

CHUBB LIFE INSURANCE VIETNAM COMPANY LIMITED

**OPERATIONAL STATUS OF UNIVERSAL LIFE FUND
FOR THE YEAR ENDED 31 DECEMBER 2016**



INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF MANAGEMENT OF CHUBB LIFE INSURANCE VIETNAM COMPANY LIMITED

We have audited the accompanying report of operational status of Universal Life Fund ("the Report") of Chubb Life Insurance Vietnam Company Limited ("the Company") which was prepared on 31 December 2016 and approved by the Board of Directors on 27 March 2017. This report of operational status comprises the operational status of Universal Life Fund for the year ended 31 December 2016 and explanatory notes to the Report, as set out on pages 3 to 6.

The Board of Directors' Responsibility for the Report

The Board of Directors of the Company is responsible for the preparation and the true and fair presentation of the Report in accordance with Circular No. 52/2016/TT-BTC issued by the Ministry of Finance ("the MoF") dated 21 March 2016, Circular No. 125/2012/TT-BTC issued by the MoF dated 30 July 2012 and responsible for such internal control which the Board of Directors determines is necessary to enable the preparation and fair presentation of the Report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the Report based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we have to plan and perform the audit to obtain reasonable assurance as to whether the Report of the Company is free from material misstatement.

An audit involves performing procedures to obtain audit evidence on sample basis about the amounts and disclosures in the Report. The procedures selected depend on the auditor's judgment, including an assessment of the risks of material misstatement of the Report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the Report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the overall presentation of the Report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's Opinion

In our opinion, the report of operational status of Universal Life Fund of the Company for the year ended 31 December 2016 has been prepared, in all material respects, in accordance with Circular No. 52/2016/TT-BTC issued by the MoF dated 21 March 2016, Circular No. 125/2012/TT-BTC issued by the MoF dated 30 July 2012.

For and on behalf of PricewaterhouseCoopers (Vietnam) Ltd.



Nguyen Hoang Nam
Audit Practising Licence No.
0849-2013-006-1
Authorised signatory



Lai Hung Phuong
Audit Practising Licence No.
2432-2013-006-1

Report reference number: HCM5845
Ho Chi Minh City, 27 March 2017

CHUBB LIFE INSURANCE VIETNAM COMPANY LIMITED

OPERATIONAL STATUS OF UNIVERSAL LIFE FUND FOR THE YEAR ENDED 31 DECEMBER 2016

A. OPERATIONAL STATUS OF UNIVERSAL LIFE FUND

I. GENERAL INFORMATION

Chubb Life Insurance Vietnam Company Limited (“the Company”) was established in Vietnam pursuant to Licence of Establishment and Operation No. 33 GP/KDBH, dated 4 May 2005 which was issued by the Ministry of Finance (“the MoF”) for a period of 50 years from the date of the initial licence.

At 12 March 2008, the Company received the amendment of the Licence for Establishment and Operation No. 33/GPDC7/KDBH from the MoF to change the charter capital from US\$31,910,000 to US\$37,910,000.

On 1 April 2010, an amended licence was issued by the MoF to increase the charter capital of the Company to US\$53,910,000.

On 13 August 2015, an amended licence was issued by the MoF to change the Company’s charter capital to VND1,019,797,178,080.

On 9 March 2016, the Company received the amendment of the Licence for Establishment and Operation No. 33/GPDC13/KDBH issued by MOF to change the name from ACE Life Insurance Company Limited to Chubb Life Insurance Vietnam Company Limited.

On 4 July 2016, an amended licence was issued by the MoF to change the Company’s charter capital to VND1,165,266,954,280.

The Company is an insurance enterprise wholly owned by Chubb INA International Holdings, Limited, a company incorporated in the United States of America.

The principal activity of the Company is to provide life insurance products including universal life insurance, whole life insurance, pure endowment insurance, term insurance, endowment insurance, annuity insurance, health insurance and insurance products supplementary to life insurance; assuming and ceding reinsurance in respect of life insurance, health insurance and personal accident insurance.

II. PREMIUMS AND VALUE OF UNIVERSAL LIFE FUND DURING THE YEAR

	Note	Million VND
Total premiums deposited		2,057,209
Amount of premiums allocated to cost of insurance		(464,111)
Fee deductions:		
- Front-end fees		(626,553)
- Policy administration fees		(90,462)
Total premiums invested in Universal Life Fund		876,083
Interest credited to policyholders		285,253
Amount of account values transferred out of the fund	3	(93,123)
Value of Universal Life Fund at the beginning of year		4,052,570
Value of Universal Life Fund at the end of year		5,120,783
Investment yield of Universal Life Fund		8.57%

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A. OPERATIONAL STATUS OF UNIVERSAL LIFE FUND (continued)

III. REPORT STATUS OF ASSETS OF THE UNIVERSAL LIFE FUND

	Value at beginning of year Million VND	Changes during the year Million VND	Value at end of year Million VND
Assets			
- Cash	37,389	54,843	92,232
- Investment portfolio	3,791,743	969,071	4,760,814
+ Term deposits	90,000	80,000	170,000
+ Government bonds and Government guaranteed bonds	3,639,078	862,322	4,501,400
- Term 5 years or less than	740,456	(182,748)	557,708
- Term 10 years	1,716,381	(9,159)	1,707,222
- Term 15 years	982,241	122,734	1,104,975
- Term 20 years	100,000	139,251	239,251
- Term 30 years	100,000	792,244	892,244
+ Advance to policy holders	62,665	26,749	89,414
- Other assets	223,438	44,299	267,737
Total assets	4,052,570	1,068,213	5,120,783

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A. OPERATIONAL STATUS OF UNIVERSAL LIFE FUND (continued)

IV. REPORT ON INCOME AND EXPENSES OF THE UNIVERSAL LIFE FUND

Item	2012	2013	2014	2015	2016
	Million	Million	Million	Million	Million
	VND	VND	VND	VND	VND
Income:					
+ Interest on current accounts	167	149	686	893	352
+ Interest on advance to policyholders	-	253	3,852	6,281	8,777
+ Interest on term deposits	3,128	3,596	6,838	8,854	8,127
+ Interest on Government bonds and Government guaranteed bonds	102,323	169,110	228,341	288,310	364,579
+ Interest on corporate bonds	45,021	23,754	11,752	2,718	-
Total income	150,639	196,862	251,469	307,056	381,835
Expenses:					
+ Expenses related to investment activities	276	478	2,499	5,762	7,384
Total expenses	276	478	2,499	5,762	7,384
Difference between income and expenses	150,363	196,384	248,970	301,294	374,451
Interest credited to policyholders	120,895	153,640	192,196	230,005	285,253
Actual investment yield (*)	11.40%	10.29%	9.46%	8.67%	8.57%
Interest rate credited to policyholders:					
+ For regular policies	9.50%	8.30%	7.52%	6.78%	6.60%
+ For single premium policies	9.75%	8.55%	7.77%	7.03%	6.85%

(*) From the fiscal year 2016 and onwards, the actual investment yield is determined based on actual investment income excluded expenses related to investment activities (fund management fees, custody fees...) in accordance to Circular 52/2016/TT-BTC dated 21 March 2016 issued by the MoF guiding the implementation of universal life insurance products.

B. NOTES

- 1 When participating in Universal Life Insurance products, the collected premium, after being deducted by the contracted expenses, will be transferred to a fund, namely Universal Life Fund. This fund is controlled and invested for profits by the Company under the approved investment policy that is presented to the policyholders when the products were introduced to them.

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B. NOTES (continued)

2 The investment objectives are to maximise and stabilise the income from long-term investments. The Company has invested in a list of approved sources which can bring in a foreseeable stable income under a reasonable level in a medium and long-term future, including debt instruments (mainly bonds, long-term deposits, and other instruments which can generate fixed income) issued by financial institutions, or corporate organisations operating in Vietnam in accordance with current laws and regulations.

3 Detail of account values that were transferred out of Universal Life Fund is as follows:


	Million VND
- Claims	6,177
- Partial surrenders and surrenders	87,568
- Others	(622)
	<u>93,123</u>

4 Since Universal Life Fund commenced its operation in March 2006, the Company has paid its policyholders, who have regular Universal Life policies with the Company, above the commitment rate per annum which is stated in the insurance policies, in particular:

Period	Credit interest rates (% p.a.)	
	Range	Average
1 January 2012 to 31 December 2012	9.30% - 10.00%	9.50%
1 January 2013 to 31 December 2013	8.30%	8.30%
1 January 2014 to 31 December 2014	7.35% - 7.80%	7.52%
1 January 2015 to 31 December 2015	6.50% - 7.40%	6.78%
1 January 2016 to 31 December 2016	6.30% - 6.80%	6.60%

For policyholders of single premium Universal Life products, the credit interest rates are 0.25% per annum higher than the regular premium Universal Life products in the same period.

Ho Chi Minh City, 27 March 2017


Albert Li
Appointed Actuary



Lam Hai Tuan
Chairman, Country President