

# How AMP's Exit from Life Insurance Affects the Secondary Market

Hi there

No doubt you'll be aware of the recent AMP announcement of its intention to exit its life insurance business in New Zealand and Australia. In 2019 AMP will sell its legacy business, reportedly \$5.87 billion of assets, to Bermuda-based 'zombie' fund Resolution Life.

## No Change to Secondary Market Options

AMP's announcement does not change the Policy Exchange position: we'll continue to offer cash out options for qualifying policies, both now and subsequent to the sale to Resolution Life.

## Partial Cash Outs Now Available

Note that both full and partial encashment options are now available, thanks to the addition of three further cash out options via Policy Exchange.

Partial cash outs can appeal to those reluctant to fully cash in the asset they've spent years building up. Policyowners can choose to receive lump sums immediately, or reinvest to receive regular payments over time. Plus there is flexibility around how much of the policy they retain and the amount they use to access funds, enabling policyowners to tailor outcomes to suit their unique needs.

## Free Online Calculator

Our online calculator gives a quick estimate of the likelihood and estimated range of Policy Exchange's cash out offer. Feel free to use it whenever appropriate - many advisers get support staff to check all surrender requests they receive, as a matter of course, so they can easily present the selected Policy Exchange option alongside those available via the life company.

In most cases you'll be able to advise the Policy Exchange option, and present transaction documents for completion, at the first point of contact with your client. The policyowner can then choose which option best suits their needs and complete the relevant transaction documents accordingly.

## Case Study

We recently helped a 65-year-old policyowner who chose to fully cash out a policy to help fund their daughter into her first home. With surrender value of \$100,000, Policy Exchange were able to enhance this by a further \$2,000.

We see a variety of instances in which policyholders require cash from their policy. Whatever the reason for accessing cash, the Policy Exchange options add more choice to those available via the life company.

Best regards

Greg and the team at Policy Exchange