

FREQUENTLY ASKED QUESTIONS

1. Background on Participating Fund and Participating Fund 2

In 2017, The Overseas Assurance Corporation Limited (“OAC”) transferred its life insurance business including its participating insurance fund to The Great Eastern Life Assurance Company Limited (“Great Eastern”) by way of a scheme for the transfer of insurance business under Section 49FB of the Insurance Act 1966. Both companies are wholly-owned subsidiaries of Great Eastern Holdings Limited. Following the transfer, OAC was renamed as Great Eastern General Insurance Limited and its business focuses on general insurance.

Prior to the transfer, Great Eastern had an existing Participating Fund. Upon the transfer, OAC’s participating insurance fund was renamed as Participating Fund 2 under Great Eastern, and has been managed as a separate fund from Great Eastern’s existing Participating Fund.

2. Why merge the two Funds?

Both Participating Fund and Participating Fund 2 have grown considerably since the transfer of OAC’s participating insurance fund in 2017. Taking into consideration the evolving profiles of both Participating Funds since 2017, we have recently performed a review on potential synergy between the assets and liabilities from both Participating Funds.

By merging the two Participating Funds into a larger combined Participating Fund, we will be able to achieve greater economies of scale, operational efficiencies, as well as risk pooling and diversification, which will benefit the combined Participating Fund over the long term.

3. What does this mean to me as a customer?

Your policies with Great Eastern remain valid and unchanged. There will be no change in your coverage, terms of your policy and premiums.

4. Will there be any change to the terms of my policy? Will this affect my rights and obligations under my policy?

No. The merger of Great Eastern’s two Participating Funds will not change the terms of your policy. It will not affect your rights and obligations owing to you under your insurance policy with Great Eastern.

5. How will the risk sharing mechanism in the Participating Fund be affected?

The assets and liabilities of Participating Fund and Participating Fund 2 are pooled together to form the combined Participating Fund. This combined Participating Fund will continue to invest in a range of investments such as bonds and equities and will be used to pay benefits to our policyholders as well as expenses (e.g. fund management expenses). Policyholders will share in the performance and risk of the combined Participating Fund.

6. How will the bonus distribution of my policy be affected?

The approach to bonus distribution will remain the same. Bonuses are determined annually based on the performance in investments, claims (from death, critical illness and surrender) and expenses as well as the future outlook of these factors. Bonus allocations are balanced over a period of time to reduce fluctuations arising from market conditions.

7. Is there any action needed from me at all?

No action is needed from our policyholders.