Manulife INDIVIDUAL INSURANCE
宏利個人保險

Live Long | Live Well

Learn More About Your Participating Policy

5 years+ 商界展關懷 caringcompany

Understanding your participating policy

The policy you have with Manulife is a participating life insurance policy and it provides you with:

- **Guaranteed life insurance protection**
- **Guaranteed minimum cash values**
- **Annual dividends**

Your policy guarantees you a minimum death benefit and a minimum cash value, which were shown in an illustration presented to you at the time you purchased the policy. The death benefit is the amount Manulife will pay to your beneficiary in the event of your death. The cash value is the amount you may borrow against or that is available to you if you cancel your policy. In addition to these guaranteed minimum amounts, your participating policy earns dividends each year. However, while your policy's minimum death benefit and cash value are guaranteed, dividends are not.

The premiums you and other policyholders pay are put into an account called the participating account. Manulife invests the money in this account and uses it to pay for things like operating expenses, death benefits and dividends. Our responsibility to you is to make sure that there is always enough money in the participating account to cover your current and long-term needs. To do this, we carefully monitor the participating account and adjust dividends if any of the factors that affect the account, such as investment returns, operating expenses and payment of death benefits, change. Thus, policyholders should note that dividends are not guaranteed, as they are sensitive to changes in any of the factors affecting the participating account.

Dividends

When setting the premiums levels for each participating policy, life insurance companies make prudent long-term assumptions on items such as:

- the number of insurance claims it expects to pay
- the anticipated return on the investments that support the participating policies
- its operating expenses

If actual results turn out to be better than the prudent long-term assumptions, a surplus is created and life insurance companies share this with policyholders annually in the form of non-guaranteed dividends. However, if actual economic conditions deteriorate, the amount of dividends will be adjusted accordingly.

Dividend accumulation rate

A popular choice for policyholders is to leave their dividends on deposit with us to accumulate with interest. The rate of interest that Manulife is able to credit to these deposits (also called the "dividend accumulation rate") is based on the investment performance, market conditions and the expected length of time policyholders leave their dividends on deposit. This rate is also not guaranteed and may change periodically as required due to changes in the external investment environment.

Why do dividends change?

Dividends are determined by factors such as claims experiences, investment returns and expenses related to the participating policies. Recent years have seen improved health and longer life expectancy among the public, and life insurance companies have even been able to experience better claims experience than expected. Efficiency gains due to economies of scale can also result in lowering unit expenses. At the same time, however, the economy has also experienced a decline in long-term investment returns.

Many types of investments, including those that back participating policies, have not earned the returns that were previously expected. These reduced investment returns sometimes have a larger impact than the improvements in claims and expenses, thus necessitating a downward adjustment of dividends. If investment returns, claims experience and expenses related to the participating policies improve and exceed expectation in future, then it is possible to have an increase in dividends.

How will dividend changes affect your policy?

When you purchased your policy, you were shown that the amount of cash value in your policy depended on the level of dividends your policy receives. If dividends decrease, the future value of your policy will also decrease.

Premium Offset

Dividend changes can affect your policy if you are on, or are thinking of being on, a Premium Offset plan. Premium Offset is an optional payment feature that allows policyholders to use dividends (both projected and accumulated), instead of out-of-pocket payments, to pay premiums.

If you are thinking of being on a Premium Offset plan, a decrease in dividend means you may need to continue making out-of-pocket payments for a longer period of time than you had originally planned.

If you are already on a Premium Offset plan, a decrease in dividend may mean that the dividends your policy is going to receive will not be sufficient to continue paying your annual premiums for life. You may be required to start making out-of-pocket payments for the full annual premium again at some point in the future to keep your policy in effect.

The value of your insurance policy

The primary reason for purchasing an insurance policy is to meet your long-term savings and protection goals and give you the peace of mind you need for the financial future of you and your loved ones. Insurance continues to be the foundation of any sound financial plan. It provides the necessary coverage while giving you a realistic return as well. And like any other investment instrument, the rate of return which your insurance policy can give you depends on the investment climate and the economy as a whole.

Financial planning is an on-going process. When you purchase your policy, your advisor would have taken the time to identify and understand your needs before designing your plan for you. Your circumstances and needs change over time. Your advisor is always available to help you review and make a full analysis of your needs, and advise you how to ensure your financial plan can continue to meet those needs.

Where can you get more information?

You can contact our Customer Service hotline at **2510 3941** for more information.

About Manulife (International) Limited

Manulife (International) Limited is a member of the Manulife Financial group of companies. Manulife Financial is a leading Canadian-based financial services group serving millions of customers in 19 countries and territories worldwide. Operating as Manulife Financial in Canada and Asia, and primarily through John Hancock in the United States, the Company offers clients a diverse range of financial protection products and wealth management services through its extensive network of employees, agents and distribution partners. Funds under management by Manulife Financial and its subsidiaries were Cdn$405 billion (approximately HK$2,559.7 billion) as at December 31, 2008.

Manulife Financial Corporation trades as 'MFC' on the TSX, NYSE and PSE, and under '945' on the SEHK. Manulife Financial can be found on the Internet at www.manulife.com.

Manulife (International) Limited. A Manulife Financial company. Incorporated in Bermuda. Head office in Toronto, Canada.

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