

Appreciation – Information Sheet

1. What is an “appreciation”?

- An appreciation is an increase of annual premium for the main rate of contract as per main due date of contract.

2. What is the intended use of the feature appreciation?

- This feature is excellent for clients who already hold a contract and would like to increase their regular annual premium payment until end of contract in order to gain higher profit together with values of basic contract

3. What are the preconditions of an appreciation?

- It can either be a contract with upright premium payment or a premium free contract.
- The contract must be upright (=existing surrender value, not cancelled) at the planned main due date of appreciation.
- There are no appreciations allowed for cancelled contracts.
- An appreciation is not possible, if the policyholder is resident in a country excluded from new business.

4. Which rates are allowed to be appreciated?

- An appreciation can just be made for the main rate of contract, for the endowment insurance. In EIP and FIP this is the very rate G5S, in KIP it is the rate G3, also unit-linked contracts can be appreciated.

5. What about the value development of my contract after appreciation?

- An appreciation is like a “contract within the contract”. The value development for the very appreciation premium/insured amount starts with the date of appreciating completely new way.
- The contract period for the appreciation part always ends with the expiry of basic contract.
- The entry age of person insured for the appreciation is calculated with the very starting date of appreciation, not with the starting date of basic contract.

6. What about later reduction when there was an appreciation in the past?

- If you plan to apply for an appreciation you must be very sure that you pay the increased premium unchanged until end of contract in order to have proper value development.
- A reduction of premium within an appreciated contract can lead to a substantial loss of paid appreciation premium cf. also point 5 regarding value development, in the worst case the full appreciated premium can be lost.
- Basically it is no use to “mix” the changing types reduction and appreciation within same contract because of disadvantageous value development.

7. Is there an option to appreciate additional rates / riders?

- No, riders are not allowed to be appreciated
- Any appreciated premium will be used for the main rate of contract, this feature favours the value development of main rate and the expiry value.
- Riders remain with their insured amounts as they had BEFORE the appreciation of main rate.

8. May I apply for a premium free change having an appreciated contract?

- Basically it is possible to convert an appreciated contract into premium free status later on, however it shall be avoided. In worst case the full appreciated premium since start of appreciation is lost.

9. May I apply for appreciation starting with every year until end of contract?

- No, basically as a rule it is possible to appreciate the contract within the first half of total term of contract.
- For more details please use overview as follows:

Total Term in years	10	11	12	13	14	15	16	17	18	19	20
Number of years before expiry when appreciation is allowed	5	6	6	7	7	8	8	9	9	10	10

Example: A contract with term of 15 years is allowed to be appreciated at the latest 8 years before end of contract.

Start 1.2.2011 – Expiry 1.2.2026, latest appreciation: 1.2.2018

10. Is there a deadline for appreciation?

- You can apply for appreciation for future main due dates, the execution will be made close to the very date.
- You can also apply for appreciation if the main due date of appreciation is not more than 6 months in the past compared with sending date of the application.

11. Does the appreciation increase the profitability of my insurance contract?

- If you meet the requirements as stated in point 9 and care for regular premium payment in unchanged amount until end of contract you will have an excellent additional gain of profits for the appreciation part.

12. Is there a maximum amount of appreciation?

- The total annual premium AFTER appreciation is allowed to be USD / EUR 10.000 maximum.

13. How can I apply for appreciation of my contract?

- Being the policyholder just fill in the form at the end of this info-sheet, sign it and send it to Medlife accompanied with a colour copy of your passport via email office@medlife.net or paper mail.
- If you do feel insecure about the values you can also turn to our office in order that the insured amounts and expected expiry values are calculated before you apply.
- The execution of appreciation will be confirmed by sending an amendment regarding your policy showing the new insured amounts. It is vital that you immediately check the value of insured amount after receipt of the amendment if they meet your expectations.

Application for Appreciation

Policy-No: _____

Policyholder: _____

Date of birth: _____

I declare to appreciate the annual premium for my policy-no as stated above as per main due date (=same month as starting month, present year):

01/___/ 20__.(DD.MM.YYYY)

Present premium: USD/EUR: _____

New additional premium: USD/EUR: _____

Total premium USD/EUR: _____

I am aware that an appreciation shall be followed by regular and unchanged premium payment until the end of contract.

I am aware that a premium reduction or premium free change after an appreciation can lead to loss of part or full amount of appreciated premium.

If the value of appreciated insured amount does not meet my expectation I have to inform Medlife immediately after receipt of the amendment of appreciation. A later quit or change of appreciation is NOT possible.

Date

Signature of the policyholder