The Universal Life Business policy document, effective from 13 February 2023, establishes guidelines for licensed insurers offering universal life insurance products. These policies enable policy owners to pay premiums into a non-unitised account, which the insurer invests at its discretion, with returns determined by annual crediting interest rates. Policy owners benefit from flexible options such as premium top-ups, partial withdrawals, and adjustments to coverage to meet changing financial needs. Insurers are mandated to disclose options and guarantees associated with these products, including capital guarantees and minimum crediting interest rates, while ensuring that premiums are appropriately priced to sustain coverage throughout the policy period. Regular sustainability tests are required to assess the viability of coverage, particularly for policies sold before 1 January 2021, which must have plans in place for those without premium top-up options.

The document delineates the responsibilities of the board and senior management in overseeing universal life business, ensuring compliance with governance frameworks, and managing conflicts of interest. It includes provisions for the management of fees, charges, and expenses, requiring clear disclosures to policy owners, including product literature and fund fact sheets. Insurers must account for all cash inflows and outflows related to the policy account and ensure that assumptions used in sustainability tests are realistic. Policy owners must be informed of the expected sustainability of coverage, automated deductions during premium holidays, and the implications of increased insurance charges, with recommendations for additional premiums when necessary. Surrender values must not fall below the policy account value after applicable charges, and insurers are obligated to pay these values promptly, ensuring that surrender charges reflect expected expenses without profit generation.

A 15-day free-look period is provided for policy owners to review and potentially terminate the policy, with specific conditions for refunds. Insurers are restricted to charging expenses directly related to managing the universal life fund and must not impose indirect expenses. They are required to give a minimum three-month notice for any fee increases, and all promotional costs must be borne by the shareholders' fund. The annual Fund Management Charge must align with the investment strategy and is capped based on asset types. Insurers must maintain a clear internal policy for managing segregated assets backing universal life policies and ensure that all disclosures are accurate and not misleading, providing adequate information for informed decision-making.

The policy mandates that performance statements regarding universal life funds must be factual, sourced from independent entities, and accompanied by a warning that past performance does not guarantee future results. Insurers must disclose the name and credit rating of any third-party guarantor for products with guarantees, ensuring clarity on material terms and associated risks. Marketing materials must accurately represent the product, clarifying that it is not Shariah-compliant unless it truly is. Product literature must consistently disclose the design and features of the universal life product, emphasizing that it is tied to underlying asset performance and is not a pure investment product.

At the point of sale, insurers must disclose key features, risks, and the reviewable nature of fees and charges, along with the methodology for crediting interest rates. Annual statements must detail the policy's value, including account values, premiums received, interest credited, and fees deducted. Insurers are required to invest universal life funds according to stated objectives and comply with investment limits as outlined in the Risk-Based Capital Framework, valuing liabilities and applying appropriate capital requirements. The product illustration provided at the point of sale must detail specific policy information and demonstrate potential cash flow movements while ensuring clarity on costs and benefits associated with any riders.

The policy allows for flexibility in premium amounts and coverage adjustments, although this may not apply to all products. Policyholders bear some investment risk, which can affect both insurance coverage and cash value. If the fund performs poorly or if the insurer raises charges, policyholders may need to increase premiums or reduce coverage to maintain protection. Various fees and charges, such as surrender charges and partial withdrawal charges, can diminish the investment amount. The sum assured represents the minimum payable upon death or disability, while the non-guaranteed cash value is the amount received upon surrender, death, or maturity. The policy is linked to the performance of investment funds managed by the insurer, with actual returns potentially varying significantly. Policyholders are advised to assess whether the universal life policy meets their needs, considering associated costs, benefits, and risks, and are provided with a product illustration outlining potential cash flow movements and the impact of fees under different return scenarios. The insurer may adjust charges with prior notice, and the death benefit is the higher of the sum assured or the non-guaranteed cash value, with optional riders available for enhanced coverage requiring separate premiums. The fund fact sheet details investment objectives, strategies, asset allocation, performance benchmarks, and management fees, reiterating that past performance does not guarantee future results and describing relevant investment risks and risk management techniques.