Frequently Asked Questions on Investment-linked Policy/Certificate: Mandatory Testing and Disclosure of Sustainability Coverage

1. How does an investment-linked policy/certificate work?

- An investment-linked policy is an insurance/takaful product that is tied to the performance of the investment fund(s) which you selected
- A portion of your premiums/contributions are used to purchase units in the investment fund(s)
- Charges will be deducted from your investment fund(s), including charges to pay for your insurance/takaful cover
- Your fund value needs to be sufficient to ensure continued insurance/takaful coverage for the full policy/certificate term. If your fund value is insufficient and reduces to zero, you should take steps to maintain your insurance/takaful cover

2. What could reduce the fund value of the investment-linked policy/certificate?

Financial market factors	• Poor investment returns
Actions by policy owners/takaful participants	• Not paying premiums/contributions when due • Choosing not to increase premiums/contributions when increasing protection cover (e.g. buying riders) • Making partial withdrawal from the fund
Action by insurers/takaful operators	• Insurers/takaful operators increase insurance/takaful or other charges (if policy owner/takaful participants choose not to increase premiums/contributions or perform top up)

3. **What is the purpose of disclosing the sustainability test outcomes to policy owners/takaful participants?**
    - More transparency from insurers/takaful operators on their active management of the sustainability of cover
    - Alignment of the expectations of policy owners/takaful participants with the actual sustainability of their existing protection coverage
    - Empower policy owners/takaful participants to ask questions and make informed decisions through active monitoring and management on the coverage of their policy/certificate to ensure that they have sustainable protection according to their needs

4. **What do I need to know if I purchased my investment-linked policy/certificate prior to 1 July 2019?**
    - **CHECK** the contractual term and coverage of your policy/certificate
    - **CONTACT** your insurer, takaful operator or agent (insurance/takaful/bancassurance) to find out on the level of premium/contribution payment that is sufficient to maintain the coverage until the end of the contractual term
    - **DISCUSS** with your insurer, takaful operator or agent (insurance/takaful/bancassurance) to affirm the availability of coverage up to the term that you expect (based on your protection needs and affordability)
    - **TAKE APPROPRIATE ACTION** to ensure that you maintain your cover to the term that you expect

    Note:
    Some examples of actions may include:
    - Increase premium/contribution payment or perform a top up
    - Reducing your insurance/takaful coverage*

    *This is not applicable to single premium policy/single contribution certificate

5. What do I need to know if I purchase my investment-linked insurance policy/certificate on or after 1 July 2019?

- **DISCUSS** with your agent (insurance/takaful/bancassurance) on your insurance/takaful protection needs based on your affordability
- **CHECK** that the premium/contribution level is sufficient to maintain the cover of the policy/certificate when you purchase the product

> **Note**:
> When you decide to purchase an investment-linked product, your insurer/takaful operator MUST ensure that the premium/contribution level quoted is sufficient to maintain the coverage until the end of the contractual term

- **REVIEW** the periodic information provided by your insurer/takaful operator
- **TAKE APPROPRIATE ACTION** to ensure that you maintain your cover to the term that you expect

> **Note**:
> See Question 4 for examples of action you can take

6. What information should I expect from 1 July 2019 from my insurer/takaful operator?

Between 1 July 2019 and 1 January 2020	• **ALL** policy owners/takaful participants will receive a notice with standard educational information on the factors affecting the sufficiency of the premium/contribution to maintain the coverage until the end of the contractual term
	• **SOME** policy owners/takaful participants may receive an additional notice if their policy/certificate has a potential to lapse one year from the notification
After 1 January 2020	• **ALL** policy owners/takaful participants will receive updates on sufficiency of the premium/contribution to maintain the coverage until the end of the contractual term by 1 January 2020 and on an annual basis, subsequent to 1 January 2020

7. What should I do after I have purchased an investment-linked policy/certificate?

- **REVIEW** your insurance/takaful protection needs and affordability
- **REVIEW** the periodic information provided by your insurer/takaful operator on your policy/certificate
- **REVIEW** the options made available by your insurer/takaful operator
    - Understand the factors affecting the fund value of your investment-linked policy/certificate
    - Assess and decide on the cover that meets your protection need
    - Assess and decide on your expected term of cover
- **TAKE APPROPRIATE ACTION** to ensure that you maintain your cover to the term that you expect

> **Note**:
> See Question 4 for examples of action you can take