submitted satisfactory application document for *Magnitude* to us during the promotion period from September 1, 2021 to October 31, 2021 (both dates inclusive) (the “**Promotion Period**”); and (ii) the ILAS policy is issued by us successfully, you may enjoy the special offer for welcome bonus(es), subject to terms and conditions as set out on page 7. The calculation of the welcome bonus(es) will be based on the regular premium due in the first policy year and the promotional welcome bonus rate (the “**Promotion Rate**”), which shall replace the welcome bonus rate as set out in the product brochure (the “**Original Rate**”) of *Magnitude*.

Please note that:

1. The welcome bonus credited will form part of the Initial Account Value and will be subject to applicable fees and charges of the Initial Account.
2. In the event of policy cancellation within the cooling-off period, you will not be entitled to any welcome bonus.
3. The original amount of welcome bonus credited to the Initial Account will be clawed back by us if (i) the ILAS policy is surrendered within the Welcome Bonus Claw-Back Period; (ii) the ILAS policy is lapsed due to any premium due within the Welcome Bonus Claw-Back Period is not fully paid within the grace period of 30 calendar days after its due date; or (iii) the life insured commits suicide in the first policy year with no contingent life insured assigned.
4. Welcome bonus clawed back will be deducted from the Initial Account Value before (a) Surrender Value (under the scenarios of (i) and (ii) above); or (b) Total Account Value (under the scenario of (iii) above) is paid out. The welcome bonus claw-back will be the original amount of the welcome bonus credited without any adjustment on the investment gain or loss of the notional Units of investment choices allocated as regards the welcome bonus or any fees and charges imposed on these notional Units. Once the welcome bonus is clawed back, it will not be credited back to the ILAS policy. If the Initial Account Value is insufficient to deduct the original amount of the welcome bonus credited, the Initial Account Value will be clawed back by us until it drops to zero and you will not be required to pay any remaining welcome bonus claw-back to us.
5. The below Original Rate and Promotion Rate do not represent the rate of return or performance of your *Magnitude* policy.
6. The welcome bonus calculated based on the Promotion Rate is a replacement of, and NOT in addition to, the original amount of welcome bonus calculated based on the Original Rate, which is the rate set out in the product brochure of *Magnitude*.

For details, please refer to the sub-section “Welcome bonus(es)” under the section “D) Product features” – “Bonus” in page 17 and the section “E) Summary of fees and charges” in page 31 of the product brochure of *Magnitude*.

The amount of welcome bonus payable is calculated as follows:

$$\text{Welcome bonus} = \text{regular premium due in the first policy year} \times \text{applicable welcome bonus rate}$$

Under this promotion, the calculation of welcome bonus will be based on the Promotion Rate, which replace the Original Rate as set out in the product brochure of *Magnitude*. Therefore, the Original Rate will not be applicable under this promotion. The Promotion Rate will be determined by the initial annualized regular premium in the first policy year and the selected premium payment term as set out in the table below:

Initial annualized regular premium ¹		Promotion Rate			
Currency		Premium payment term (years)			
HKD	USD	10	15	20	25
36,000 – 71,999	4,800 – 8,999	10.0%	15.0%	20.0%	25.0%
72,000 – 95,999	9,000 – 11,999	15.0%	22.5%	30.0%	37.5%
96,000 – 191,999	12,000 – 23,999	20.0%	30.0%	40.0%	50.0%
192,000 – 307,199	24,000 – 38,399	25.0%	37.5%	50.0%	62.5%
307,200 or above	38,400 or above	30.0%	45.0%	60.0%	75.0%

The Original Rate are set out in the table below for comparison:

Initial annualized regular premium ¹		Original Rate			
Currency		Premium payment term (years)			
HKD	USD	10	15	20	25
72,000 – 95,999	9,000 – 11,999	5.0%	7.5%	10.0%	12.5%
96,000 – 191,999	12,000 – 23,999	10.0%	15.0%	20.0%	25.0%
192,000 – 307,199	24,000 – 38,399	15.0%	22.5%	30.0%	37.5%
307,200 or above	38,400 or above	20.0%	30.0%	40.0%	50.0%

¹ Initial annualized regular premium equals to monthly premium as at the Policy Date multiplied by 12 (if the premium payment frequency is monthly), semi-annual premium as at the Policy Date multiplied by two (if the premium payment frequency is semi-annually), or annual premium as at the Policy Date (if the premium payment frequency is annually).

Illustrative example for the calculation of the welcome bonus based on the Promotion Rate and welcome bonus claw-back

(The example is hypothetical and is for illustrative purpose only.)

Mr. Lee purchases a **Magnitude** policy with a monthly regular premium of HKD 15,000 and a premium payment term of 20 years.

Monthly regular premium	HKD 15,000
Initial annualized regular premium	= monthly regular premium X 12 = HKD 15,000 X 12 = HKD 180,000
Applicable welcome bonus rate under this promotion (i.e., the Promotion Rate)	40.0%
Welcome bonus payable upon each monthly regular premium payment in the first policy year	= monthly regular premium X applicable welcome bonus rate = HKD 15,000 X 40.0% = HKD 6,000
Welcome Bonus Claw-Back Period	36 months

Case 1: *Mr. Lee has paid all regular premiums in the first policy year as scheduled.*

Total welcome bonuses payable under the ILAS policy in the first policy year
= HKD 6,000 X 12
= HKD 72,000

Case 2: *Mr. Lee stops paying monthly regular premium starting from the 10th policy month (i.e., Mr. Lee has paid nine monthly premiums in full and on time).*

Mr. Lee's ILAS policy will be terminated after the end of the grace period of 30 calendar days of the due date of the 10th monthly premium, which is within the Welcome Bonus Claw-Back Period (36 months). The total original amount of all the welcome bonuses paid during the first nine policy months will be clawed back from the Initial Account.

The total original amount of welcome bonuses to be clawed back
= Total amount of welcome bonuses previously paid to Mr. Lee
= HKD 6,000 X 9
= HKD 54,000

Terms and conditions for the special offer for welcome bonus(es)

- 1. You will receive welcome bonus upon our receipt of each regular premium due during the first policy year provided that (i) your initial annualized regular premium is at least HKD 36,000/USD 4,800; and (ii) you pay each regular premium in full on or before its due date.**
- 2. This promotion is offered by Zurich. To be eligible for the special offer for welcome bonus(es), you need to submit satisfactory application document for *Magnitude* during the Promotion Period to us and the ILAS policy is issued by us successfully.**
- 3. Welcome bonus(es) will be credited to the Initial Account as soon as practicable by allocating additional notional Units of investment choices according to your latest premium allocation instruction at the Offer Price on the next Working Day following (i) the Policy Issue Date (for the first welcome bonus) subject to our approval and any underwriting requirements; and (ii) the date of receipt of the subsequent premium due within the first policy year (for the subsequent welcome bonus(es), if any) upon our approval.**
- 4. The number of notional Units to be allocated to the Initial Account for the welcome bonus(es) credited in the ILAS policy is rounded to the nearest three decimal places. Any remaining balance after such rounding will be absorbed by Zurich.**
- 5. In any circumstances, the welcome bonus(es) are not transferable and are not convertible to cash.**
- 6. If you apply for more than one *Magnitude* policies within the Promotion Period, we will not determine the Promotion Rate based on the aggregate initial annualized regular premium of such policies. The Promotion Rate is determined separately for each ILAS policy based on the respective initial annualized regular premium.**
- 7. Zurich reserves the right to cancel this promotion or amend the terms and conditions of this promotion at any time without prior written notice to you. For the avoidance of doubt, if the application is submitted before the cancellation of this promotion or amendment of the terms and conditions, you will still be entitled to this special offer for welcome bonus(es) prior to those changes.**
- 8. In the event of any dispute in relation to this document, Zurich reserves the right to make the final and conclusive decision.**

Glossary

Unless otherwise stated, terms in this document which are capitalized shall have the meanings set out below:

Term	Meaning
Accumulation Account	An account which is set up for book-keeping purpose to record the notional Unit(s) of investment choice(s) allocated in respect of the receipt of regular premium due after the Initial Contribution Period during the premium payment term under the ILAS policy.
Accumulation Account Value	The value of the Accumulation Account is the total value of all investment choice(s) notionally allocated to the Accumulation Account. The value of each investment choice is equal to the number of notional Unit(s) of investment choice(s) held in the Accumulation Account multiplied by the respective Bid Price(s) of the investment choice(s).
Bid Price(s)	Bid price(s) of investment choice(s) is/are the unit price(s) used to redeem notional Unit(s) of investment choice(s) from the ILAS policy.
Initial Account	An account which is set up for book-keeping purpose to record the notional Unit(s) of investment choice(s) allocated in respect of the receipt of regular premium due during the Initial Contribution Period and any welcome bonus and loyalty bonus to be credited under the ILAS policy.
Initial Account Value	The value of the Initial Account is the total value of all investment choice(s) notionally allocated to the Initial Account. The value of each investment choice is equal to the number of notional Unit(s) of investment choice(s) held in the Initial Account multiplied by the respective Bid Price(s) of the investment choice(s).

Term	Meaning										
Initial Contribution Period	<p>The period is determined based on the selected premium payment term as set out in the table below:</p> <table border="1"> <thead> <tr> <th>Premium payment term (in years)</th> <th>Initial Contribution Period (numbers of months from the Policy Date)</th> </tr> </thead> <tbody> <tr> <td>10</td> <td>24</td> </tr> <tr> <td>15</td> <td>30</td> </tr> <tr> <td>20</td> <td>36</td> </tr> <tr> <td>25</td> <td>42</td> </tr> </tbody> </table>	Premium payment term (in years)	Initial Contribution Period (numbers of months from the Policy Date)	10	24	15	30	20	36	25	42
Premium payment term (in years)	Initial Contribution Period (numbers of months from the Policy Date)										
10	24										
15	30										
20	36										
25	42										
Offer Price(s)	Offer price(s) of investment choice(s) is/are the unit price(s) used to allocate notional Unit(s) of investment choice(s) to the ILAS policy.										
Policy Date	The date shown on the policy schedule as the “Policy Date”, which is the due date of the first regular premium under the ILAS policy.										
Policy Issue Date	The date shown on the policy schedule as the “Policy Issue Date”, which is the effective date of the life coverage under the ILAS policy.										
Surrender Value	The amount we will pay to you, upon the ILAS policy is either (i) surrendered; or (ii) terminated due to any non-payment of premium due during the Initial Contribution Period within the grace period of 30 calendar days after its due date. The Surrender Value equals to Total Account Value, after deducting (a) applicable surrender charge (if any); and (b) welcome bonus claw-back (if any), from the Initial Account.										
Total Account Value	The aggregate value of the Initial Account Value and the Accumulation Account Value.										
Unit(s)	A unit or collective units of the investment choice(s). The Unit(s) allocated to the Initial Account and Accumulation Account is/are notional and is/are solely for the purpose of determining the Total Account Value under the ILAS policy.										
Welcome Bonus Claw-Back Period	<p>The period is determined based on the selected premium payment term as set out in the table below:</p> <table border="1"> <thead> <tr> <th>Premium payment term (in years)</th> <th>Welcome Bonus Claw-Back Period (numbers of months from the Policy Date)</th> </tr> </thead> <tbody> <tr> <td>10</td> <td>24</td> </tr> <tr> <td>15</td> <td>24</td> </tr> <tr> <td>20</td> <td>36</td> </tr> <tr> <td>25</td> <td>36</td> </tr> </tbody> </table>	Premium payment term (in years)	Welcome Bonus Claw-Back Period (numbers of months from the Policy Date)	10	24	15	24	20	36	25	36
Premium payment term (in years)	Welcome Bonus Claw-Back Period (numbers of months from the Policy Date)										
10	24										
15	24										
20	36										
25	36										
Working Day/ Working Days	A day or days except Saturday, Sunday or public holiday(s) in Hong Kong										

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Zurich Life Insurance (Hong Kong) Limited (a company incorporated in Hong Kong with limited liability)
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