

2020 Predictions

January inevitably brings predictions for the coming year, and the financial services industry is no exception. Good Returns <https://www.goodreturns.co.nz/article/976516145/the-wrap-five-predictions-for-2020.html> provides interesting thoughts about what may be in store for advisers in 2020, and as usual there are stockbroker picks for investors to ponder over.

In this spirit of giving here are our predictions for the secondary insurance market for 2020:

- Foundation Life will finally present its restructure proposal to policyholders, who will vote in favour, seeing them either move to an alternative insurer or cashing out for an enhanced value
- Persistency rates will remain at or above current levels as Resolution Life looks to improve AMP policy conservation, in order to maximise long-term performance sought by its institutional backers
- Of those policyholders who do cash out, a greater proportion will be for retirement related issues, a consequence of the 'ageing' of this book of business

Of course predictions are only that. However, we'd expect to see a longer, ageing tail of legacy with-profits policies, and we'll continue to explore innovative cash out solutions for this audience.

Quicker Cash Option – Plus a Bigger Payout

For qualifying policies, we offer a cash out process that matches and sometimes beats the speed of payout of the life company surrender process. To find out if your client's policy qualifies call us on 0800 476 542.

Online Calculator – the answer in an instant

Our website's Quick Estimate function is proving popular with advisers and also policyholders. Whether you're a first-time user wanting to get a feel for the cash out process, or you have a client wanting to cash out now, with 3 questions you can get an indicative offer in seconds. Try it here <https://policyexchange.co.nz/estimate/>

Foundation Life – The Policy Exchange Offer

The restructure process has dragged on now for over two years. However, we believe a proposal will be put to policyholders in the 2nd quarter of 2020. The restructure has placed some restrictions on what policyholders can do with their policy, and this has meant we've had to change the offer we're able to make.

Policyholders unable to wait until the restructure terms are released have the option to cash out through us and receive a payment equivalent to the net surrender value quoted by Foundation Life, plus they still get to share in any additional entitlement that may come about should the restructure proceed.

We've transacted a few policies on this basis over the last 12 months. It gives the policyholder an alternative to the standard surrender option through Foundation Life, which would see the policy cancelled and entitlements to additional benefits under the proposed restructure therefore lost.

To find out more about this option call us. We'd be happy to discuss the terms of the shared restructure entitlements.