



Policy Reverse Mortgage Programme

Create steady income for peaceful retirement

CoverU Whole Life Insurance Plan / CoverU Whole Life Insurance Plan (Delight Version) (the "Plan") is an eligible life insurance plan under the Policy Reverse Mortgage Programme, allowing you to create steady flow of income for your retirement with total peace of mind.



What is a policy reverse mortgage?

The Policy Reverse Mortgage Programme (PRMP) is operated by HKMC Insurance Limited (HKMCI), a wholly-owned subsidiary of The Hong Kong Mortgage Corporation Limited (HKMC), for people who are aged 55 or above to apply for policy reverse mortgage loans.

Policy reverse mortgage is a loan arrangement. It enables you to use your life insurance policy as collateral to borrow from a lender. You can opt to receive monthly payouts either over a fixed period of 5, 10, 15 or 20 years or throughout your entire life until the maturity of your life insurance policy. You may also apply for lump-sum payouts to suit personal needs.

In general, you do not need to repay your policy reverse mortgage loan during your lifetime, unless your policy reverse mortgage loan is terminated under specific circumstances.

There is no limit on the number of policy reverse mortgage loans to be taken out by a borrower, but each loan can only have one life insurance policy as collateral. The aggregate amount of death benefits of all your life insurance policies assigned or to be assigned as collateral under the programme is capped at HK\$15 million. For any application with the aggregate amount of death benefits exceeding such capped amount, such application will be considered on a case-by-case basis.

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In most cases, your policy reverse mortgage loan will become due and payable when you pass away. The lender will enforce your life insurance policy within a specified timeframe to repay in full the outstanding loan amount. The amount recoverable from your life insurance policy to be used for repayment of your policy reverse mortgage loan will be the death benefits of your life insurance policy.

If the amount of the death benefits exceeds the outstanding loan amount under the policy reverse mortgage loan, the lender will pass the surplus to you (or your personal representative) after repaying the outstanding loan amount in full. If there is any shortfall, it will be borne by the HKMCI under an insurance arrangement between the lender and the HKMCI.



Am I eligible for a policy reverse mortgage loan?

You must:

- ✓ be aged 55 or above and a holder of a valid Hong Kong identity card; and
- ✓ not be an undischarged bankrupt or otherwise subject to bankruptcy petition or individual voluntary arrangement (except if the indebtedness under the relevant individual voluntary arrangement is to be repaid in full at closing by way of lump-sum payout).

In general, your life insurance must:

- ✓ be taken out by you as both the policyholder and the insured
- ✓ be issued by an authorized insurer in Hong Kong
- ✓ be denominated in Hong Kong Dollars or United States Dollars
- ✓ not be associated with any investment features (such as Investment-Linked Assurance Schemes regulated by the Securities and Futures Commission of Hong Kong)
- ✓ have the premium fully paid up
- ✓ be assignable and not contain any restriction on change of beneficiary

Furthermore, it is necessary that the beneficiary of your life insurance policy be yourself or your estate¹.

¹ Please refer to the Important Notice of the PRMP on the website of the HKMC www.hkmc.com.hk for further information.



Key features and benefits of the PRMP



Flexible payment term

You can choose to receive monthly payouts either over a fixed period of 5, 10, 15 or 20 years or throughout your entire life (until the maturity of your life insurance policy).



Lump-sum payout

You may apply for lump-sum payouts at the time of policy reverse mortgage loan application and / or any time during the selected payment term to suit your personal needs.

If you withdraw a larger lump-sum payout amount, there will be a correspondingly lower monthly payout amount. If you withdraw the maximum amount of lump-sum payout, you will not receive any monthly payouts thereafter.



Two options of mortgage plans

To meet your financial needs, you can choose either a floating-rate or fixed-rate mortgage plan.



No repayment during your lifetime

In general, you do not need to repay the outstanding loan amount during your lifetime, unless your policy reverse mortgage loan is terminated under specific circumstances.



No penalty for early full repayment

You may fully repay the outstanding loan amount and redeem your life insurance policy at any time without penalty. However, you may not repay only a part of the outstanding loan amount.



Six-month cooling-off period

If you terminate your policy reverse mortgage loan for whatever reason, provided that you notify the lender within the first six months and repay in full the outstanding loan amount on the proposed repayment date, you will be given a full refund and waiver of the relevant mortgage insurance premiums. However, you still need to bear any accrued interest and financed fees in the outstanding loan amount.

Source: The above information is extracted from the Policy Reverse Mortgage Information Pack (January 2024) of the HKMC, and is for reference only. Please refer to the website of the HKMC www.hkmc.com.hk for further information.

Please refer to the website of the HKMC www.hkmc.com.hk for further information of the PRMP, including costs (interest expense, mortgage insurance premium, handling fee, and other fees and expense), example of monthly payout amounts, general application flow, etc.

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HKMC website: www.hkmc.com.hk

Learn more

Please visit any branch of the following major insurance agency for details of **CoverU Whole Life Insurance Plan / CoverU Whole Life Insurance Plan (Delight Version)**.

Bank of China (Hong Kong) Limited ☎ (852) 3988 2388 🌐 www.bochk.com

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- This leaflet is intended to be distributed in Hong Kong only. It shall not be construed as an offer to sell or a solicitation of an offer or recommendation to purchase or sale or provision of any products of BOC Life outside Hong Kong. The leaflet should be read in conjunction with the relevant product brochure. Please refer to the product brochure, policy documents and provisions issued by BOC Life for details (including but not limited to insured items and coverage, detailed terms, key risks, conditions, exclusions, policy costs and fees) of the Plan and the supplementary rider(s) (if any).
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Important Notes

- The Plan and the supplementary rider(s) (if any) are underwritten by BOC Life. BOCHK is the major insurance agency appointed by BOC Life.
- BOC Life is authorised and regulated by Insurance Authority to carry on long term business in the Hong Kong Special Administrative Region of the People's Republic of China ("Hong Kong").
- BOCHK is granted insurance agency licence under the Insurance Ordinance (Cap. 41 of the Laws of Hong Kong) by Insurance Authority in Hong Kong. (insurance agency licence no. of BOCHK is FA2855)
- BOC Life reserves the right to decide at its sole discretion to accept or decline any application for the Plan and the supplementary rider(s) (if any) according to the information provided by the proposed insured and the applicant at the time of application.
- The Plan and the supplementary rider(s) (if any) are subject to the formal policy documents and provisions issued by BOC Life. Please refer to the relevant policy documents and provisions for details of the insured items and coverage, provisions and exclusions.
- BOCHK is the appointed insurance agency of BOC Life for distribution of life insurance products. The life insurance product is a product of BOC Life but not BOCHK.
- In respect of an eligible dispute (as defined in the Terms of Reference for the Financial Dispute Resolution Centre in relation to the Financial Dispute Resolution Scheme) arising between BOCHK and the customer out of the selling process or processing of the related transaction, BOCHK is required to enter into a Financial Dispute Resolution Scheme process with the customer; however any dispute over the contractual terms of the insurance product should be resolved directly between BOC Life and the customer.
- BOC Life reserves the right to amend, suspend or terminate the Plan at any time and to amend the relevant terms and conditions. In case of dispute(s), the decision of BOC Life shall be final.

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