

# Understanding Life Insurance

**DO** protect yourself with a plan that meets your needs.

Here's a guide to help you learn the basics of life insurance.

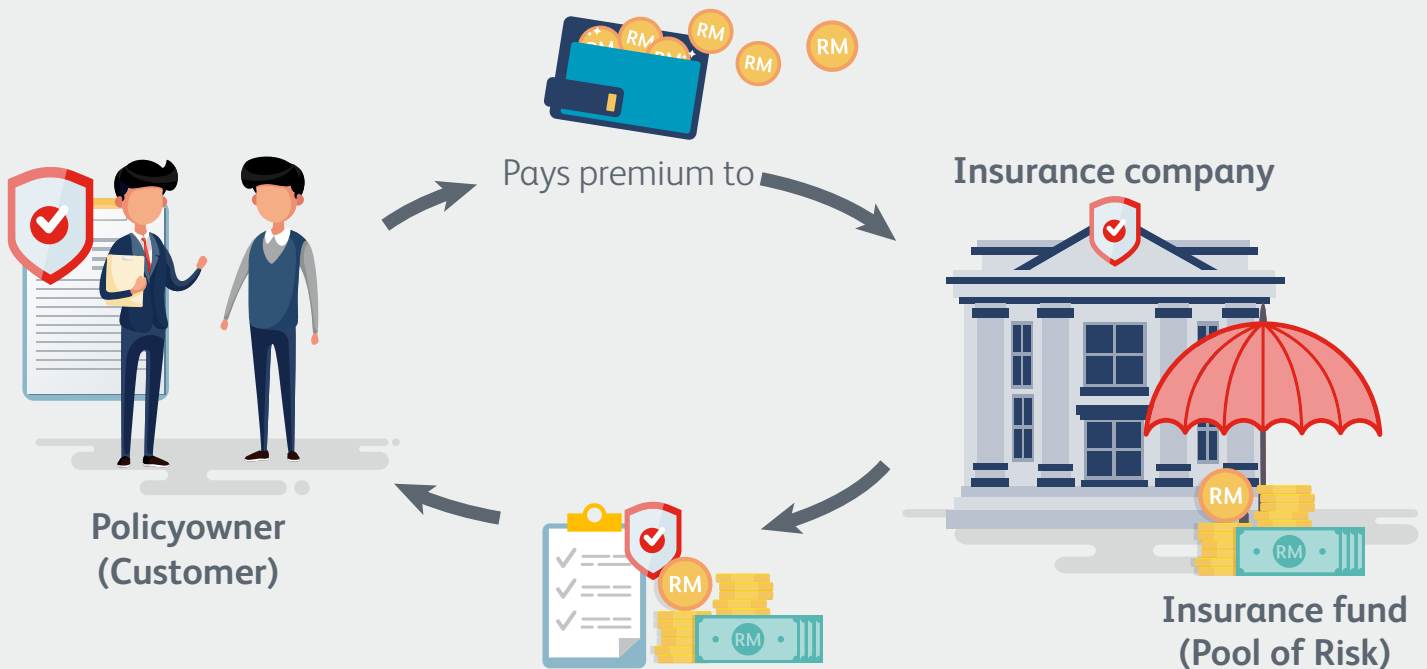


**PRUDENTIAL**

Listening. Understanding. Delivering.



## How life insurance works?



Pays out benefit according to policy contract to relieve customer from an unfortunate event

# Types of Life Insurance Plan



	Conventional Plan		Investment Linked Plan
	Term	Endowment/ Whole life	Endowment/ Whole life
Needs	<ul style="list-style-type: none"> <li>Insurance <b>protection</b> for a <b>limited period</b> only and benefit is paid out upon death or Total and Permanent Disability (TPD), whichever is earlier</li> </ul>	<ul style="list-style-type: none"> <li>Combination of <b>protection</b> and <b>savings</b> whereby benefit is paid at the end of a specific period, or upon death or TPD, whichever is earlier</li> </ul>	<ul style="list-style-type: none"> <li>Combination of <b>protection</b> and <b>investment</b> whereby premium is <b>used to buy insurance protection</b> and <b>units</b> in Investment Linked Funds managed by insurance company. The value of your policy will depend on the performance of the Investment Linked Funds</li> </ul>
Fund type	<ul style="list-style-type: none"> <li><b>Non Participating Life Insurance Fund</b> - Investment risk is borne by insurance company</li> </ul>	<ul style="list-style-type: none"> <li><b>Participating Life Fund</b> - Investment risk is borne by insurance company &amp; Policyowner, through the sharing in profit in the form of non-guaranteed bonuses to the policy; or</li> <li><b>Non Participating Life Insurance Fund</b> - Investment risk is borne by insurance company</li> </ul>	<ul style="list-style-type: none"> <li><b>Pre-fixed or customer-chosen Investment Linked Funds</b> - Investment risk is borne by Policyowner</li> </ul>
Supplementary cover	<ul style="list-style-type: none"> <li>Commonly known as <b>riders</b>, these are optional benefits to consider for additional protection</li> </ul> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> <p><b>Accidental</b></p> </div> <div style="text-align: center;"> <p><b>Critical Illness</b></p> </div> <div style="text-align: center;"> <p><b>Medical &amp; Health</b></p> </div> <div style="text-align: center;"> <p><b>Payor/Waiver Benefits</b></p> </div> </div> <ul style="list-style-type: none"> <li>Subject to availability and eligibility of the offered plan</li> <li>Additional premiums will be required</li> </ul>		
Premium & Coverage	<ul style="list-style-type: none"> <li><b>Premium</b> can be <b>guaranteed or non-guaranteed</b></li> <li><b>Coverage continues</b> as long as premiums are made</li> <li>If there is any outstanding premium and provided the policy has sufficient cash value, the insurance company will use the cash value to pay for the premiums and interest in default to ensure coverage continues. However, once the cash value is exhausted, the policy will lapse</li> </ul>	<ul style="list-style-type: none"> <li>The benefit will be paid in the event of the insured person's <b>death</b> or <b>TPD</b> (where applicable) during the term of the policy</li> </ul>	<ul style="list-style-type: none"> <li><b>Non-guaranteed premium</b></li> <li><b>Premium is allocated to buy units</b> for coverage, while charges are paid by redemption of units</li> <li>Unallocated premium is used to fund commission and insurance company expenses</li> <li>Coverage is subject to sufficiency of units for payment of insurance and other charges</li> <li>Potential upside from underlying Investment Linked Funds</li> <li><b>Flexibility</b> for Policyowner in <b>fund selection/switching/top-up (i.e. for voluntary savings/investment)/withdrawal</b></li> </ul>

\* Buying a life insurance policy is a long term commitment. You should satisfy yourself that this policy will best serve your needs and that the premium payable under the policy is an amount that you can afford.



For more information on choosing the right insurance plan, please visit [www.prudential.com.my](http://www.prudential.com.my) or contact our Prudential Wealth Planner/Bank Representative.