

**ACE LIFE INSURANCE COMPANY LIMITED**

**OPERATIONAL STATUS OF UNIVERSAL LIFE FUND  
FOR THE YEAR ENDED 31 DECEMBER 2013**





## **INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF MANAGEMENT AND THE BOARD OF DIRECTORS OF ACE LIFE INSURANCE COMPANY LIMITED**

We have audited the accompanying report of operational status of Universal Life Fund ("the Report") of ACE Life Insurance Company Limited ("the Company") which was prepared on 31 December 2013 and approved by the Board of Directors on 28 March 2014. This report of operational status comprises the summary of operational status of Universal Life Fund for the year ended 31 December 2013 and explanatory notes to the Report.

### **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 the guidelines (Article 15.2) of Decision No. 96/2007/QĐ-BTC issued by the Ministry of Finance dated 23 November 2007 and responsible for internal controls which the Board of Directors determines that it is relevant to the preparation and fair presentation of the Report that are 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 controls 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 controls.

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 2013 has been prepared, in all material respects, in accordance with the guidelines (Article 15.2) of Decision No. 96/2007/QĐ-BTC issued by the Ministry of Finance dated 23 November 2007.

**PricewaterhouseCoopers (Vietnam) Ltd.**



Ian S. Lydall

Audit Practising Licence No. 0559-2013-006-1

Quach Thanh Chau

Audit Practising Licence No. 0875-2013-006-1

Report reference number: HCM4145  
Ho Chi Minh City, 31 March 2014

ACE Life Insurance Company Limited  
Operational Status of Universal Life Fund  
For the year ended 31 December 2013

**A. SUMMARY OF OPERATIONAL STATUS OF UNIVERSAL LIFE FUND**

**I. PREMIUMS AND VALUE OF UNIVERSAL LIFE FUND DURING THE YEAR**

	Note	Million VND
Total premiums deposited		1,109,632
Amount of premiums allocated to cost of insurance		(202,952)
Fee deductions:		
- Front-end fees		(320,954)
- Policy administration fees		(53,283)
<b>Total premiums invested in Universal Life Fund</b>		<b>532,443</b>
Interest credited to policyholders		153,640
Amount of account values transferred out of the fund	3	(23,544)
<b>Value of Universal Life Fund at the beginning of year</b>		<b>1,654,118</b>
<b>Value of Universal Life Fund at the end of year</b>		<b>2,316,657</b>
Investment yield of Universal Life Fund		10.29%

**II. 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
<b>Assets</b>			
- Cash	21,930	13,855	35,785
- Investment portfolio	1,510,005	615,567	2,125,572
+ Term deposits	38,247	(6,229)	32,018
+ Government bonds	1,305,154	596,614	1,901,768
- Term 5 years or less than	495,757	90,330	586,087
- Term 10 years	765,617	506,146	1,271,763
- Term 15 years	43,780	138	43,918
+ Corporate bonds	166,604	1,198	167,802
- Term 5 years or less than	166,604	1,198	167,802
+ Advance to policy holders	-	23,984	23,984
- Other assets	122,183	33,117	155,300
<b>Total assets</b>	<b>1,654,118</b>	<b>662,539</b>	<b>2,316,657</b>



**ACE Life Insurance Company Limited**  
**Operational Status of Universal Life Fund**  
**For the year ended 31 December 2013**

**A. SUMMARY OF OPERATIONAL STATUS OF UNIVERSAL LIFE FUND (continued)**

**III. REPORT ON INCOME AND EXPENSES OF THE UNIVERSAL LIFE FUND**

Items	2009 Million VND	2010 Million VND	2011 Million VND	2012 Million VND	2013 Million VND
Income:					
+ Interest on current accounts	1	28	56	167	149
+ Interest on advance to policyholders	-	-	-	-	253
+ Interest on term deposits	4,935	1,496	3,087	3,128	3,596
+ Interest on government bonds	10,698	28,224	51,924	102,323	169,110
+ Interest on corporate bonds	5,130	16,316	40,143	45,021	23,754
<b>Total income</b>	<b>20,764</b>	<b>46,064</b>	<b>95,210</b>	<b>150,639</b>	<b>196,862</b>
Expenses:					
+ Expenses related to investment activities	-	-	-	276	478
<b>Total expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>276</b>	<b>478</b>
<b>Difference between income and expenses</b>	<b>20,764</b>	<b>46,064</b>	<b>95,210</b>	<b>150,363</b>	<b>196,384</b>
Interest credited to policyholders	17,814	37,872	77,797	120,895	153,640
Actual investment yield	10.00%	10.85%	11.62%	11.40%	10.29%
Interest rate credited to policyholders:					
+ For regular policies	8.25%	8.86%	9.90%	9.50%	8.30%
+ For single premium policies	8.50%	9.11%	10.15%	9.75%	8.55%

**B. NOTES**

- 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.
- 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.

**ACE Life Insurance Company Limited  
Operational Status of Universal Life Fund  
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**B. NOTES (continued)**

3. Detail of account values was transferred out of the universal life fund as follows:

**Type of transactions**

**Million VND**

- Claims	(1,995)
- Partial surrenders and surrenders	(21,360)
- Others	(189)
	<u>(23,544)</u>

4. Since Universal Life Fund commenced its operation in March 2006, the Company has always paid its customers, who have regular Universal Life policies with the company, above the commitment of 4% per annum which is stated in the insurance policies, in particular:

Period	Credit interest rates (% p.a.)	
	Range	Average
March 2006 to 31 December 2007	6.50%	6.50%
January 2008 to 31 December 2008	6.80% - 11.50%	9.15%
January 2009 to 31 December 2009	7.50% - 11.00%	8.25%
January 2010 to 31 December 2010	8.00% - 9.70%	8.86%
January 2011 to 31 December 2011	9.40% - 10.50%	9.90%
January 2012 to 31 December 2012	9.30% - 10.00%	9.50%
January 2013 to 31 December 2013	8.30%	8.30%

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

Ho Chi Minh City, 28 March 2014



Nguyen Paul George  
Deputy Country President,  
Appointed Actuary




Lam Hai Tuan  
Chairman, Country President