Product Summary for DIRECT - AIA Whole Life Cover (II)
Version 5.0

To help you understand Life Participating Insurance policies better, please refer to `Your Guide To Participating Policies' (YGTPP), which can be found at www.aia.com.sg or www.lia.org.sg.

1. Provider of the Plan

AIA Singapore Private Limited (Reg. No. 201106386R) ("we, our, us, AIA Singapore")
1 Robinson Road
AIA Tower
Singapore 048542

2. Nature & Objective of the Plan

DIRECT - AIA Whole Life Cover (II) is a regular premium whole life insurance plan providing death and Terminal Illness benefits up to age 100 and Total and Permanent Disability benefit up to age 65. It is a participating life insurance policy, which allows the policyholder to participate in the performance of the participating fund in the form of bonuses that are not guaranteed. It offers two premium payment terms: up to age 70, or up to age 85.

You may also select the optional non-participating accelerating Critical Illness supplementary benefit (DIRECT - CI for Whole Life Cover (II)) to complement your DIRECT - AIA Whole Life Cover (II) policy. For details on this Critical Illness supplementary benefit, please refer to its product summary.

To compare similar Direct Purchase Insurance plans in the market, you may visit http://www.comparefirst.sg.

3. Benefits under the Plan

DIRECT - AIA Whole Life Cover (II) provides you with the following benefits:

a. Death Benefit

In the event of death of the Insured, we will pay the Insured Amount plus applicable bonuses, after deducting any and all amounts owing to us.

Your policy will automatically terminate on the death of the Insured.

b. Terminal Illness Benefit

If the Insured is diagnosed with Terminal Illness while the basic policy is in force, we will pay in one lump sum upon proof of Terminal Illness satisfactory to us, the Terminal Illness Benefit, which is the Insured Amount plus applicable bonuses, after deducting any and all amounts owing to us.

Terminal illness means “any condition caused by illness or injury, where at the time of claim, despite all reasonable medical treatment, the Insured is expected to live for no more than 12 months.”

The specialist medical practitioner treating the condition must provide supporting evidence of the condition, possible medical treatment, the prognosis after undergoing the possible medical treatment, and certify that the Insured is expected to live for no more than 12 months despite all possible medical intervention. We reserve the right to appoint an independent medical specialist who is an expert in the condition to confirm the diagnosis and prognosis.

Terminal illness in the presence of HIV infection is excluded.

This Terminal Illness is a benefit that accelerates the payment of the Insured Amount under the basic policy.

Your policy will automatically terminate once the Insured Amount is accelerated in full.

c. Total & Permanent Disability (TPD) Benefit

In the event of TPD of the Insured before the policy anniversary occurring on or immediately following the Insured’s 65th birthday, we will pay, in one lump sum, the Insured Amount plus applicable bonuses, after deducting any and all amounts owing to us.

The TPD Benefit is a benefit that accelerates the payment of the Insured Amount under the basic policy. The Insured Amount will be reduced by the TPD Benefit accordingly.

Your policy will automatically terminate once the Insured Amount is accelerated in full.

TPD means any of the following two situations

I. The Insured, due to accident or sickness, is disabled to such an extent as to be rendered totally unable to engage in any occupation, business or activity for income, remuneration or profit; and the disability must continue uninterrupted for at least six (6) consecutive months from the time when disability started; and the disability must, in the view of a physician, be deemed permanent with no possibility of improvement in the foreseeable future; or

II. The Insured, due to accident or sickness, suffers total and irrecoverable loss of use of:
(a) the entire sight in both eyes; or
(b) any two limbs at or above the wrist or ankle; or
(c) the entire sight in one eye and any one limb at or above the wrist or ankle.

Besides other underwriting limits applicable to this plan, this benefit is also subject to the TPD per life limit of S$7,500,000 (aggregated with other policies or supplementary benefits issued on the same life). For policies issued in other currencies, a conversion rate as determined by the company will apply.

d. Maturity Benefit
Upon maturity, we will pay in one lump sum, the Insured Amount plus any applicable bonuses after deducting any and all amounts owing to us.

Your policy will mature on the policy anniversary occurring on or immediately following the Insured's 100^{th} birthday, and will automatically terminate on the maturity date.

e. Surrender Value
You may surrender your policy for its cash value. Your policy will automatically terminate once it is surrendered in full.

Bonuses
You can receive bonuses in the form of Reversionary Bonus and Terminal Bonus.

a. Reversionary Bonus (RB)
RB is a discretionary bonus that we may credit to your policy on an annual basis depending on the experience of the participating fund.

At an Illustrated Investment Rate of Return of 4.25% per annum, the RB rate is illustrated to be as follows:

Policy Year	RB Rate (per annum)
All Years	S$10.5 per S$1,000 Insured Amount, compounding at 1.05% per annum

In comparison, at an illustrated Investment Rate of Return of 3.00% per annum, the RB rate is expected to be adjusted downwards depending on the future outlook of the participating fund.

RB declared in a particular year (if any) could be different from what is illustrated in the Policy Illustration at the time you purchased this policy or in subsequent projected illustrations that may be quoted to you.

RB once declared and credited to your policy, is guaranteed and will not be affected by any subsequent years' revisions. However, if you surrender your policy, we will pay the surrender value of accumulated RB which is only a proportion of the accumulated RB. Our requirements must be satisfied before the reversionary bonus can be surrendered, and any payouts will be subject to deduction of any and all amounts owing to us under your policy.

b. **Terminal Bonus (TB)**
TB is a non-guaranteed, discretionary bonus that may be payable upon claim, maturity or surrender.

At an Illustrated Investment Rate of Return of 4.25% per annum, the TB scale is illustrated to be as follows:

End of Policy Year	15	16	17	18	19	20 & above
TB as a % of accumulated RB on Claim	33	66	99	132	165	170
TB as a % of accumulated RB on Maturity	-	-	-	-	-	170
TB as a % of surrender value of accumulated RB on Surrender	-	-	-	-	-	170

In comparison, at an illustrated Investment Rate of Return of 3.00% per annum, the TB scale is expected to be adjusted downwards depending on the future outlook of the participating fund.

Please refer to the Policy Illustration for the bonuses (including annual and terminal bonuses) amount at the illustrated Investment Rate of Return of 3.00% per annum and 4.25% per annum respectively. The two rates are used purely for illustrative purposes and do not represent upper and lower limits of the investment performance of the participating fund.

The Illustrated Investment Rate of Return is not guaranteed. The actual Investment Rate of Return will depend on the investment returns earned by the participating fund. As the bonus rates used for the benefits illustrated above are not guaranteed, the actual benefits payable may vary according to the future experience of the participating fund.

All guaranteed benefits, including bonuses, which have already been credited to your policy, will be provided for regardless of the future performance of the participating fund.

Future bonuses (including annual and terminal bonuses) are not guaranteed and are adjusted depending on the experience of the Participating Fund. This includes, the past, prevailing and projected future investment returns and other experience factors. In particular, investment returns can be volatile and we may vary bonuses from time to time. As such, the actual bonuses credited in a particular year could differ from previous projections or illustrations. In times of substantial decline in investment returns, we may reduce bonuses significantly. Conversely, in times of substantial increases in investment returns, we may increase bonuses to higher than those originally projected at the time of purchase of your policy.

Bonuses declared each year will be recommended, in writing, by the Appointed Actuary and approved by AIA Singapore's Board of Directors.

4. Exclusions

There are certain conditions under which no benefits will be payable. These are stated as "exclusions" in the policy contract. The categories of exclusions that are common to all life insurers relate to:

- Suicide **within one year** (for Death benefit)
- Self-inflicted injury (for Total & Permanent Disability benefit)
- A waiting period (for Critical Illness benefit, if applicable)
- Pre-existing medical conditions (for Critical Illness benefit, if applicable)

In addition to the above common categories of exclusions, life insurers may impose other exclusions. You are advised to read the policy contract for the full list of exclusions.

All the exclusions for this plan are listed as follows:

a. **Death Benefit**
If the Insured commits suicide within one year from the policy issue date or date of reinstatement, whichever is later, our liability will be limited to a return of premiums paid without interest.

b. Terminal Illness Benefit

We will not pay for the Terminal Illness Benefit caused directly or indirectly, wholly or partially by any of the following occurrences under the basic policy:

i. Terminal Illness other than a diagnosis of Terminal Illness as defined in the Terminal Illness Benefit section above; or

ii. where the symptoms of the Terminal Illness first occurred prior to the issue date or reinstatement date of the basic policy, whichever is later, or for which the diagnosis of Terminal Illness was made within thirty (30) days following the issue date or reinstatement date of the basic policy, whichever is later; or

iii. where in our opinion, the diagnosis of Terminal Illness of the Insured was directly or indirectly due to Acquired Immunodeficiency Syndrome (AIDS) or infection by any Human Immunodeficiency Virus (HIV); or

iv. any pre-existing illnesses, diseases, impairments or conditions from which the Insured is suffering prior to the issue date or reinstatement date, whichever is later, unless a declaration was made in the application for, or reinstatement of, the basic policy and such application was specifically accepted by us.

c. TPD Benefit

We will not pay any TPD caused directly or indirectly, wholly or partly, by any of the following occurrences under the basic policy:

(a) deliberate acts that endanger oneself, whether sane or insane, including any of the following:

i. violation or attempted violation of the law or resistance to arrest; or
ii. suicide or attempted suicide, intentional self-injury, or exposure to exceptional danger (except in an attempt to save human life);

(b) engaging in or taking part in air, military or naval service in time of declared or undeclared war or while under order for warlike operations or restoration of public order; or

(c) entering, operating, or servicing, riding in or on, ascending or descending from or with any aerial device or conveyance (except where the Insured is in an aircraft operated by a commercial passenger airline on a regular scheduled passenger trip over its established passenger route or by the Republic of Singapore Air Force).

The definitions of the exclusions are stated in the policy contract. Please refer to the policy contract.

5. Investment of Assets

The premiums of the participating policies in the participating fund are invested in a range of assets and reflect the investment objectives which are:

(a) to ensure that the participating fund is financially sound and is able to meet the regulatory fund solvency requirements at all times; and

(b) to achieve an investment return sufficient to meet the guaranteed liabilities; and

(c) to enable the declaration of bonuses at reasonable levels.

The participating fund is managed by:

<u>AIA Investment Management Private Limited</u>
1 Robinson Road, AIA Tower #08-00, Singapore 048542

The current investment mix as at 31 December 2024 and target investment mix are as follows:

Asset Class	Target	Current
Bonds	62%	63%
Risky Assets*	38%	37%
Total	100%	100%

**Includes listed common stocks, private equity, alternative investments, investments into funds and real estate. We may vary the risk assets allocation depending on market conditions.*

<u>Investment Rate of Return</u>

For our Participating Fund, the past investment rates of return (after deducting investment expenses only) are shown in the table below. The Participating Fund can be separated into different sub-groups; the figures below refer to the investment returns for the sub-group or class of products that this policy belongs to.

	2022	2023	2024	Average over the last 3 years	Average over the last 5 years	Average over the last 10 years
Investment Returns	-9.3%	5.8%	7.1%	0.9%	2.7%	3.9%

Please note that past performance may not be indicative of future performance.

<u>Total Expense Ratio</u>

The Total Expense Ratio is the proportion of total expenses incurred by the Participating Fund to the assets of the Participating Fund. These expenses include costs such as investment, management, distribution, taxation and other expenses.

An expected level of expenses to be incurred by the Participating Fund has been allowed for in the premiums payable for your policy and is not an additional cost to you. If the actual level of expenses vary significantly from the expected level of expenses, it may affect the non-guaranteed benefits you may receive.

For our Participating Fund, the past Total Expense Ratios are shown in the table below.

	2022	2023	2024	Average over the last 3 years	Average over the last 5 years	Average over the last 10 years
Total Expense Ratio^	1.2%	1.3%	1.2%	1.3%	1.3%	1.5%

^The Total Expense Ratio is for the whole Participating Fund.

Please note that past expense ratios may not be indicative of actual expenses that may be incurred in the future.

6. Types of Risks Affecting the Level of Bonuses

The key factors affecting the performance of the participating fund are investment returns, mortality and morbidity experience, lapse and surrender experience, business risks (including but not limited to product design, selling and marketing practices, and demographic changes) and expense experience of the participating fund as a whole.

We will determine the level of bonuses taking into account the current performance as well as future outlook for the participating fund.

7. **Sharing of Risks**

Investment risks are shared among all the policies within the same group or class of products. Investment risks include foreign exchange risk on equities. The other key risks affecting the value of the Participating Fund including mortality, morbidity, lapses and surrenders, expenses and business risks are mostly shared by all the policies in the Participating Fund.

In determining the level of bonuses that can be paid, the assets available to support the group or class of products that this participating policy belongs to are derived by accumulating the premiums paid and investment income, minus the payments attributed to the group of policies (e.g. death benefits, survival benefits, surrender benefits, annual dividend paid out (if any), distribution to shareholders, tax and expenses).

8. **Smoothing of Bonuses**

In order to provide an element of stability in the returns to policyholders, smoothing is applied by spreading profits and losses from one year to the next. This means that in years where experience is good, not all the profits will be distributed to policyholders through bonuses declared, but instead such profits may be used to maintain returns to policyholders in years where experience is poor. The long-term cost of smoothing is intended to be broadly neutral across generations of policyholders.

For RBs, the scales are usually reviewed once a year. There is no maximum amount by which the scales may change from one year to the next.

For TB, the scales are usually reviewed once a year. However, TB may be changed at any time, particularly in adverse financial conditions.

This product was launched in 2021. The RBs declared over the past 3 years are consistent with the RB illustrated at the Illustrated Investment Rate of Return of 4.25% per annum as shown in the Policy Illustration.

TB on death is only available from policy year 15 onwards. TB on surrender is only available from policy year 20 onwards. As such, there is no past experience available for TB yet.

Please note that past performance is not necessarily indicative of future performance.

9. **Fees and Charges**

This plan shares in the experience of the participating fund. This means that any expenses incurred by the plan can be charged to the policy including:

- costs of acquiring new participating business (e.g. underwriting and issue expenses);
- costs of maintaining in-force participating business (e.g. premium collection, issuing renewal statements, administration system maintenance, financial and statutory reporting);
- investment expenses;
- taxation expenses;
- a reasonable and fair proportion of the general management and overhead expenses;
- claim expenses (e.g. mortality/morbidity, surrender); and
- any other expenses and charges properly attributable to the participating fund.

All expenses, are shared and charged to the assets backing the policy according to the Sharing of Risk described earlier. All fees and charges have been included in the calculation of the premium and will not be charged separately to you.

10. **Adjustment in Premium Rates**

The premium rates are guaranteed.

11. **Impact of Early Surrender**

You may wish to refer to the Policy Illustration which illustrates the surrender value you will receive if you intend to surrender your policy.

As buying a life insurance policy is a long-term commitment, an early termination of the policy usually involves high costs and the surrender value, if any, that is payable to you may be zero or less than the total premiums paid. You should consider carefully before terminating the policy or switching to a new one as there may be disadvantages in doing so. The new policy may cost more or have fewer benefits at the same cost.

12. Update on Performance

You will receive an annual performance update which consists of the following:

- Participating Policy Annual Statement that sets out the illustrated benefits at maturity / surrender within 2 months of your policy anniversary; and
- Participating Fund Commentary on the performance of the participating fund and the outlook, usually by July every year.

13. Conflict of Interest

Potential conflicting interests may arise from time to time between this policy and other policies issued by us, or between the participating fund of this policy and other funds of other policies or other funds managed by us. In such cases, we will act fairly in respect of all policies issued us and all funds managed by us and to balance the interests of this policy and the relevant fund.

14. Related Parties Transactions

AIA Investment Management Private Limited, the manager of AIA participating funds, is a related party to AIA Singapore. We will ensure that all related parties transactions are done in a just and equitable manner and carried out at arms' length.

For related party transactions which are considered material outsourcing, AIA Singapore will comply with its outsourcing guidelines which would require, among others, that the terms of the transaction are documented and that risks relating to business continuity management, monitoring and control, audit and inspection and performance standards are clearly set out.

15. Free-Look Period

After purchasing a life insurance policy, you have a 14-day free-look period starting from the day you receive your policy documents to review the documents carefully. During this time, if you choose to cancel your policy, the insurer will refund you the premiums you have paid, less any medical fees and other expenses, such as payments for medical check-ups and medical reports, incurred by the insurer.

If you opted for an electronic copy of your Policy, the 14-day free-look period will start when you receive our SMS or email notification, informing you that the policy contract documents are available for your viewing on our customer portal.

If we have posted the policy to you, the 14-day free-look period will start seven (7) days from the date we posted the policy.

If the Policy was delivered to you by hand, the 14-day free-look period will start seven (7) days from the date on which the Policy was given to the postal/courier company.

Important Notes:

This insurance plan is underwritten by AIA Singapore. All insurance applications are subject to our underwriting and acceptance. Submission of an application and payment of premium does not constitute and should not be construed as acceptance by us. We reserve the right to withdraw the plan or reject applications, at anytime or for any reason without notice.

This product summary does not form a part of any contract of insurance. It is intended only to be a simplified description of the product features applicable to this plan and is not exhaustive. The contents of this product summary may vary from the terms of cover eventually issued. Please refer to the actual policy contract for all terms and conditions, including exclusions whereby the benefits under your policy may not be paid out. You are advised to read the policy contract. For the avoidance of doubt, only the terms and conditions as set out in the policy contract will bind the parties.