

Predictions for 2020

What a difference a couple of months makes.

At the start of the year we released our predictions for 2020 for the secondary insurance market and whole of life and endowment policies generally.

Since then Covid-19 has inarguably changed the landscape, but our predictions below still stand - it's now a case of 'when, not if'. This book of business continues to age, and the rationale for exiting policies will continue to shift towards retirement solutions.

February 2020

A new year inevitably brings predictions, the financial services industry included. Here are Good Returns' thoughts on what may be in store for financial advisers in 2020:

<https://www.goodreturns.co.nz/article/976516145/the-wrap-five-predictions-for-2020.html> with stockbroker picks for investors to ponder over.

In this spirit of giving here are Policy Exchange's predictions for the secondary insurance market for 2020:

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

Regardless, we expect to see a longer, ageing tail of legacy with-profits policies in 2020, and Policy Exchange will continue to explore innovative cash out solutions for this audience.

Quicker Cash Option – and More Money Than Surrender Value

For qualifying policies, we offer a cash out process that not only provides the policyholder with a bigger payout, but we match and sometimes beat the payout speed of the life company surrender process. To find out if a client's policy qualifies call us on 0800 476 542.

Free Online Calculator – the Answer in an Instant

Our website's Quick Estimate function continues to be popular with advisers and policyholders. Whether you're a first-time user wanting to get a feel for the cash out process, or 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 for two years. We believe a proposal will finally 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 Policy Exchange has likewise had to change the offer we're able to make.

Get Cash Now, and Still Share in Restructure Entitlement

Policyholders unable to wait until the restructure terms are released can still cash out through us and receive a payment equivalent to the net surrender value quoted by Foundation Life, plus still be entitled 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 call us on 0800 476 542. We're happy to discuss the terms of the shared restructure entitlements.