



## Frequently Asked Questions

### 1. What is a Participating Policy?

A participating policy is a life insurance policy which offers both guaranteed and non-guaranteed benefits. Participating policyholders share in the profits of the Participating Life Fund ("Par Fund" or the "Fund") in the form of bonuses or dividends which are non-guaranteed.

### 2. What is the investment strategy of the Par Fund and what expenses would be incurred?

The Par Fund achieves diversification by investing in a mix of assets including bonds, equities, and cash. The aim is to provide long-term sustainable returns and prudent risk management.

There are expenses and charges relating to the operation and management of the Par Fund, including distribution-related expenses. They include commission and distribution cost, investment fees paid to external fund managers, management expenses such as underwriting and claims related expenses and Tokio Marine Life Insurance Singapore's fixed overheads.

### 3. What are the key factors affecting performance of the Par Fund?

The key factors affecting the performance of the Par Fund include both investment performance which is affected by market risks and non-investment performance including but not limited to mortality and morbidity, surrender, and expense experiences.

### 4. As a participating fund policyholder, how do I know that my interest is protected?

The Insurance Act 1966 imposes a limit on the profits that can be distributed to the insurer's shareholders. Shareholders cannot receive more than one-ninth of the value of non-guaranteed benefits allocated to participating policyholders.

In this way, shareholders' profit objectives are aligned with policyholders' interests. Excessive distribution of profit to shareholders is prevented.

### 5. How often are bonuses/dividends declared?

Bonuses or dividends are reviewed and declared at least once a year. You will be notified each year of any bonuses or dividends that may be declared to your participating policies.



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### **6. Are bonuses/dividends guaranteed once they are declared to the policy?**

Participating policies distribute profits of the Par Fund in the form of reversionary bonuses or regular dividends, as well as terminal bonuses or terminal dividends, if any. Reversionary bonuses are declared and added to a life insurance policy annually. Once added, they become part of the guaranteed benefits of the policy and will be paid out in full when a claim is made, or when the policy reaches its maturity. Regular dividends are paid out after declaration, or they can be accumulated with the company upon declaration if permitted.

However, should policyholders surrender the policy, they may only receive a portion of the bonuses or dividends, since they may have to pay surrender penalties.

All future bonuses or dividends — including future reversionary bonuses or regular dividends that have not been declared and terminal bonuses or terminal dividends (bonuses or dividends that may be paid out to you when you make a claim, or your policy matures) are not guaranteed.

### **7. How are bonuses/dividends determined?**

All bonus or dividend allocations are approved by Tokio Marine Life Insurance Singapore's Board of Directors, based on the written recommendations made by the Appointed Actuary. The Appointed Actuary is in turn guided by the Singapore Actuarial Society's (SAS) Standard of Actuarial Practices and Monetary Authority of Singapore's (MAS) Notices related to the management of the Participating Fund.

The Appointed Actuary considers a few key factors before making a bonus or dividend recommendation, including past and future investment returns, policy claim and surrender rates, as well as costs associated with running the Fund. To avoid short-term fluctuations, bonuses and dividends declared are smoothed over a period of time.

### **8. When is my policy bonus or dividend allocation for 2024?**

Your policy bonus declaration will vest on 26 May 2025 or on your policy anniversary, whichever is later. Your policy dividend will be credited to your account on the anniversary of your policy. Please find more details available in your Bonus/Dividend Declaration Statement(s).



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### 9. Will bonuses/dividends be revised?

Future bonuses or dividends are not guaranteed. They are dependent on the performance of the Par Fund, which is in turn contingent upon past and future investment returns, policy claim and surrender rates, as well as costs associated with running the Par Fund.

Policyholders can be assured however, that revisions to the bonus and dividend rates are only made after a thorough review is conducted.

### 10. Can I withdraw the bonuses/dividends? How will this affect my policy value?

For bonus-type participating policies, subject to the terms and conditions of your policy, you may withdraw up to the cash value of the accrued bonuses. However, the policy benefits you will receive when you eventually terminate the policy — that is, upon policy surrender or maturity, or upon a claim on the policy — will be reduced.

For dividend-type participating policies, subject to the terms and conditions of your policy, dividends may be paid out to you or accumulated with Tokio Marine Life Insurance Singapore upon declaration. You may withdraw the dividends accumulated with the Company.

### 11. Should I continue with my policy?

Your policy is intended to meet your long-term financial goals and protection needs. Terminating it early may result in high costs; you may end up getting a surrender value that is less than what you paid in premiums. Making changes to your policy can also affect the level of protection it provides. Before taking any action, we strongly recommend that you contact your Financial Representative to discuss the best course of action for you.

### 12. How do Tokio Marine Life Insurance Singapore's participating bonuses compare to those offered by the rest of the industry?

Participating bonuses offered by other insurers are not directly comparable as each insurer offers different products and adopts different investment and bonus strategies.

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### 13. Why is the projected maturity/surrender benefit in the Annual Bonus/Dividend Declaration Statement lower or higher than the illustrated value at the point of sale?

The projected value in the Annual Bonus/Dividend Declaration Statement will reflect the actual performance and future market outlook of the Par Fund, where the economic conditions may have changed compared to when the policy was purchased. The rates in the Policy Illustration at the point of sale are used purely for illustrative purposes and are not a reflection of the actual returns of the Participating Fund. The actual benefits payable may vary according to the actual performance and future market outlook of the Participating Fund.

For Par policies, your premiums are invested according to the Par Fund's investment strategy. The assets of the Par Fund are used to meet payments for claims, maturity, early surrender, and expenses related to the Par Fund's policies.

Tokio Marine Life Insurance Singapore conducts an annual bonus review based on past performance and future outlook of the Par Fund. Eventually, actual returns received by you may be higher or lower than those reflected within the policy illustration at the point of sale.

### 14. What is the Strategic Asset Allocation (SAA) for the Par Fund?

The SAA is shown in the table below:

Investment Mix	Strategic
Equities	27%
Fixed Income	70%
Cash & Others	3%

The actual asset mix shown in the Par Fund Update as of 31 December 2024 includes assets acquired using repurchase agreements. Details of the composition of the respective asset classes are shown in the table below. This is also found in the Par Fund Update.

	Equities	Fixed Income	Property	Cash	Others	Total Gross Asset (\$'m)*
2024	25%	69%	2%	2%	2%	8,820

\*The total gross asset includes assets acquired through repurchase agreements.



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### 15. Why are repurchase agreements and interest rate swaps used in the Par Fund?

Taking into consideration the tenure of whole-life insurance products, the Par Fund has liabilities that tend to have a longer duration than the assets on its portfolio. Therefore, the Par Fund has utilised instruments such as repurchase agreements (used to acquire long-dated fixed income securities) and interest rate swaps to help manage interest rate risk arising from asset-liability mismatch risk. Such instruments have been in use in prior periods.

For more information on participating policies and the types of bonuses/dividends offered, please refer to the industry's guide for customers ("**Your Guide to Participating Policies**") on our website: <https://www.tokiomarine.com/sg/en/life/resources/consumer-guides.html>.