

PRODUCT SUMMARY**DIRECT – Whole Life (DWRA)****1. Policy Description**

DIRECT – Whole Life is a participating, regular premium whole life insurance plan that provides protection against death, total and permanent Disability (TPD before the age of 65) and terminal illness (TI). It allows the policyholder to participate in the performance of the Life Participating Fund in the form of bonuses that are not guaranteed.

The premium terms and entry ages are as follow:

Premium Term	Minimum Entry Age (Last Birthday)	Maximum Entry Age (Last Birthday)
Up to age 69 (Last Birthday)	18	59
Up to age 84 (Last Birthday)	18	64

The minimum and maximum sum assured are \$50,000 and \$200,000* respectively.

This is a Direct Purchase Insurance product, with no financial advice provided. The product is not available for sale through all other distribution channels of Income.

*The maximum sum assured per insured for all DIRECT products (DIRECT – Term (renewable), DIRECT – Term (non-renewable) and DIRECT – Whole Life), regardless of the number of policies purchased with Income, is \$400,000; with a sub-limit of \$200,000 for DIRECT – Whole Life.

2. Benefits**2.1 Death Benefit**

Upon death of the insured, the sum assured and accumulated bonuses will be payable in one lump sum.

The policy terminates thereafter.

2.2 Total & Permanent Disability (TPD) Benefit

Upon diagnosis of the insured with TPD (before the age of 65), the sum assured and accumulated bonuses will be payable in one lump sum.

The policy terminates thereafter.

The aggregate TPD benefit payable on a single life, inclusive of all policies issued by Income and by any other insurer cannot be more than S\$6.5 million (not including bonuses).

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2.3 Terminal Illness (TI) Benefit

Upon diagnosis of the insured with TI, the sum assured and accumulated bonuses will be payable in one lump sum.

The policy terminates thereafter.

Please refer to the policy contract for the exact terms and definitions of TPD and TI.

2.4 Surrender Value

There is surrender value on this policy after you have paid premiums for 2 years. Please note that buying a life insurance policy is a long-term commitment. An early termination of the policy usually involves high costs and the surrender value payable may be zero or less than the total premiums paid.

Depending on your policy and time of surrender, the return on your policy may be low. It may also be likely that you could incur a loss on your policy in the event of early surrender. You may wish to refer to your policy illustration to understand the cost of surrendering your policy, especially in early durations.

3. Bonuses

Bonuses are the way you receive a share of the profits of the Life Participating Fund. There are 2 types of bonuses, namely annual bonus and terminal bonus.

- i. Annual bonus, or reversionary bonus, may be added to the policy each year. The bonuses are usually calculated as a percentage of the basic sum assured and past year's bonuses. Once annual bonuses are added to your policy, they are guaranteed and will be provided for regardless of the performance of the Life Participating Fund.
- ii. Terminal Bonus, or special bonus, is an additional bonus, which we may pay at the time of a claim, maturity (for endowment) or surrender of the policy.

Future bonuses of this plan, which have yet to be added to your policy, are not guaranteed. Each year, Income will decide on the amount of bonuses to be allocated to each participating plan. Bonus allocations are approved by the Board of Directors, based on the recommendation by the Appointed Actuary.

All guaranteed benefits, including bonuses which have already been added to your policy, will be provided for regardless of the performance of the Life Participating Fund.

Different types of plans could have different bonus rates. Please refer to Section 7 for the details of the bonuses.

4. Investment of the Life Participating Fund

Premiums from all participating policyholders are combined and invested in our Life Participating Fund, which has a broad mix of investment assets.

Investment Objective

The investment objective of the Life Participating Fund is to maximize returns for our participating policyholders while maintaining an acceptable level of risk.

Investment Strategy

When setting the investment strategy of the Life Participating Fund, we aim to balance between seeking an attractive return over the long run and taking an acceptable level of risk. The major factors we consider include the product design (e.g. amount of guaranteed benefits, policy term) of our plans, Income’s financial strength, and the prevailing regulations.

Current Investment Mix and Performance of the Life Participating Fund

The Life Participating Fund is invested in a wide mix of assets. The main asset classes are local and overseas equities, bonds, property and cash.

As of 31 December 2018, the current investment mix of the Life Participating Fund is:

Asset Type	Percentage Allocation*
Equity	27%
Fixed Income	63%
Loans	3%
Properties	4%
Cash/Others	2%

* Figures are not additive due to rounding.

Over time, the relative return of different types of assets may change substantially. Hence, we may vary the investment mix in the future, according to the investment objective and strategy of the Life Participating Fund.

Total Expense Ratio

The Total Expense Ratio is the proportion of total expenses incurred by the Life Participating Fund to the assets of the Life 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 Life 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 Life Participating Fund, the past Total Expense Ratios are shown in the table below.

	2016	2017	2018	Averaged over the last 3 years	Averaged over the last 5 years	Averaged over the last 10 years
Total Expense Ratio	0.77%	0.81%	0.85%	0.81%	0.80%	0.85%

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

Investment Rate of Return

For our Life Participating Fund, the past investment rates of return (after deducting investment expenses only) are shown in the table below.

	2016	2017	2018	Averaged over the last 3 years	Averaged over the last 5 years	Averaged over the last 10 years
Investment Returns	4.49%	9.04%	0.82%	4.73%	4.28%	4.81%

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

Changes in the economic and investment environment may affect the investment performance of the Life Participating Fund and the bonuses you may receive.

External Fund Managers

Assets in the Life Participating Fund are partly managed by Income and partly managed by external fund managers appointed by Income. Details of these external fund managers are shown in Appendix A.

5. Factors Affecting the Life Participating Fund's Performance

The performance of the Life Participating Fund depends on a number of factors, of which the main ones are:

- Investment performance of the Life Participating Fund, which impacts the Fund most;
- Expenses incurred in managing the Life Participating Fund;
- Mortality and morbidity claims experience of the Life Participating Fund; and
- Surrender and lapse experience of the Life Participating Fund.

The performance of the Life Participating Fund will affect the bonus allocation of your participating policy each year. Income will take into account the Fund's current performance, its future outlook, as well as the financial strength of the Life Participating Fund when setting bonus rates.

6. How Risks are shared in the Life Participating Fund

Premiums from all participating policyholders are combined and invested in the Life Participating Fund. Hence, the Life Participating Fund is of a significant size that enables risks to be pooled and diversified.

The key risks that the Life Participating Fund is subjected to include investment risks, expense risks (when expenses of running the business are higher than expected), mortality and longevity risks, morbidity risks, and surrender and lapse risks (when actual surrenders differ from expected). Some non-participating and investment-linked businesses are written in the Life Participating Fund and they may also be subjected to similar risks. These risks result in profit and losses, which will be accounted for in the surplus of the Life Participating Fund, thus influencing its financial strength.

In determining sustainable bonus rates for the participating policies, we look to their asset share, which is the value of the assets available to back the policy. It is calculated as the total premiums received plus actual investment returns and other profits earned by the Life Participating Fund, less expenses and charges and other outgo.

7. Smoothing of Bonuses

As investment performance may vary from year to year, bonuses are smoothed to ensure stable medium to long-term returns on your participating policy. This means that bonuses may be held back in good years to support the maintenance of the bonus in years when the performance of the Life Participating Fund is less favourable. It is intended that over the long term, the net impact of smoothing is neutral. Smoothing will never reduce any guaranteed benefits that may apply. Smoothing is a common industry practice.

The annual and terminal bonus rates declared are:

i. Annual Bonus

Year	Bonus Rate
2016	0.3% of sum assured compounded at 0.3%
2017	0.3% of sum assured compounded at 0.3%
2018	0.3% of sum assured compounded at 0.3%

ii. Terminal Bonus (Death/TPD)

Duration	2016	2017	2018
1-9	244% - 262%	244% - 262%	244% - 262%
10-19	264% - 429%	264% - 429%	264% - 429%
20-35	471% - 626%	471% - 626%	471% - 626%
36-50	630% - 686%	630% - 686%	630% - 686%
51-65	686%	686%	686%
66 and above	686%	686%	686%

iii. Terminal Bonus (Surrender)

Duration	2016	2017	2018
1-9	154% - 224%	154% - 224%	154% - 224%
10-19	226% - 429%	226% - 429%	226% - 429%
20-35	471% - 626%	471% - 626%	471% - 626%
36-50	630% - 686%	630% - 686%	630% - 686%
51-65	686%	686%	686%
66 and above	686%	686%	686%

Please note that the past performance is not necessarily indicative of future performance of the Life Participating Fund.

8. Expenses of the Life Participating Fund

Expenses are incurred in the course of running the Life Participating Fund. These expenses include commission (commission costs are not applicable to Direct Purchase Insurance products as these products are sold through the direct channel), distribution costs, general overheads, underwriting expenses, policy issue and claims expenses, depreciation, etc. This is not an exhaustive list of expenses incurred by the Life Participating Fund.

Expense directly incurred by the Life Participating Fund would be charged to the Life Participating Fund. However, some expenses are shared across all funds. These expenses would be allocated to each fund (including the Life Participating Fund), using a methodology determined by the Appointed Actuary. To ensure equity and fairness, the methodology aims to allocate expenses in a manner that reflects the cost of running the business in each fund.

These expenses incurred by the Life Participating Fund have been included in the premium and will not be separately charged to the policyholder.

9. Conflict of Interests

We seek to treat our customers fairly, balancing any conflicting interests that arise between various groups and generations of policyholders or between policyholders and shareholders.

10. Related Party Transactions

Fullerton Fund Management Company Ltd, an external fund manager which manages a substantial portion of the Life Participating Fund, is a related party to Income. Income has governance and controls in place to ensure related party transactions are conducted at arm's length.

11. Riders

With additional premiums, you may attach available riders to enjoy extra protection.

All riders are subject to terms and conditions. For more information on these riders, please refer to the relevant product summaries of the riders.

12. Premiums

Premiums are payable throughout the premium term. You can choose to pay monthly, quarterly, half-yearly, or yearly for the regular premium option. Premium rates are guaranteed throughout the premium term and applicable to standard lives.

13. Exclusions

Benefits of this plan are not payable under certain conditions, commonly known as exclusions. The categories of exclusions that are common to all life insurers relate to:

- (a) Suicide within one year (for Death Benefit)
- (b) Self-inflicted injury (for Total and Permanent Disability Benefit)

In addition to the above common categories of exclusions, Income may impose other exclusions.

All the exclusions for DIRECT – Whole Life are listed as follows:

I. Death Benefit

In the event the insured commits suicide within one year from the cover start date, the policy is not valid and the premiums paid (without interest) from the cover start date will be refunded.

Cover start date refers to:

- (a) the date of issue of the policy;
- (b) the date of issue of an endorsement to include or increase a benefit; or
- (c) the date we reinstate the policy;

whichever is the latest.

II. Total and Permanent Disability (TPD) Benefit

Benefit payment will not be made for TPD arising from:

- (a) deliberate acts such as self-inflicted injuries, illnesses or attempted suicide;
- (b) unlawful acts, provoked assault, or deliberate exposure to danger; or
- (c) the effects of alcohol, drugs or any dependence.

In addition, TPD benefit will not be paid unless the insured is certified by a registered medical practitioner to have been totally and permanently disabled for at least six months in a row.

III. Other Conditions

After you have been continuously covered for one year from the cover start date, we will pay your claim unless:

- it is a case of fraud;
- you fail to pay a premium;
- the insured has a material pre-existing condition; or
- the claim is excluded or not covered under the terms of the policy.

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

14. Free-Look

You will have 14 days from the date you receive the policy documents to be sure that you want to keep the policy. If we post or email the policy to you, the 14 days will start seven days from the date of posting or emailing.

During this time, if you choose to cancel the policy, we 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 us.

15. Grace Period

There is a 30 days grace period to pay the premiums due on your policy. If any benefits are due to be paid during this period, the unpaid premiums will be deducted from the benefits.

16. Lapse

If premiums are still not paid after the grace period, your policy may lapse. If your policy has sufficient cash value, the premiums for the policy and its riders can continue through a loan (called an automatic premium loan) and interest will be charged on the loan. The loan and interest will be deducted from any amount due to pay under the policy. The policy will lapse when the amount of the loans and interest is more than the cash value of the policy.

17. Reinstatement Period

If the policy lapses due to insufficient cash value, reinstatement of the policy is allowed within 36 months by paying the premiums owed along with interest. Satisfactory proof of the insured's good health has to be provided and there is no change in the risks covered by this policy. However, if we do not ask for the insured's health declaration or medical checks at the time of application, then you need not give us satisfactory proof of the insured's good health.

18. Claim

You must inform Income within six months after the diagnosis or the event giving rise to the claim.

You must provide adequate evidence required by Income. You may need to bear the charges in providing such evidence.

Please refer to our webpage for the claim procedures: <http://www.income.com.sg/claims>.

19. Termination

You may write in to terminate or surrender your policy any time. Please refer to our webpage for the termination or surrender procedures: <http://www.income.com.sg/claims/life-and-health-insurance/surrender-of-policies>.

Please note that an early termination of the policy usually involves high costs and the surrender value payable (if applicable) may be zero or less than the total premiums paid.

20. Performance Update

To evaluate the performance of your policy and the Life Participating Fund, you may wish to refer to the following documents:

- i. Annual Bonus Update (sent annually to participating policyholders)
- ii. Policyholder Annual Statement (sent annually to all policyholders)
- iii. Post Sales Illustration (available upon request)

21. Policy Owners' Protection Scheme

This policy is protected under the Policy Owners' Protection Scheme which is administered by the Singapore Deposit Insurance Corporation (SDIC). Coverage for your policy is automatic and no further action is required from you. For more information on the types of benefits that are covered under the scheme as well as the limits of coverage, where applicable, please contact Income or visit the GIA/LIA or SDIC web-sites (www.gia.org.sg or www.lia.org.sg or www.sdic.org.sg).

DISCLAIMER

This product summary does not form a part of the contract of insurance. It is only meant to be a simplified description of the product features which apply to this plan and does not explain the whole contract. The contents of this product summary may be different from the terms of cover eventually issued. Please read the policy contract for the precise terms, conditions and exclusions. Only the terms, conditions and exclusions in the policy contract will be enforceable by the policyholder and Income.

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Appendix A - List of External Fund Managers**Appointed Managers:**

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|----|---|---|---|
| 1. | MFS International Singapore Pte Ltd | - | 501 Orchard Road #13-01 Wheelock Place
Singapore 238880 |
| 2. | PIMCO Asia Pte Ltd | - | 8 Marina View #30-01 Asia Square Tower 1
Singapore 018960 |
| 3. | Wellington International Management Company Pte Ltd | - | 8 Marina Boulevard, #03-01 Tower 1, Marina Bay Financial Centre
Singapore 018981 |
| 4. | Morgan Stanley Investment Management Company | - | 23 Church Street #16-01 Capital Square
Singapore 049481 |
| 5. | Schroder Investment Management (Singapore) Ltd | - | 138 Market Street #23-01 CapitaGreen
Singapore 048946 |
| 6. | Fullerton Fund Management Company Ltd | - | 3 Fraser Street #09-28 DUO Tower
Singapore 189352 |

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