Prudential Encash Hospital Cash Savings Insurance

Cash if you stay in hospital. Cash if you're sick. Cash if you're well. Whole life cover from as little as 5 years' premiums

Hospital Cash with Life and Savings Insurance

PRUDENTIAL
保誠保險

Listening. Understanding. Delivering.

Hong Kong Edition

Plan highlights

What is Prudential Encash Hospital Cash Savings Insurance?

Wouldn't it be reassuring to know you can have a plan that actively **supports your recovery if you're sick** and **grows your long-term savings**, too?

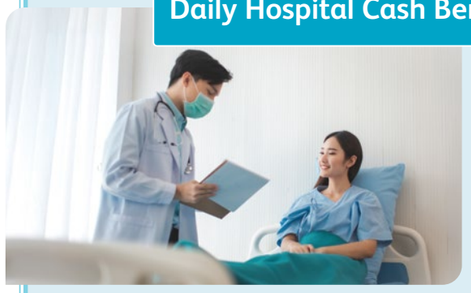
Prudential Encash Hospital Cash Savings Insurance is the First-in-market **hospital cash plan** to offer **whole-life protection** with **growth opportunities for your money**, backed by a **guaranteed cash value** that will **grow through the years** and a **non-guaranteed terminal bonus**. And you can enjoy **lifelong protection** from **as little as 5 years' premiums**.

The plan gives you **daily cash** if you need to stay in a **public or private hospital**, **anywhere** in the world (even for a minor illness or injury). We will also pay you **a lump sum** for a long-term hospital stay, severe dementia or Parkinson's disease, and even for First-in-market severe diabetes.

With this plan, you're not just protecting your health – you're investing in your future financial security.

Care when you're sick

Daily Hospital Cash Benefit



Up to an individual benefit limit of
USD 250 per day
for a hospital stay

ICU Hospital Cash Benefit

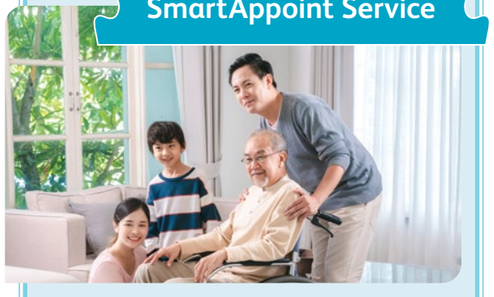
Up to an individual benefit limit of
USD 250 per day
for an intensive care unit (ICU) stay,
on top of the Daily Hospital Cash Benefit

Long-term Illness Benefit

Up to total 15% of your **current sum assured** for covered illnesses and a long-term hospital stay

Value-added service

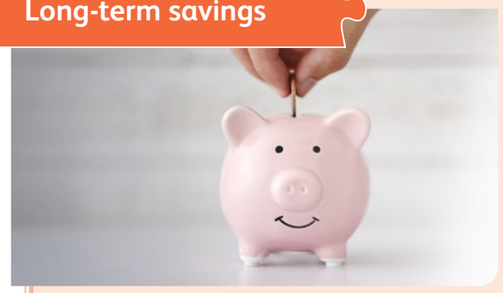
SmartAppoint Service



Designate your family member to **file** and **access claims on your behalf** if you become **mentally incapacitated**

Planning your future when you're well

Long-term savings



The **guaranteed cash value** will **grow through the years** and build your savings along with a **non-guaranteed terminal bonus**

Protect your family if the worst happens

Up to 100% of your **current sum assured** and any **terminal bonus** as the death benefit. **Choose** how you want us to pay it - as a **lump sum**, in **monthly instalments**, a **mix of both** or via our New-to-market **FlexLegacy**

Choose a backup policyholder to keep the protection and savings going

Choose your **family member** as the **backup policyholder** to **carry on your policy** in case the worst happens, if you are not the person the plan covers (the life assured)

Key benefits

Care when you're sick

The plan pays

Daily Hospital Cash Benefit

ICU Hospital Cash Benefit

Long-term Illness Benefit

Daily cash if you have to stay in hospital, no matter where you are

If you have to stay in a public or private hospital, anywhere in the world because of an injury or illness, minor or major, we will pay you a **Daily Hospital Cash Benefit**. This is up to 0.1% of your current sum assured (with an individual benefit limit of USD 250) per day, for up to 90 days per hospital stay. You can spend the daily cash on medication, hiring a temporary caregiver, or in any way you like.

If you need to stay in an ICU, we will pay you an **ICU Hospital Cash Benefit plus** your **Daily Hospital Cash Benefit**. **ICU Hospital Cash Benefit** is up to 0.1% of your current sum assured (with an individual benefit limit of USD 250) per day, for up to 90 days per ICU stay.

Example*

Current sum assured: USD 250,000

Hospital stay in Hong Kong: a total of 12 days, with 5 days in ICU

Daily Hospital Cash Benefit

USD 250,000 x 0.1% x 12 days

= USD 3,000

+

ICU Hospital Cash Benefit

USD 250,000 x 0.1% x 5 days

= USD 1,250

We would pay a total of USD 4,250 for the hospital stay.

* This example is for illustration only.

DID YOU KNOW?

Diabetes

is one of the **fastest-growing global health emergencies** of the 21st century[I]

~1 in every 10 adults[I]

in **mainland China**

~1 in every 13 adults[II, III]

in **Hong Kong**

Dementia

is an emerging health challenge all over the world

1 new case

of **dementia** occurs

every 3 seconds[IV]

~1 in every 83 people[V]

in **mainland China**
lives with **dementia**

I IDF Diabetes Atlas (11th edition), International Diabetes Federation, 2025 (https://diabetesatlas.org/media/uploads/sites/3/2025/04/IDF_Atlas_11th_Edition_2025.pdf)

II Prevention of diabetes, Press Release, HKSAR, 2024 (https://www.info.gov.hk/gia/general/202402/21/P2024022100612.htm?fontSize=1)

III Population by Sex and Age Group, Census and Statistics Department, HKSAR (https://www.censtatd.gov.hk/en/web_table.html?id=110-01001)

IV Dementia facts & figures, Alzheimer's Disease International (https://www.alzint.org/about/dementia-facts-figures/)

V "China Alzheimer Report 2024", Shanghai Jiao Tong University (https://www.qk.sjtu.edu.cn/jdcp/CN/10.16150/j.1671-2870.2024.03.001)

Remark:
We gathered the above statistics from external sources for reference purposes only. We do not confirm or guarantee their accuracy or reliability and accept no liability, legal or otherwise, for any loss or damage incurred as a result of any inaccuracies or omissions.

Ease your long-term recovery with a lump-sum payment

Despite advancements in treatment, diseases like **severe diabetes**, **severe dementia** and **Parkinson's disease** still require long-term treatment.

Sometimes, you may be unfortunate enough to need a **long-term hospital stay**.

If you are diagnosed with any of these illnesses, or unfortunately need to stay in hospital for **more than 90 days**, we will pay you a one-time **Long-term Illness Benefit** for **each** of the following conditions, **totaling up to 15%** of your **current sum assured**:

First-in-market

Severe Diabetes
5%

Severe Dementia
OR
Parkinson's Disease
5%

Long-term hospital stay for more than 90 days (prolonged hospitalisation)
5%
(with an individual benefit limit of USD 12,500)

You can use this **lump-sum payment** for advanced medication, home nursing, professional rehabilitation or other ways to speed up your recovery and make it more comfortable.

Example*

Current sum assured: USD 250,000

Conditions:
- First, diagnosed with Severe Diabetes
- Later, needing a hospital stay of 95 days in Hong Kong because of a serious injury

Long-term Illness Benefit

Severe Diabetes

USD 250,000 x 5% = **USD 12,500**

Long-term hospital stay

USD 250,000 x 5% = **USD 12,500**

Daily Hospital Cash Benefit

USD 250,000 x 0.1% x 90 days
= **USD 22,500**

maximum number of days per hospital stay

We would pay a total of USD 47,500 in this scenario.

* This example is for illustration only.

Value-added service to enhance your protection

SmartAppoint Service – **Designate your family member** to **file and access claims on your behalf** if you become **mentally incapacitated** and are unable to make a claim yourself.

Simple to apply and claim

Simple, **free** application and claims procedures – **no more legal processes**

In control and peace-of-mind

Set up **an advance instruction** to make a family member of your choice the designated person

Immediate financial relief

Immediate financial relief to your family with **access to claims** by your designated person

Click here or scan the QR code for more details:

SmartAppoint

Planning your future when you're well

You're not just protecting your health, you're investing in your future financial security

Prudential Encash Hospital Cash Savings Insurance doesn't just safeguard you against health conditions and protect you with life cover, it is also a First-in-market **whole life Shareholder-backed Participating Hospital Cash Plan** with growth opportunities for your money. Simply **pay 5**, **10**, **15** or **20 years** of **premiums** and your policy will grow through a combination of:

1 **Guaranteed cash value (starting from the 3rd policy anniversary)**

We pay it when you **surrender** your policy.

2 **Non-guaranteed Terminal Bonus (one-off bonus starting from the 5th policy anniversary)**

We may also pay it when your policy is **terminated**.

When you surrender your policy or it is terminated, we will deduct the total benefits you have claimed and any amounts you owe us from the policy value we pay.

Good to know – Understanding your Shareholder-backed Participating Plan

The current long-term target asset allocation of your plan is 55% in fixed-income securities and 45% in equity-type securities. Click here or scan the QR code for more information on our Shareholder-backed Participating Plans, including our investment and bonus philosophies and the operation of the Shareholder-backed Participating Fund.

Shareholder-par Plans

Protect your family if the worst happens

We will pay **100%** of the **current sum assured and** the face value of any **Terminal Bonus**, less the total benefits claimed and any amount you owe us as the **Death Benefit** to the beneficiary you choose if the life assured unfortunately passes away while the plan is in force.

You can **flexibly choose how you would like us to pay the Death Benefit** while the life assured is still alive, in one of the following ways:

1. One **lump sum** payment
2. **Monthly instalments** over 10, 20, 30 or 40 years
3. A **mix** of both – pay the percentage of the Death Benefit you decide in a lump sum then the remaining balance in monthly instalments
4. New-to-market **FlexLegacy** – no matter what the future holds, you can tailor the payments in different ways to suit you and your family, by choosing the following:

You can **tailor** the **Death Benefit payment** as a **lump sum**, in **monthly instalments**, or **a mix of both**, giving you the **greatest flexibility**.

Step 1 Choose payment option

Monthly instalments | **Lump sum(s)**

When the **life assured passes away**

Step 2 Choose when we pay

When the **beneficiary's life event(s)** that you choose **happens**

Examples of life events

Reaches a designated age

Graduates from university

Gets married

Gives birth

Relocates to a different city

For the beneficiary who may be too young, inexperienced, or unable to manage money, this option helps.

Step 3 Choose how we pay

over 10, 20, 30 or 40 years
or
the **instalment amount** of your choice
or
the instalment amount equals the **percentage** of the Death Benefit of your choice

the **lump sum amount** of your choice
or
the lump sum amount equals the **percentage** of the Death Benefit of your choice

Our **FlexLegacy** gives you total control over how and when your wealth is passed on in line with your family's values and **protect your family flexibly**, **without the need for legal proceedings**.

When we approve the Death Benefit claim, any Death Benefit unpaid will earn a non-guaranteed interest.

You can find more about our "Death Benefit and its settlement option" including the full list of our specified life events in the "More about the plan" section below.

Click here or scan the QR code to explore application examples of the Death Benefit Settlement Option:

Death Benefit Settlement Option

Choose a backup policyholder to keep the protection and savings going

Starting from the 1st policy anniversary, you, as the policyholder can **choose a family member** to be your policy's **succeeding owner**, if you are not the life assured. This **allows them to take over the policy** and **become the new policyholder** if the worst happens.

You can **appoint**, **change** or **remove** the **succeeding owner** as many times as you wish during the lifetime of the current policyholder and the life assured. However, there can only be 1 succeeding owner at a time.

Remarks:
We base our statements that the plan is the "first-in-market" hospital cash plan to offer whole life protection with growth opportunities for your money on our understanding and interpretation of current market information regarding hospital cash protection basic plans that provide daily hospitalisation cash benefits, issued by major Hong Kong life insurance companies for individual customers, as at 28 May 2025.

Our statements about the plan's Severe Diabetes lump sum benefit being "first-in-market" refer to the lump sum benefit it provides if the life assured is diagnosed with severe type 2 diabetes without diabetic complications. We base the statements on our understanding and interpretation of current market information on basic plans which provide a lump sum benefit, if the life assured is diagnosed with certain disease conditions, issued by major Hong Kong life insurance companies for individual customers, as at 28 May 2025.

Our statement about the plan's FlexLegacy being 'new-to-market' refers specifically to its feature allowing the commencement of death benefit payments upon designated life events rather than solely upon a designated age. We base the statement on our understanding and interpretation of current market information regarding other publicly available savings and life insurance plans issued by major Hong Kong life insurance companies for individual customers, as at 30 November 2025.

Benefit schedule

Benefit[1]	Benefit amount	Maximum number of days or claims	Conditions
Daily Hospital Cash Benefit[2]	• **0.1%** of the current sum assured (with an individual benefit limit[3] of USD 250) per day, multiplied by the number of days of hospital stay	• **90 days** per hospital stay	• If you stay in hospital or ICU more than once within 90 days from the previous illness or injury's (or a related illness or injury's) discharge date, we count it as the same hospital stay • If your hospital stay, ICU stay or entire long-term hospital stay is outside our designated area[6], for that claim, we will reduce the benefit amount (in line with the benefit limit) by 50% • In mainland China (except Hong Kong and Macau), we will pay the benefit only if the diagnosis of Severe Diabetes, Severe Dementia or Parkinson's Disease is made in a hospital from our selected list[7], or if the hospital stay occurs in one of these hospitals
ICU Hospital Cash Benefit[2]	• **0.1%** of the current sum assured (with an individual benefit limit[3] of USD 250) per day, multiplied by the number of days of ICU stay	• **90 days** per ICU stay	
Long-term Illness Benefit[2]	• **5%** of the current sum assured for **each** of the following conditions: 1. Severe Diabetes[4], 2. Severe Dementia[5] OR Parkinson's Disease[5], 3. Long-term hospital stay for more than 90 days (prolonged hospitalisation), with an individual benefit limit[3] of USD 12,500	• **1 claim** for each covered condition	
Death Benefit	• **100%** of the current sum assured; plus the face value of any **Terminal Bonus**; less the total benefit claimed	–	–

Remarks

(1) We will deduct any amount you owe us from the benefit we pay.

(2) If the total claimed amount for the Daily Hospital Cash Benefit, ICU Hospital Cash Benefit and the Long-term Illness Benefit reaches 100% of your current sum assured, we would terminate your plan and may also pay you the face value of any Terminal Bonus.

(3) The individual benefit limit applies to all in force and terminated **Prudential Encash Hospital Cash Savings Insurance** covering the same life assured, regardless of where we issued the policy(ies).

(4) **Severe Diabetes**, as defined under the policy provisions, means type 2 diabetes mellitus covering glycated haemoglobin level (HbA1c) on or above 9.0%, or glycated albumin level on or above 28.0%, only when HbA1c cannot effectively reflect glycaemic status due to medical conditions as certified by a registered doctor.

(5) **Severe Dementia**, as defined under the policy provisions, means an Alzheimer's disease or irreversible organic degenerative brain disorders (dementia) which the diagnosis must be characterised by a Mini Mental State Examination score of 10 or less out of 30, or equivalent score on another medically validated and accepted test of cognitive function. **Parkinson's Disease**, as defined under the policy provisions, means slowly progressive degenerative disease of the central nervous system which the condition of the life assured cannot be controlled with medication, shows signs of progressive impairment and inability to perform 3 or more daily living activities, without assistance. You can make only one claim, either for Severe Dementia or Parkinson's Disease.

(6) The designated area includes Hong Kong, Macau, mainland China, Singapore, Malaysia, Japan, Taiwan, the United Kingdom, member countries of the European Union, Switzerland, the Channel Islands, the Isle of Man, the United States of America, Canada, Australia, New Zealand and the Republic of South Africa.

(7) There are more details of the selected hospitals on our website.

Key exclusions

We will not pay any Daily Hospital Cash Benefit, ICU Hospital Cash Benefit or Long-term Illness Benefit of the plan under any of the following circumstances:

(i) Injury or illness (or signs and symptoms of which) existed before the effective date of the plan, or in case of reinstatement, before the effective date of such reinstatement whichever is later ("Effective Date"); or

(ii) The illness of the life assured is diagnosed by a registered doctor or the signs and symptoms of which appeared within 30 days from the Effective Date of the plan (except for treatment of an injury); or

(iii) The hospitalisation, ICU stay or long-term hospital stay relates to or arises as a direct or indirect result of:

a. pregnancy, surrogacy, childbirth or termination of pregnancy (other than pregnancy complications limited to ectopic pregnancy, molar pregnancy, disseminated intravascular coagulopathy, pre-eclampsia, miscarriage, threatened abortion, medically prescribed induced abortion, foetal death, postpartum haemorrhage requiring hysterectomy, eclampsia, amniotic fluid embolism and pulmonary embolism of pregnancy diagnosed at least 300 days after the Effective Date of the plan), birth control, infertility or human assisted reproduction or sterilisation of either sexes; or

b. war, hostilities (whether war is declared or not), rebellion, insurrection, riot, civil commotion, terrorist act, nuclear contamination, biological contamination or chemical contamination; or

c. the life assured's participation in any criminal offence; or attempted suicide or self-inflicted injuries while sane or insane; or

d. a cosmetic treatment performed on the life assured unless necessitated by an injury and the life assured sustains the injury within 90 days of the accident; or

e. corrective aids and treatment of refractive errors performed on the life assured unless necessitated by an injury and the life assured receives the corrective aids treatment within 90 days from the date of such accident; or

f. convalescence or physical examinations, or health check-ups (whether with or without any positive finding(s)); or vaccination and immunisation; or genetic testing or counselling on the life assured; or

g. treatment or tests carried out in relation to the life assured's injury or illness which are not consistent with customary medical treatment or diagnosis; or

h. use of narcotics (unless taken as prescribed by a registered doctor) or abuse of drugs and/or alcohol by the life assured; or

i. dental treatment or surgery performed on the life assured except for emergency treatment arising from an accident and such treatment is performed during the hospital stay and cannot be done on an outpatient basis; or

j. Human Immunodeficiency Virus and its related illnesses including any and all complications arising therefrom ("HIV and related illnesses") of the life assured manifested within the first 5 years from the Effective Date, unless such HIV and related illnesses is proven with evidence that its first contraction or occurrence was after the Effective Date. For the avoidance of doubt, HIV and related illnesses caused by the followings after the Effective Date is covered under this plan: sexual assault, medical assistance, organ transplant, blood transfusions or blood donation, or an accident during the course of carrying out normal occupational duties and with seroconversion to positive HIV antibody occurring within 6 months of the accident. Any accident giving rise to a potential claim must be supported by a negative HIV antibody test taken within 72 hours after the accident; or

k. mental disorder, psychological or psychiatric conditions, behavioural problems or personality disorder of the life assured; or

l. congenital or inherited disorder or developmental conditions (only applicable if the disorder gives rise to signs or symptoms or is diagnosed before the life assured reaches the actual age of 8); or

m. hospital stay primarily for physiotherapy or for the investigation of signs and/or symptoms with diagnostic imaging, laboratory investigation or other diagnostic procedures; or

n. any hospital stay, treatment, investigation or services which are not medically necessary; or

o. experimental and/or unconventional medical technology/procedure/therapy performed on the life assured; or novel drugs/medicines/stem cell therapy not yet approved by the government, relevant authorities and recognised medical association in the locality; or

p. treatment of sexually transmitted diseases (except for HIV and related illnesses, where (j) applies) or sexual problems.

For details of the exclusions, please refer to the relevant policy provisions.

More about the plan

Plan type

Basic plan

(When this plan is a basic plan, it means you can choose to take out this plan as a standalone plan without enrolling with other type(s) of insurance product at the same time.)

Benefit term

Whole life

Premium term/Issue age/Currency

Premium term	Issue age† (age next birthday (ANB))	Currency
5-year	1-65	USD
10-year	1-65	
15-year	1-60	
20-year	1-55	

- The life assured must be at least 15 days old when the proposal document is signed.

† We will not offer the plan to smokers if they are older than 55 (ANB) (for 5-, 10- and 15-year premium terms) or older than 50 (ANB) (for a 20-year premium term).

Premium structure

- Premium rates of this plan are not guaranteed. We will determine the premium based on the risk class (including but not limited to age, gender and smoking status) of the life assured as well as the premium term selected.
- We have the right to review and adjust the premium rates for particular risk classes on each policy anniversary based on several factors, such as our claims, investment and persistency experience, as well as our projected future claims costs.
- We will not adjust the premium unless we notify you prior to the policy's anniversary.

Current sum assured

The current sum assured of this plan reflects any reductions of the sum assured you make to your plan.

Terminal Bonus

- This is a one-off non-guaranteed bonus.
- We will declare the bonus for your plan from the 5th policy anniversary.
- We normally declare the bonus annually and may change the bonus from time to time.
- We have the right to determine and declare the bonus more frequently than annually at our sole discretion.
- After each declaration of Terminal Bonus, the value may be adjusted and could be reduced compared to previous declarations. As a result, the Death Benefit and surrender value may be lower than in previous years as well.
- The declared bonus may rise and fall and does not accumulate within the policy or form a permanent addition to the policy's value.
- The declared bonus has a face value which we will pay when we pay the Death Benefit or when the total claimed amount for the Daily Hospital Cash Benefit, the ICU Hospital Cash Benefit and the Long-term Illness Benefit reaches 100% of the current sum assured.
- The bonus also has a non-guaranteed cash value which we determine by variable cash value discount factors. If you terminate your policy (other than when we pay the Death Benefit or when the total claimed amount for the Daily Hospital Cash Benefit, the ICU Hospital Cash Benefit and the Long-term Illness Benefit reaches 100% of the current sum assured), we will pay the bonus' non-guaranteed cash value, not the face value.

Surrender value

When you surrender your policy, we will pay a surrender value equal to:

- the guaranteed cash value;
- **plus** the cash value of any non-guaranteed Terminal Bonus;
- **less** the total claimed amount for the Daily Hospital Cash Benefit, the ICU Hospital Cash Benefit and the Long-term Illness Benefit;
- **less** all amounts (including but not limited to any outstanding loans and interest) you owe us under the policy.

Death Benefit and its settlement option

- If the life assured passes away while the policy is still in force, we will pay the beneficiary a Death Benefit equal to:
  - 100% of the current sum assured;
  - **plus** the face value of any Terminal Bonus;
  - **less** the total claimed amount for the Daily Hospital Cash Benefit, the ICU Hospital Cash Benefit and the Long-term Illness Benefit;
  - **less** all amounts (including but not limited to any outstanding loans and interest) you owe us under the policy.
- **Death Benefit Settlement Option**
  - You can decide, while the life assured is still alive, how we pay your beneficiary(ies) the Death Benefit in one of these ways:
    1. one lump sum; or
    2. monthly instalments over 10, 20, 30 or 40 years; or
    3. a mix of both – pay the percentage of the Death Benefit you decide in a lump sum then the remaining balance in monthly instalments; or
    4. FlexLegacy – we will pay your sole beneficiary the Death Benefit when the life assured passes away and/or when the sole beneficiary experiences any of the life events listed below. You can customise the settlement option in monthly instalments, lump sum(s) or a mix of the two.

<table>
<tr><th>Payment option</th><th>Monthly instalments</th><th>and/or</th><th>Lump sum(s)</th></tr>
<tr><td rowspan="13">When we pay</td><td colspan="2">When the life assured passes away; or</td><td>When the life assured passes away; and/or</td></tr>
<tr><td colspan="3">When the beneficiary's life event(s) that you choose happens:</td></tr>
<tr><td colspan="2">reaches/has reached a designated age; or</td><td>reaches/has reached up to 3 designated ages; or</td></tr>
<tr><td colspan="3">graduates from university; or</td></tr>
<tr><td colspan="3">gets married; or</td></tr>
<tr><td colspan="3">gets divorced; or</td></tr>
<tr><td colspan="2">gives birth (either your beneficiary or their spouse); or adopts (up to 1 child); or</td><td>gives birth (either your beneficiary or their spouse); or adopts (up to 2 children); or</td></tr>
<tr><td colspan="3">buys a new home; or</td></tr>
<tr><td colspan="3">relocates to a different city; or</td></tr>
<tr><td colspan="3">is an eligible employee and becomes involuntarily unemployed; or</td></tr>
<tr><td colspan="3">receives a cancer, heart attack or stroke diagnosis</td></tr>
<tr><td colspan="2">You can choose multiple life events. We will start paying the Death Benefit in monthly instalments to your beneficiary only when the 1st of the chosen event(s) happens and continue until we have fully paid it out.</td><td>We will pay your beneficiary the Death Benefit when the multiple life events you choose happen until we have fully paid it out.</td></tr>
<tr><td rowspan="3">How we pay</td><td colspan="2">over 10, 20, 30 or 40 years; or</td><td rowspan="2">the lump sum amount of your choice, subject to the remaining Death Benefit; or</td></tr>
<tr><td colspan="2">the instalment amount of your choice, until the remaining Death Benefit is used up; or</td></tr>
<tr><td colspan="2">the instalment amount equals the percentage of the Death Benefit of your choice (0-100%), until the remaining Death Benefit is used up</td><td>the lump sum amount equals the percentage of the Death Benefit of your choice (0-100%), subject to the remaining Death Benefit</td></tr>
</table>

  - The beneficiary must submit the request for paying the monthly instalments or lump sum amount, along with the proof of the life event, to us for approval.
  - The beneficiary can submit the request for us to pay any unpaid Death Benefit and any accumulated interest in one go when they reach an age you choose, or 86 (ANB) as set by us.
  - You may choose the FlexLegacy when your policy only has 1 designated beneficiary.
  - The FlexLegacy is an additional option to the Death Benefit Settlement Option as set out in the respective policy provision.
- **General rules for the Death Benefit Settlement Option**
  - Any remaining Death Benefit will earn a non-guaranteed interest. We will determine the interest rate from time to time. We will pay the accumulated interest during the final payout, together with the last monthly instalment or the last lump sum payment.
  - The remaining Death Benefit will not participate in the Shareholder-backed Participating Fund or benefit from its profits.
  - The beneficiary cannot make any changes to the way we pay the Death Benefit at any time.
  - We will cancel any Death Benefit Settlement Option and pay the Death Benefit in a lump sum when you:
    - transfer the policy ownership (for the case of transferring the policy ownership to the succeeding owner, please refer to the "Succeeding owner" section below for details); or
    - have all your beneficiary designations revoked or cancelled; or
    - change, cancel or revoke the sole beneficiary, or add a beneficiary, under the FlexLegacy; or
    - choose to settle the Death Benefit in monthly instalments or through the FlexLegacy, but the total amount payable under monthly instalments or the FlexLegacy is less than USD 50,000 (or other amount we determine from time to time).

Please also note

The Death Benefit Settlement Option is not a trust, and we do not owe any trust-related responsibilities to the beneficiary(ies). There are more details related to the Death Benefit Settlement Option on the application form and any relevant documents. We may change the administrative rules and/or introduce more options from time to time.

Succeeding owner

When you appoint a succeeding owner

- Starting from the 1st policy anniversary and if you are not the life assured, you can appoint, change or remove the succeeding owner as many times as you wish during the lifetime of the current policyholder and the life assured while the policy is in force (subject to our approval).
- At any time, you can only appoint 1 succeeding owner under the policy and the succeeding owner must be aged 18 (19 ANB) or above.
- According to the existing administrative rules and other conditions, the succeeding owner can only be the current policyholder's a) spouse (including same-sex spouse), b) parent, c) child, d) sibling, e) grandparent or f) grandchild.
- You should inform the succeeding owner, in advance, to submit the prescribed form and required documents to us within 180 days of your death.
- This does not apply to:
  - business insurance; or
  - trust-owned policies, unless we approve it.

Grounds for cancelling this appointment

- We will cancel the succeeding owner you have appointed earlier when the first of these happens:
  - you transfer the policy ownership; or
  - you change or cancel the appointment of the succeeding owner; or
  - the succeeding owner dies.
- In addition, we may cancel the appointment of the succeeding owner if:
  - such appointment will/may, constitute a breach of, or conflict with, any law, order, judgment, award, injunction or decree; or
  - such appointment will render us incurring or potentially incurring any liability; or
  - any court decides, or a guardian/committee decides pursuant to a court order, against the appointment of the succeeding owner.

Succeeding owner becomes the new policyholder

- If the current policyholder unfortunately dies, the succeeding owner will automatically and immediately become the new policyholder provided that we reserve the right to revoke the transfer of policy ownership to the succeeding owner if any of following conditions is/are not satisfied:
  - the succeeding owner submits the prescribed form to us within 180 days from the death of the current policyholder together with the required documents; and
  - there is no unreasonable delay on the part of the succeeding owner in order that we are satisfied with the submission within 30 days thereof; and
  - other conditions that we may impose from time to time.
- If we exercise our right of revocation, the revocation will take retrospective effect from the date of death of the deceased policyholder.
- The arrangement with respect to succeeding owner is also subject to our administrative rules and other conditions at the relevant time.
- Before we decide whether to exercise the right of revocation, all rights and benefit entitlement of the succeeding owner as a policyholder under the policy will be suspended.
- The rights and benefit entitlement of the succeeding owner as the new policyholder shall be subject to other terms as set out in the policy provisions.
- There is no impact to the policy nor previous designations until we decide not to exercise the right of revocation, after which we will cancel any Death Benefit Settlement Option and nomination of the beneficiary.

Please also note

- If there is a dispute or we have reasonable belief that there may be a dispute between the succeeding owner and anyone else (including the policyholder's guardian or committee, attorney or beneficiary(ies)), or if we may incur liability as a result of processing the transfer of policy ownership to the succeeding owner, we reserve the right to revoke such change.
- We may change the administrative rules and other conditions for appointing, changing and removing the succeeding owner as well as transferring the policy ownership from the deceased policyholder to the succeeding owner from time to time.

Policy loan

- To offer you extra financial flexibility in times of need, you can borrow up to 80% of your policy's guaranteed cash value less the total claimed amount for the Daily Hospital Cash Benefit, the ICU Hospital Cash Benefit and the Long-term Illness Benefit, while keeping the policy in force, as a policy loan.
- We will charge interest on policy loans from the dates you take them out until they are fully repaid.
- We calculate interest at a rate we determine, which we may change from time to time, and it is compounded annually (in other words, generating "interest on interest").
- If you have taken out a loan on your policy, we will deduct all amounts (including but not limited to any outstanding loans and interest) you owe us under the policy from all applicable insurance benefits before we pass the remaining money to you. This means your insurance benefits may be lower than the amounts available without taking out a policy loan.
- If at any time the total outstanding amount (including interest) you owe us under the policy equals to or exceeds 100% of the guaranteed cash value of the policy less the total claimed amount for the Daily Hospital Cash Benefit, the ICU Hospital Cash Benefit and the Long-term Illness Benefit, we will terminate the policy immediately and pay you the surrender value, and you may receive an amount considerably less than the premiums you paid, as well as losing the policy's coverage.
- There is more information on the policy loan and the interest rate we charge at https://pruhk.co/cs-policy-payment-en.

Automatic premium loan

- If you fail to pay the "total modal premium" within 1 calendar month from the date it is due, this policy will automatically:
  - continue to be in force if the "net cash value" of this policy is sufficient to pay the premium due and unpaid; and the amount of such premium or premium and levy will be automatically deemed to be paid by the premium loan you owe us ("automatic premium loan") to keep enjoying the coverage under your policy; or
  - terminate if the "net cash value" of this policy is insufficient to pay the premium due and unpaid. In this case, we may only pay you the surrender value, and you may receive an amount considerably less than the premiums you paid, as well as losing the policy's coverage.
- We will charge you interest on the automatic premium loan(s) starting from the date when the relevant automatic premium loan(s) is incurred and it is compounded annually (in other words, generating "interest on interest"). We will determine the interest rate charged on the automatic premium loan(s) and may change it from time to time.
- If you have taken out an automatic premium loan on your policy, we will deduct the total claimed amount for the Daily Hospital Cash Benefit, the ICU Hospital Cash Benefit and the Long-term Illness Benefit and all amounts (including but not limited to any outstanding loans and interest) you owe us under the policy from all applicable insurance benefits before we pass the remaining money to you. This means your insurance benefits may be lower than the amounts available without taking out an automatic premium loan.
- "Net cash value" is the guaranteed cash value of the policy **less** the total claimed amount for the Daily Hospital Cash Benefit, the ICU Hospital Cash Benefit and the Long-term Illness Benefit and all amounts (including but not limited to any outstanding loans and interest) you owe us under the policy.
- There is more information on the automatic premium loan and the interest rate we charge at https://pruhk.co/cs-policy-payment-en.

Termination of this plan

We will terminate this plan when the first of these happens:

- we pay the Death Benefit; or
- you surrender the policy; or
- the total claimed amount for the Daily Hospital Cash Benefit, the ICU Hospital Cash Benefit and the Long-term Illness Benefit reaches 100% of your current sum assured; or
- you fail to pay the premium within the grace period of 1 calendar month from its due date and the net cash value of the policy is insufficient to exercise the automatic premium loan; or
- once the total amount (including but not limited to any outstanding loans and interest) you owe us under the policy are equal to or more than 100% of the guaranteed cash value of the plan less the total claimed amount for the Daily Hospital Cash Benefit, the ICU Hospital Cash Benefit and the Long-term Illness Benefit.

More about the value-added service

SmartAppoint Service

- The SmartAppoint Service is an advanced policy instruction, and not an enduring power of attorney ("EPA") or guardianship order. It does not appoint the designated person as your attorney or guardian/committee. If you have an EPA or a guardian/committee appointed, you must not apply for this service.
- The policyholder and the life assured must be the same person.
- The designated person must be a member of your family who is age 18 (19 ANB) or over, and must be your spouse, parent, child, sibling, grandparent, grandchild, or any other relation we approve.
- You must notify the designated person of the instruction/change of instruction under this service.
- When submitting a claim, the designated person needs to provide medical reports from 2 registered medical practitioners (1 from your attending doctor) confirming your mental incapacity to our satisfaction, and any other documents or evidence we may require.

Bonus philosophy

Policyholders of the Shareholder-backed Participating Plans shall enjoy a fair share of the relevant experience of the Shareholder-backed Participating Fund (the "Fund") through the addition of non-guaranteed bonus. We aim to protect all policyholders' respective rights and reasonable expectations by providing payments that are fair across different groups of policyholders. While the value of the plan is mostly affected by the overall performance of the Fund, smoothing may be applied to produce more stable returns over the long-term.

Factors affecting the bonus

- The non-guaranteed bonus of the plan includes a Terminal Bonus. The bonus we pay is not guaranteed and is subject to review and adjustment at our discretion. Factors that may affect it include (but not limited to):

  i. Investment performance factors – Your plan's performance will be affected by the return on its underlying investment portfolio. This could be driven by:
     - interest earnings from fixed-income securities and dividend from equity-type securities (if any);
     - capital gains and losses from investment assets, including but not limited to realised gains or losses, and changes in the market value of the underlying assets (such as bonds and equities);
     - counterparty default risk of fixed-income securities (such as bonds);
     - investment outlook; and
     - external market risk factors such as recessions and changes in monetary policies and foreign exchange rates.

  ii. Claims factors – Our historical claims experience on death benefit and/or other covered benefits, and projected future costs of providing death benefit and/or other covered benefits.

  iii. Expense factors – These include direct expenses associated with issuing and maintaining your policy, such as commissions, overrides, underwriting and policy administration expenses. They may also include indirect expenses (such as general overheads) allocated to your policy.

  iv. Persistency factors – Policy persistency (a measure of how long policyholders keep their policies) and any cash value withdrawal of a group of policies may impact the bonus we pay to the continuing policies.

- The actual future amounts of benefits and/or returns may be higher or lower than the values currently presented in the marketing materials. Our website at https://pruhk.co/bonushistory-SHPAR-en explains the bonus history.

Investment philosophy

Investment strategy

We aim to protect the rights and manage the reasonable expectations of all Shareholder-backed Participating policyholders. Our investment objective is to maximise policyholders' returns with an acceptable level of risk. We do this through a broad mix of investments.

The Shareholder-backed Participating Fund invests in various types of assets, such as equity-type securities and fixed-income securities to diversify investment risks. The equity-type securities aim to provide policyholders with the potential for a higher long-term return.

We adopt an actively managed investment strategy, which we adjust in response to changing market conditions. Under normal circumstances, our experts allocate a smaller proportion of higher-risk assets, such as equities, to insurance plans with a higher guarantee and a larger proportion of higher-risk assets to insurance plans with lower guarantees. In doing so, we aim to match the level of risk to the risk profiles of our products. We may utilise derivatives to manage risks or improve returns. We may also make use of securities-lending to enhance returns.

The following paragraphs explain the current investment mix according to our investment strategy. Should there be any material changes in the investment strategy, we will inform you of the changes and explain the reasons behind and their implications.

The investment mix of your plan

The current long-term target asset allocation is as follows:

Asset type	Allocation (%) USD-denominated policies
Fixed-income securities	55%
Equity-type securities	45%

Our guaranteed liabilities to the policyholders are mainly supported by fixed-income securities.

We primarily invest in fixed-income securities rated at least investment-grade. A small portion of high-yield and emerging-market bonds may be included to improve yield and diversification.

For equity-type securities, most of the investments are in stocks listed on major international exchanges.

Our currency strategy is to broadly match the fixed-income securities to the underlying policy denomination, while we allow more flexibility for equity-type securities for diversification. Subject to market availability and opportunity, we may invest fixed-income securities in a currency other than the underlying policy denomination and currency hedging will be used to reduce the currency risk.

We invest globally to achieve diversification benefits and we currently have a higher relative allocation in the US and Asia which will be reviewed regularly.

We actively manage and adjust actual exposure in response to changing market conditions and opportunities. Given asset values may vary due to changes in the economic environment and investment performance, the actual allocation may vary from the target allocation above. On a regular basis, we review the investment mix to be in line with our investment objectives and risk appetite. For more information on the investment mix, please refer to https://pruhk.co/investmentmix-en.

Key risks

How may our credit risk affect your policy?

The guaranteed cash value (if applicable) and insurance benefit of your plan are subject to our credit risk. If we become insolvent, you may lose the value of your policy and its coverage.

How may currency exchange rate risk affect your benefits?

Foreign currency exchange rates may fluctuate. As a result, you may incur a substantial loss when you choose to convert your benefits to other currencies. Additionally, the conversion of your benefits to other currencies is subject to currency exchange restrictions applicable at the time when the benefits are paid. You have the sole responsibility to decide if you want to convert your benefits to other currencies.

What are the risks of surrendering your plan or withdrawing money from your plan?

The liquidity of an insurance policy is limited. You are strongly advised to reserve adequate liquid assets for emergencies. For any surrender/withdrawal especially at the early stage upon policy inception, you may receive an amount considerably less than the premiums you paid.

How may inflation affect the value of your plan?

We expect the cost of living to rise in the future because of inflation. That means the insurance you take out today will not have the same buying power in the future (i.e., the benefit payouts might not be able to cover your future needs), even if the plan offers increasing benefit intended to offset inflation.

What happens if you do not pay your premiums?

You should only apply for the product if you intend to pay all of its premiums. If you miss any of your premium payments, we will automatically settle your outstanding premiums or premiums and levy(ies) by an automatic premium loan, with interest charged at a rate as determined by us. In the case the loan amount (plus accrued interest) exceeds the amount we allow for loan under the policy, we may terminate your policy and you may receive an amount considerably less than the premiums you paid, as well as losing the policy's coverage.

Why may we adjust your premiums?

We have the right to review and adjust the plan's premium rates for particular risk classes on each policy anniversary, but not for any individual customer.

We may adjust premium rates because of several factors, such as our claims, investment, persistency experience, as well as our projected future claims costs.

Important information

Suicide clause
If the life assured commits suicide, whether sane or insane, within 1 year from the effective date of the policy or from the date of any reinstatement, whichever is later, we will limit all the benefit proceeds to a refund of the premiums paid without interest. We will deduct any amounts we have already paid and any amounts you owe us under the policy.

Cancellation right
A customer who has bought the life insurance plans has a right to cancel the policy within the cooling-off period and obtain a refund of any premium(s) and levy(ies) paid less any withdrawals. Provided that no claim has been made, the customer may cancel the policy by giving written notice to us within 21 calendar days immediately following either the day of delivery of (1) the policy or (2) the notice (informing the availability of the policy and expiry date of the cooling-off period) to the customer or his/her nominated representative, whichever is earlier. Such notice must be signed by the customer and received directly by Prudential Hong Kong Limited at 8/F, Prudential Tower, The Gateway, Harbour City, 21 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong within the cooling-off period.

The premium and levy will be refunded in the currency of premium and levy payment at the time of application for this policy. If the currency of premium and levy payment is not the same as the plan currency, the refundable premium and levy amount in plan currency under this policy will be converted to the currency of premium and levy payment at the prevailing currency exchange rate as determined by us in our absolute discretion from time to time upon payment. After the cooling-off period expires, if a customer cancels the policy before the end of benefit term, the actual cash value (if applicable) may be substantially less than the total amount of premiums paid.

Automatic Exchange of Financial Account Information
Over 100 countries and jurisdictions around the world have committed to adopt new rules for automatic exchange of financial account information ("AEOI"). Under the new rules, financial institutions are required to identify account holders who are foreign tax residents and report certain information regarding their investment income and account balance to the local tax authority where the financial institution operates. When countries or jurisdictions start exchanging information on an automatic basis, the relevant local tax authority where the financial account is maintained will then provide this information to the tax authority of the account holder's country of tax residence. This information exchange will be conducted on a regular, annual basis.

Hong Kong has adopted the new rules into its legislation (please see the Inland Revenue (Amendment) (No. 3) Ordinance 2016 ("the Amendment Ordinance") which came into effect on 30 June 2016). Therefore, the above requirements will be applicable to financial institutions in Hong Kong including Prudential. Under these rules, certain policyholders of Prudential are considered as "account holders". Financial institutions in Hong Kong including Prudential are required to implement due diligence procedures to identify account holders (i.e. policyholders in case where the financial institution is an insurance company) and in the case where the account holder is an entity, its "controlling persons", who are foreign tax residents, and report this information to the Inland Revenue Department ("IRD") if required. The IRD may transfer this information to the country of tax residence of such account holders.

In order to comply with the law, Prudential may require you, the account holder, to:
(1) complete and provide us with a self-certification form with information regarding your tax residence status, your tax identification number in your country or countries of tax residence, your date of birth, and in the case where the policyholder is an entity (for example, a trust or a company), the classification of the entity that holds the policy and information regarding "controlling persons" of such entities;
(2) provide us all required information and documentation for complying with Prudential's due diligence procedures; and
(3) advise us of any change in circumstances which affect your tax residence status and provide us with a suitably updated self-certification form within 30 days of such change in circumstances.

According to the due diligence procedures set out in the Amendment Ordinance, self-certifications are required from account holders for all new accounts. As for pre-existing accounts, if a reporting financial institution has doubts about the tax residence of an account holder, it may require a self-certification from the account holder to verify its tax residence.

Prudential cannot provide you with any tax or legal advice. If you have doubts about your tax residence you should seek professional advice. You should seek independent professional advice on the impact that AEOI may have on you or your policy.

An account holder who knowingly or recklessly provides a statement that is misleading, false or incorrect in a material particular in making a self-certification to a reporting financial institution is liable on conviction to a fine at level 3 (HKD 10,000).

For further information on the implementation of the Common Reporting Standard and AEOI in Hong Kong, please refer to the IRD website: www.ird.gov.hk/eng/tax/dta_aeoi.htm.

Need more details? Get in touch

Please contact your consultant or call our Customer Service Hotline at 2281 1333 for more details.

Notes

Prudential Encash Hospital Cash Savings Insurance is underwritten by Prudential Hong Kong Limited ("Prudential"). You can always choose to take out this plan as a standalone plan without enrolling with other type(s) of insurance product at the same time, unless such plan is only available as a supplementary benefit which needs to be attached to a basic plan. This brochure does not contain the full terms and conditions of this plan and is for reference only. It does not represent a contract between Prudential and anyone else. You should read carefully the risk disclosures and key exclusions (if any) contained in this brochure. For further details and the full terms and conditions of this plan, please ask Prudential for a sample of the policy document.

Prudential has the right to accept or decline any application based on the information provided by the policyholder and/or life assured in the application.

Please cross your cheque and make it payable to "Prudential Hong Kong Limited".

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