Whole of Life and Endowment Insurance
Reference Guide

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Chapter 1 – Introduction

Document overview

Intended audience

This module is relevant to Advisers who:
- Want to sell AMP Whole of Life or Endowment policies, and/or
- Have purchased or work with a register which contains Whole of Life or Endowment policies

Purpose of this module

The purpose of this module is to give you an understanding of the purpose of Whole of Life and Endowment policies (AMP’s traditional life insurance products), how they are structured and attain a cash value and help you provide recommendations to clients.

Conventional products

AMP’s Whole of Life and Endowment products are referred to as ‘Conventional’ products. This is because they were the first type of insurance sold.

All new and existing Conventional policies are eligible to earn bonuses.

The lump sum paid at death or maturity is tax-free, as AMP has already paid the tax on the investment earnings.

Statutory Fund

Clients’ premiums for Whole of Life and Endowment insurance policies are paid into AMP’s No.1 Statutory Fund, known in NZ as AMP’s Main Fund. The assets of the fund support a wide range of products with different strategies and investment mixes. The full reserves of the fund are available to support AMP’s ability to pay out on Whole of Life and Endowment claims.

AMP Financial Strength Rating

AMP has a Standard and Poor’s Financial Strength rating of AA-. An insurer rated ‘AA’ is considered to have ‘very strong’ financial security characteristics. This rating is an important client consideration when purchasing life cover, as it refers to a company’s overall financial strength, including their ability to pay claims.
Conventional product contact information

Adviser contacts:

**TAPIN-Risk**
- Assistance with producing quotes through the Meridian software
- Conventional quotes
- General product queries and information

Telephone: 0800 282 746 option 3  
Email: tapin-risk@amp.co.nz  
Fax: 04 498 8808

**DTS**
Assistance with system issues around Meridian and AMPNET e.g. installation, resetting of passwords etc.

Telephone: 0800 435 729  
Email: dts-nz@amp.co.nz  
Fax: 04 488 8025

**AMP Life & Legacy team**
- Changes to existing conventional policies, e.g. Change of Table to an Endowment policy, cashing of bonuses
- Current maturity values
- Payment of policy maturity proceeds
- Policy administration and forms

Postal Address:  
Life & Legacy team  
AMP Centre  
P O Box 55 Shortland Street  
Auckland 1140  
Telephone: 0800 808 267  
Fax: 0800 509 955 (Attn: AMP Life & Legacy team)  
Direct fax: 09 337 7727

**AMP Special Calculations team**
- More complex calculations and scenarios, e.g. effect on estimated maturity value if policy is changed from a Whole of Life to an Endowment
- Bonus rates
- Policy performance queries

Email: specialcalcs-nz@amp.co.nz

**AMP Special Calculations team**
For general policy queries (clients and Advisers), e.g. policy anniversary date, change of address.

Telephone: 0800 808 267  
Fax: 0800 509 955
Chapter 2 – Overview of Conventional products

Overview

Introduction

This chapter covers working definitions for AMP’s Conventional products (Whole of Life and Endowment policies) and eligibility for optional insurance benefits.

In this chapter

This chapter will cover the following topics.

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Whole of Life Insurance

What is Whole of Life insurance?

A Whole of Life policy is a bundled contract, which means there is no division of the premium between the insurance cover and investment portions and administration expenses of the policy.

AMP Whole of Life Insurance policies have the following features.

- They provide permanent, increasing life cover for one insured person over the long term, as well as offering a regular system for modest savings and investment
- They provide life insurance to age 95 (premiums stop at 85)
- Annual bonuses increase the amount of life cover over time. Once an annual bonus is added, it’s guaranteed to remain on the policy
- Actual bonus rates are subject to change and are reviewed annually
- They may have more than one owner e.g. a husband and wife may jointly own the policy
- They will accumulate a cash value after two years premiums have fallen due and been paid. These cash values are tax paid and do not need to be considered in annual tax returns
- A Whole of Life policy can be converted to an Endowment to enable the policy to mature earlier than age 95.
Eligibility

- AMP Whole of Life policies are available for those aged between 10 and 64 (65 next birthday). Pre-approval is required for persons over 65, and in some cases, cover is available over age 70.
- As rates for people aged 65 and over are not available in Meridian, in these instances, please contact TAPIN-Risk for a quote. TAPIN-Risk provides advice and technical support to Advisers and Brokers.
- Cover will continue through to age 95 at which time AMP will pay out the full amount of life cover, i.e. the maturity value of the policy.
- Premiums stop at age 85.

Contact details for TAPIN-Risk:
Telephone 0800 282 746 option 3
Email tapin-risk@amp.co.nz
Fax 04 498 8808

The purpose of Whole of Life insurance

- A Whole of Life insurance policy provides protection against the financial impacts of death or terminal illness, with the option to extend to cover against disablement. It can be used to plan for and cover a range of events, e.g.
- Provision to pay off debt e.g. a mortgage or other commitments
- Provision of an estate for dependants e.g. for childrens’ upbringing and education
- Insuring a key person or business partner.
- Whole of Life insurance caters for clients who want long term, increasing life cover with a level premium over the term of the policy. The policy is foremost a life insurance policy with an in-built savings component.

While the premiums may be high initially, they won’t increase over the term of the policy, compared to Term insurance, which has a lower initial premium that increases with age (stepped premium).

When is Whole of Life not suitable?

Whole of Life insurance is not suitable for clients:

- Whose primary purpose is savings or investment
- Who need short-to-medium term access to cash and a loan taken against the policy is not likely to be enough to meet their needs
- Who require maximum flexibility to meet future lifestyle changes
- Who require temporary insurance to cover a short-term debt, i.e. bank loan
- Who are unable to commit to long-term regular premiums.
**Policy Tables**

A policy ‘table’ refers to the code AMP uses to identify each individual policy type or additional policy benefits (‘riders’).

AMP Whole of Life insurance is available in three versions:

- Table APL – standard version
- Tables APLA – minimum sum insured of $125,000, and
- Tables APLB – minimum sum insured of $500,000.

Tables APLB and APLBF require a minimum yearly premium of $10,000.

**Note:** An ‘F’ at the end of the table code indicates that the person insured is female.
Endowment Insurance

What is Endowment insurance?

An Endowment insurance policy works in a similar way to a Whole of Life policy. The main difference is that the policy owner chooses the age the policy matures (ends).

An Endowment policy is also a bundled contract - there is no division of the premium between the life cover and investment portions of the policy.

AMP Endowment insurance policies have the following features:

• They are foremost a life insurance policy for one life insured. They also provide a systematic, low-risk method of building a cash value for a future date
• The client chooses the maturity date
• Providing that the policy remains in-force, a lump sum payment at maturity is assured
• The policy can be jointly owned e.g. by husband and wife. The policy owner can be separate to the person insured
• A cash value on the policy starts to accumulate after two years. The cash value is tax paid and does not need to be considered in annual tax returns.

Eligibility

Endowment policies are available to people aged between 11 and 65 at their next birthday, with a maximum maturity age of 75.

The minimum term for an Endowment policy is 10 years.

Continued on next page
Endowment Insurance, Continued

The purpose of Endowment Insurance

The main function of an Endowment policy is to provide the client with an increasing amount of life cover, payable on death or terminal illness and the ability to build a modest savings plan to a chosen age. There is optional cover available for disablement.

An Endowment policy provides mainly for personal and family protection and generally serves to:

- Put money aside for the future
- Provide an ‘opportunity fund’ for children
- Save a lump sum for a special purpose e.g. sinking funds to replace plant and equipment
- Provide for future commitments such as education expenses.

Note: A Children’s Endowment policy can also be used to provide a lump sum benefit when the child reaches age 21.

When is Endowment insurance not suitable?

Endowment insurance is not suitable for clients who:

- Need short-to-medium term access to cash (and a loan taken against the policy is not likely to be enough to meet their needs)
- Need long term insurance, e.g. estate or funeral cover (an Endowment policy is to a maximum of age 75, whereas a Whole of Life is to age 95)
- Are unable to commit to long term regular premiums
- Require maximum flexibility to meet future lifestyle changes.

Policy Tables

With an Endowment policy, the policy owner chooses the maturity date, i.e. the age they would like to receive the policy benefits. The policy matures at the policy anniversary prior to the specified end age.

AMP Endowment insurance tables are therefore referred to as S[age], e.g. S65, where ‘age’ is the maturity age.

Example:
If the person insured was 30 when applying for an Endowment policy, the earliest maturity date is at age 40, so the policy would be known as a Table S40. If the person was female, an ‘f’ would be included in the policy table.
Pure Endowment

What is Pure Endowment?

A Pure Endowment Policy is not a common form of policy and is only available if a person is uninsurable. Your client will need to apply for cover as normal. If declined, you can ask the Underwriter if Pure Endowment is available and if so, the Underwriter will arrange the quote.

The policy owner pays an agreed premium and in return receives the assured benefit upon survival of a selected term. The benefits include:

- Sum insured and
- Accumulated bonuses.

Bonuses start accumulating from the start of the policy.

If the person insured dies during the term of the policy, AMP would pay the greater of:

- The policy value (surrender value), or
- Premiums paid plus compounding interest at a rate set by legislation.
- Bonuses on a Pure Endowment policy cannot be cashed separately from the sum insured. No Terminal Bonus is payable on death.

Eligibility

Pure Endowment policies have:

- A minimum policy term of 10 years
- A maximum term of 45 years, and
- A maximum maturity age of 75.

Exceptions to this are:

- For entry ages of 66 to 70, 10 year term policies only may be issued, and
- In the case of children, where policies maturing at ages up to 35 may be issued.

Special conditions

Some special conditions apply to Pure Endowment policies. These are listed below:

- A minimum sum insured of $5,000, and
- The total sum insured on any one life after age 65 must not exceed $30,000.

Continued on next page
Pure Endowment, *continued*

**Policy Table**

AMP Pure Endowment policies are known as Table DE (number).

For example, a policy with a 20 year term would be designated DE20.
Children’s Endowment – JN policy

What is Children’s Endowment?
This is an Endowment policy for children. The policy owner (either a parent or legal guardian) chooses the amount of life cover (the sum insured) and pays the agreed premium for the cover.

Ownership
The policy will mature on the child’s 21st birthday, or the policy anniversary immediately preceding their 21st birthday, (or earlier if the maturity date has been altered). At this time, the ownership of the policy automatically transfers from the policy owner to the person insured (the child). This is referred to as vesting.

Maturity date options
At the policy anniversary on, or immediately before the child’s 18th birthday, the policy owner can change the maturity date on the policy. The new maturity date must be more than three months from when the maturity date is altered and must be before the child’s 25th birthday.

Where the maturity date is brought forward, the policy will vest at the new maturity date.

Quotes for these alterations are available from the AMP Special Calcs team.

Eligibility
The minimum entry age is 1 next birthday. It is not possible to backdate the risk-commenced date to the child’s birth.

The maximum entry age is 10 next birthday.
Two maturity conversion options exist for a Children’s Endowment policy. They are described below.

- The maturity proceeds can be paid out in full on maturity. In addition, the life insured may affect Whole of Life or Endowment Insurance within two months following the maturity date without evidence of health for a sum of up to five times the maturity value (including terminal bonuses).
- The maturity proceeds can remain in the policy and the policy changed to an Adult Whole of Life or Endowment. The original premium and risk-commenced date are maintained. No evidence of health is required for life cover of up to six times the maturity value of the Children’s Endowment contract. A quote for this option can be requested from the AMP Special Calcs team.
- These options are available for up to two months after the policy maturity date. The option to extend the policy to mature at age 25 is also available at this time.

What happens if the child dies?

If the person insured dies before their 21st birthday AMP will pay out:

- The sum insured, and
- Accumulated bonuses.

However, should the insured child die before their 10th birthday, the sum insured and any accumulated bonuses are not paid out, as life insurance may not be effected on children under 10 years of age.

In this case, AMP will pay the total of all premiums paid plus compounding interest at a rate set by legislation (currently 6%).

Policy Table

Children’s Endowment policies are known as Table JN.
Obsolete Conventional products

What you can do to find out more

• AMP customers still hold a large number of Conventional policies that are closed to new business, some of which were taken out more than 50 years ago!

• If you come across a table and you are unsure what it is, go to AdviserNet and type in the table name in the search field. Within AdviserNet there is a list of mature or obsolete tables. This will enable you to see a brief description of what the obsolete table, as well as information around when it was available, and what table it was replaced with. Alternatively, you can contact TAPIN-Risk for assistance.
## Optional additional covers

### Introduction

In addition to the basic life cover and terminal illness benefit (TIB) there are seven optional, or rider, benefits.

- Rider benefits are available on Whole of Life and Adult Endowment policies. They have separate premiums that stop when the benefit ceases.

### Optional (rider) benefits

The rider benefits available on Adult Whole of Life and Endowment policies are:

- Convertible Protection Units (CP Units)
- Temporary Insurance Benefit (TR)
- Waiver of Premium Benefit (WP)
- Supplementary Disablement Benefit (SD)
- Accidental Death Benefit (AD)
- Accidental Death & Disablement Benefit (ADD), and
- Guaranteed Future Insurance (GFI).

You are able to tell if there is a rider benefit on the policy by the ‘Table type’. For example, APL/F/E7 is a Whole of Life Policy on a female life with a Waiver of Premium benefit.

Using these extra rider benefits, a basic AMP Whole of Life and Endowment Insurance policies can be adapted to the client’s future needs.

### Optional benefits for Pure Endowment

As Pure Endowment policies have no life insurance included, the optional benefits available on the basic adult Endowment policy are not available.

### Optional benefits for Children’s Endowment

Optional benefits for Children’s Endowment are as follows:

- Suspension of premium benefit (SP), and
- Guaranteed Future Insurance (GFI).
Summary of rider benefits

Introduction
This topic provides summaries of the following rider benefits:

- Terminal Illness Benefit (TIB)
- Convertible Protection Units (CP Units)
- Level Temporary Insurance Benefit (TR)
- Waiver of Premium Benefit (WP) (Table E7)
- Supplementary Disablement Benefit (SD) (Table E9)
- Accidental Death Benefit (AD) (Table E1)
- Accidental Death & Disablement Benefit (ADD) (Table E2)
- Guaranteed Future Insurance Benefit (G2)
- Children’s Endowment Rider Benefits
- Suspension of Premium Benefit (SP), and
- Guaranteed Future Insurance (G4).

The most common benefits are:

- Convertible Protection Units (CP Units)
- Waiver of Premium Benefit (WP)
- Guaranteed Future Insurance Benefit (G2).

Terminal Illness Benefit (TIB)

The Terminal Illness Benefit is automatically provided without any additional charges. This benefit provides an advance payment of up to 100% of the Life Cover (sum insured), if the insured person is not expected to survive for a further 12 months and the policy is not due to mature in the next three years.

Note:
- AMP will pay out a maximum of $1 million per insured person.
- There are rules governing the payment of a TIB benefit where more than one policy is involved.
- The TIB is not paid if the terminal illness occurs as a result of self-inflicted injury within one year and 30 days or the start of the policy or an increase to the policy.
- TIB is not available on Pure Endowment policies.
- For Children’s Endowment policies TIB is not available if the child has not yet turned 10 years old.

Continued on next page
Summary of rider benefits, continued

Convertible Protection Units (CP Units)

This is a temporary insurance benefit that can be added to both Whole of Life and Adult Endowment Insurance. Because it is temporary insurance, it is cheaper and does not accumulate bonuses.

CP units:

- May be converted to Whole of Life or Endowment insurance without further evidence of health, or to a Lifetrack policy with an Abridged Personal Statement (up to age 55), or a full Personal Statement (age 55 or over), and
- Are paid out on the death of the person insured.
- CP units are sold in units, with each unit having a value of $5,000. The unit value begins to decrease from age 40, reducing to zero by age 60.

Example:

Person insured is 25 and has Whole of Life policy with $50,000 sum insured. They want to take an additional $50,000 of cover while their children are dependent on them. As the person is looking for cheap cover, they opt to add 10 CP units.

| Basic Plan Sum Insured (permanent insurance) | $50,000 |
| CP10 (10 x $5,000) (temporary insurance)    | $50,000 |
| Total Cover                                  | $100,000 |

The plan owner may take the option to convert the temporary insurance cover to permanent cover on the same policy at any time. This is done without providing evidence of health or occupation. This conversion option is only available prior to the 50th birthday and should meet normal minimum premium rules.

Continued on next page
Summary of rider benefits, continued

**Level Temporary Insurance Benefit (TR)**

This is a temporary insurance benefit that can be added to both Whole of Life and Adult Endowment policies. Because it is temporary insurance, it is cheaper and does not accumulate bonuses.

The policy owner elects the amount of temporary insurance as well as the term that the cover is required for. If the person insured dies during the specified term the temporary sum insured is paid out along with the permanent insurance.

For TR benefits:

- The sum insured remains the same (level) throughout the specified term
- The term of the benefit can be 10, 15, 20, 25, or 30 years to age 65, or the number of years to the policy expiry date, and
- The minimum sum insured is $10,000.

Continued on next page
Summary of rider benefits, continued

Waiver of Premium Benefit (WP)
(Table E7)

The Waiver of Premium benefit enables the policy premiums to be paid by AMP if the person insured becomes totally disabled by illness or injury and is unable to work. The disablement can either be temporary or permanent. AMP will continue to pay the premium as long as evidence of disability is provided.

- ‘Total Disablement’ is defined as the person insured being unable to work for money or profit for an uninterrupted period of at least six months. This must result from illness or injury. The benefit expires at age 60, however, any claim in progress will continue.
- Waiver of Premium Benefit is available on new and existing adult contracts provided the sum insured is at least $4,000 and there is at least 10 years to maturity. If AMP accepts a claim, the claim is backdated and the six months of premiums paid are refunded.

Supplementary Disablement Benefit (SD)
(Table E9)

This benefit provides for premiums to be waived while the person insured is totally disabled or totally and permanently disabled (as defined), through illness, accident, or injury. The disability must occur before age 65.

- Total Disablement is where the life insured has been unable for an uninterrupted period of at least six months, to engage in any occupation or employment or business for remuneration or profit.
- Total and Permanent Disablement is where the life insured either suffers the loss of two limbs, the sight of both eyes, or one limb and the sight of one eye or, is totally disabled (per above) and it is unlikely that they will ever be able to engage in any regular remunerative work.
- In addition, if total and permanent disablement occurs, AMP will pay out the policy proceeds in advance; i.e. the sum insured, bonuses and any CP or TR units attached. When this total pay out is made, the policy is cancelled (i.e. no further cover for death claims is available).

Accidental Death Benefit
(AD)
(Table E1)

This benefit provides for an additional amount equal to the basic life cover (i.e. the sum insured) to be paid if the person insured suffers bodily injury, which results in death. This must be caused solely and directly by accident, violent, external and visible means. A common example would be death resulting from a car accident.

Example:

A person has an $80,000 Whole of Life Policy with this benefit. If the person dies in a car accident, the amount payable will be:

<table>
<thead>
<tr>
<th>Endowment plan sum insured</th>
<th>$80,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accidental death benefit</td>
<td>$80,000</td>
</tr>
<tr>
<td>Total death claim</td>
<td>$160,000 (plus any bonuses)</td>
</tr>
</tbody>
</table>

Continued on next page
Summary of rider benefits, continued

### Accidental Death & Disablement Benefit (ADD) (Table E2)

The following guidelines apply to the Accidental Death & Disablement Benefit.

<table>
<thead>
<tr>
<th>If the person insured...</th>
<th>then...</th>
</tr>
</thead>
<tbody>
<tr>
<td>Suffers disablement or death from bodily injury caused solely by accident, violent, external and visible means</td>
<td>A claim may be made to have their ADD Benefit paid. An additional amount equal to the basic sum insured is paid.</td>
</tr>
<tr>
<td>Is permanently and totally disabled</td>
<td>An additional amount equal to the sum insured is paid, together with all future premiums being paid by AMP.</td>
</tr>
<tr>
<td>Is permanently and partially disabled</td>
<td>Then an amount equal to half the basic sum insured is paid.</td>
</tr>
</tbody>
</table>

### Guaranteed Future Insurance Benefit (G2)

This benefit gives the right to take out further insurance in the future, on the same life insured, without providing evidence of health or occupation.

- The GFI sum insured is chosen at the start of the policy and the minimum amount is $25,000. The person insured can increase their existing policy or take out a new policy at certain ages. This option is available within two months preceding the person insured's 18th, 22nd, 25th, 28th, 31st, 35th and 40th birthdays. For example, if the G2 sum insured was $25,000 the client could exercise $175,000 ($25,000 x 7) in sum insured between the ages of 18 and 40.

- It is not compulsory to take up the option at any age. However, if the option is not taken at the specified ages it cannot be carried forward to another time. In general, as people get older their health may deteriorate. If the person insured has a serious health problem it could mean they are uninsurable if applying for new cover. Therefore, this benefit allows clients to take out permanent insurance without having to provide additional evidence of health.

- Within two months of marriage or the birth/adoption of a child, the life insured may take up in advance the sum insured available at the next entitlement age. If only part of the entitlement is taken up in advance, the balance cannot be taken at the next entitlement age.

### Children’s Endowment Rider Benefits

There are two optional benefits for Children’s Endowment (JN) contract:

- Suspension of Premium benefit (SP) and
- Guaranteed Future Insurance (G4).

Continued on next page
Summary of rider benefits, continued

Suspension of Premium Benefit (SP)

This works like the waiver of premium benefit, in that it insures the policy owner (parent/guardian) against disability and death.

Should the policy owner become disabled, AMP will suspend the premium payments until the earlier of the proponent recovering or until the child reaches their 21st birthday.

If the policy owner dies, AMP will pay the premium until the insured person’s 21st birthday.

Note: If Suspension of Premium cover is required on a JN policy, there can only be one policy owner and full health evidence is required.

Guaranteed Future Insurance (G4)

The Guaranteed Future Insurance benefit provides the insured person with the right to take out further life insurance without providing evidence of health for the GFI sum insured elected, regardless of the insured person’s health.

- The policy owner specifies the amount of GFI. The minimum amount is $25,000 and the maximum is 15 times the sum insured.
- The option can be exercised after the insured person’s 10th birthday and expires at maturity date of the policy. The G4 sum insured does not have to be used all at once, but cannot exceed the total G4 sum insured. It is different to the G2 where the same amount can be exercised at any eligible age.
- At maturity any remaining G4 sum insured can be exercised and added to the new sum insured, or the rider can be added to the new policy. In these cases, the life insured may continue to exercise the available option up to their 30th birthday. Any option not exercised by the 30th birthday will be cancelled.
A Change of Table is an alteration to change a Whole of Life Policy to an Endowment policy with the specific intention to bring the maturity date forward.

A Change of Table can be done from a Whole of Life to an Endowment policy, or can be used to reduce the term of an existing Endowment policy. A Change of Table is also used to convert a Children’s Endowment policy to an Adult Whole of Life or Endowment policy.
Underwriting

Adult Whole of Life and Adult Endowment policies are underwritten in the same way as AMP Lifetrack. Customers must provide full evidence of health and an AMP Underwriter will analyse the health information.

If the customer is found to have a health problem there is a possibility of a loading in premium because of an increase in risk from standard terms.

Per Mille Loadings

‘Per mille’ loadings can also be charged if the client’s pursuits or pastimes warrant an extra premium to be paid for additional risk. This amount is charged separately to the premium.

Children’s Endowments

Children’s Endowment Policies only require the under age 10 section of the Personal Statement to be completed. If the child has existing health problems at the time of application further information will be required. It is possible that children’s policies could also have a loading in premium.

What if a customer is uninsurable?

If a client is assessed as uninsurable, then a Pure Endowment may be offered by your Underwriter.

You can read more about these policies under the relevant section of this document.
Chapter 3 – Product features and considerations

Overview

About this chapter

In this chapter we will cover various key features of the Whole of Life and Endowment contracts.

In this chapter

This chapter will cover the following topics.

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**Premiums**

**Introduction**  
AMP Whole of Life and Endowment Insurance premiums allow for the build up of cash reserves over time, cover the cost of death cover and meet AMP’s expenses.

**Level premium**  
AMP Whole of Life and Endowment policies have level premiums. The level premium means that AMP guarantees that once the client’s policy has started, their annual premiums are guaranteed never to rise except as a result of CPI indexation selected by the client.

**Payment frequency**  
Clients can choose one of three payment frequencies:
- Yearly
- Half-yearly, and
- Monthly.

**Effects of inflation on premiums**  
For protection against the effects of inflation, clients can elect to have the sum insured increased every year in line with increases in the Consumer Price Index (CPI), with a corresponding increase in the premium each year.

**Minimum premiums**  
The minimum premiums are set out in the table below:

<table>
<thead>
<tr>
<th>Policy</th>
<th>Minimum annual premiums</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adult Whole of Life (APL/APLA)</td>
<td>$500 or $45 per month</td>
</tr>
<tr>
<td>Adult Whole of Life (APLB)</td>
<td>$10,000 or $896 per month</td>
</tr>
<tr>
<td>Adult Endowment</td>
<td>$500 or $45 per month</td>
</tr>
<tr>
<td>Children’s Endowment</td>
<td>$300 or $30 per month</td>
</tr>
</tbody>
</table>

Continued on next page
## What happens if premiums are missed?

The policy owner has one month to pay premiums from the due date. If this is not paid, the following scenarios apply.

<table>
<thead>
<tr>
<th>If…</th>
<th>Then…</th>
</tr>
</thead>
</table>
| • The premiums are not paid, and  
  • The policy has yet to acquire a surrender or cash value (i.e. after two years) | The policy will automatically be cancelled (lapsed), with no benefits payable. |
| • The premiums are not paid, and  
  • The policy has a surrender or cash value | The policy will not be cancelled. Any overdue premiums will be advanced against the security of the surrender value and are considered to be a debt on the policy.  
  - Overdue premiums are charged interest after one month, at rates that will vary from time to time.  
  - Interest is charged on a daily basis, effective from the original premium due date. |
| The accumulated premium debts and any other amounts owing on the policy (e.g. loan debts) exceed the gross surrender value | The policy will be cancelled (lapsed), with no benefits payable |
| The policy is paid out because of cancellation, death or maturity | Any unpaid premiums, plus accrued interest and charges will be deducted from the claim. |
Bonuses

Introduction

AMP Whole of Life and Endowment policies (among others) are invested into the Main Fund, managed by AMP Capital Investors. This fund invests in a portfolio consisting of cash, fixed interest, NZ and overseas shares and property and is designed to provide a balanced return over the term of the policy.

The Main Fund is a pool of money in which income (premiums) are invested and expenses (e.g. claims, surrenders, loans on policy) are paid out.

Income to the fund includes premiums and investment earnings. Other expenses include salaries, commission, taxation etc.

Expected income less expected expenses = surplus.

Bonuses

To provide a return to those people investing in the fund, any surplus is distributed to clients in the form of bonuses to their policies. However AMP must keep enough reserves in the fund to meet future claims and contingencies.

Bonuses that have already been added to the policy are guaranteed and are not affected by future investment performance in any way.

Distribution of bonuses

Bonuses are distributed equitably to all participating policies. Some of the factors that determine a policy’s share of the bonuses are:

- The size of the sum insured
- The number of bonuses in force, and
- The type of policy.

Bonus rates

Bonuses are the way that ‘surplus’ is returned to the client. The addition of annual bonuses increases the amount of life cover and the maturity value.

Actual bonus rates are not guaranteed – they are set on 1 May each year and reflect the performance of the Main Fund over the previous 12 months.

Current AMP bonus rates are available on AdviserNet.

Bonus types

There are two types of bonuses:

- Annual bonuses (also known as reversionary) and
- Terminal bonus.

Continued on next page
Bonuses, continued

**Annual bonuses**

Annual bonuses are added to the policy on each policy anniversary and are paid out in addition to the sum insured when the policy matures or on the death of the life insured. Once these have been added to a policy, they will not be taken away unless they are cashed in through a bonus cashing.

Annual bonuses are compounding – bonus calculations are made based on a per thousand of sum insured and per thousand of existing bonus. In other words, the more bonuses a plan has, the more it will receive on anniversary.

**Terminal bonuses**

- Are a ‘one off’ bonus and are only added at the time of payment of the full policy proceeds (i.e. at maturity, or on death), and
- Will only be paid if the policy has been going for at least five years.
- The amount of the terminal bonus is a percentage of annual bonuses that have been added to the policy since inception.

AMP has paid terminal bonuses every year since their inception in 1969, but they are not guaranteed.

**A cautionary note**

In providing information on the historical bonus distribution on AMP Whole of Life and Endowment Insurance, it is important to stress that past performance is not a prediction of future returns, as these will depend on AMP’s future experience in areas such as investments, taxation, claims, and expenses. And while AMP assures allocated reversionary bonuses, the payment of any future bonuses, reversionary or terminal, is not guaranteed.
Accessing funds

Introduction
While these are long term products, policy owners are able to access funds from their policies in three ways:

- By taking a loan against the policy
- By cashing bonuses on the policy, or
- By surrendering the policy.

Loans on policy
As an alternative to surrender or cashing the bonuses on a policy, AMP will lend money from the policy to the policy owner.

The following conditions apply;

- All loans are held as a debt against the policy that must be repaid. If the policy is paid out because of cancellation, death or maturity, any loan debt (including accrued interest charges) will be deducted from the claim
- Loans will attract interest at special policyholder rates
- Clients can borrow up to 90% of the gross surrender value (less any policy debts, and
- The minimum loan amount is $100.

Other financial institutions are also prepared to lend on the security of these policies.

Cashing bonuses
Once a policy has acquired a cash value, usually after two years, its bonuses can be cashed for their cash value without affecting the sum insured. However, this practice is not encouraged because of the negative effect on the future performance of the policy.
Whole of Life and Endowment polices attain a surrender value after two years premiums have fallen due and been paid. The surrender value is the amount that the policy owner would receive if they cancelled the policy. (Note, no surrender value is paid if AMP cancels the policy e.g. due to unpaid premiums).

The surrender value is made up of:

- Part of the sum insured, and
- Cash value of bonuses.

If the client chooses to surrender (i.e. cancel) their policy prior to maturity, AMP will pay out the net surrender value of the policy.

It is important to remember that life insurance is a long-term investment and that when premium payments are made, part of this goes to paying expenses and the sum insured. The surrender value after two years is usually approximately 30% of the amount of premiums paid. Premiums paid do not match the surrender value until the policy has been in force for a number of years. This may range between 10 - 20 years depending on policy type, age at entry and the level of reversionary bonuses added.
Chapter 4 – Plan maintenance

About this chapter
This chapter covers the administrative procedures that you and/or your client need to follow for the situations listed below.

In this chapter
This chapter will cover the following topic.

<table>
<thead>
<tr>
<th>Topic</th>
<th>See Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Business process</td>
<td>4-2</td>
</tr>
<tr>
<td>Death claims</td>
<td>4-4</td>
</tr>
<tr>
<td>Maturity claims</td>
<td>4-8</td>
</tr>
<tr>
<td>Surrendering a Conventional Policy</td>
<td>4-10</td>
</tr>
</tbody>
</table>
To lodge a new Whole of Life or Endowment proposal, follow the steps below:

<table>
<thead>
<tr>
<th>Step</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Client needs to complete an AMP Application form (304965) and AMP Personal Statement (304696).</td>
</tr>
<tr>
<td>2</td>
<td>Send the completed Proposal and <strong>first premium cheque</strong> to the New Business Team (New Business envelopes are available through your Adviser Business or AMP Print Shop, code 305253).</td>
</tr>
<tr>
<td>3</td>
<td>The New Business Team sends a confirmation to the Adviser that the application has been received and a policy number is allocated (but not yet active).</td>
</tr>
<tr>
<td>4</td>
<td>When the process is completed, the Policy document and letter will be sent to the client and a copy sent to the adviser.</td>
</tr>
</tbody>
</table>

**JN policies**

**Health evidence for children under 10 years old:**

If the life insured is a child under 10 years of age, a full Personal Statement is not required. The client just needs to complete the Under Age 10 Personal Statement on page 8 of the AMP Personal Statement.

If Suspension of Premium cover is required on a JN policy, there can only be one policy owner. The policy owner will be required to provide full evidence of health by completing the AMP Personal Statement.

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*Continued on next page*
Points to note

Here are a couple of things to look out for on the Application form:

- Please tick the Whole of Life/Endowment box on page 1
- Instead of completing the Benefit details section on pages 2 and 3, simply complete the Whole of Life & Endowment insurance section on page 3 of the Application form
- Under the ‘Payment details’ section there is the option to select fortnightly payments, and you are able to do quotes on Meridian for fortnightly payments. However, conventional policies cannot be paid fortnightly.
- If the ‘Indexed’ column is not completed, AMP assumes that CPI indexation is not required.

What must accompany a new business proposal

To ensure your proposal is processed quickly, check that:

- All fields are completed
- Identity verification section is completed
- First premium cheque is included
- Direct debit form completed correctly, and
- Declaration and agreement section/s completed, and
- Proposal is signed, dated and witnessed.
Death claims

Introduction
Based in Auckland, the AMP Claims team handles Whole of Life and Endowment claims. There are three types of claims that can be made under Whole of Life or Endowment policies:
- Death
- Terminal illness
- Death vesting.

Lodging a death claim
When you are advised that a client has died, you need to immediately notify AMP by calling the Contact Centre (0800 808 267) to begin the claims process.

The Contact Centre will require the following details:
- Client’s full name
- Date of death (and date of birth)
- Policy numbers
- Who advised you of the death e.g. wife, son etc
- Contact details for the person nominated to receive correspondence from AMP and their relationship to the deceased.

Notes:
- Remember to tell the Contact Centre if there is more than one type of policy involved e.g. Whole of Life & SIP because AMP’s systems do not interface with each other.
- Make sure that AMP are clear as to the type of claim being made e.g. a Terminal Illness Benefit claim or a Death claim to avoid any confusion (and embarrassment) when AMP sends out correspondence.

Notification of death direct to AMP
In cases where AMP are notified directly of a client’s death e.g. by the solicitor or spouse, AMP’s claims department will send notification to the Adviser for their records.

What happens next?
When AMP’s Claims department receive notification of a client’s death, they send a letter to the person nominated to receive correspondence e.g. spouse or solicitor outlining the requirements for settling a death claim.

Continued on next page
Requirements for settling a death claim

The requirements for settling a death claim vary depending on:

- Ownership of the policy, and
- The claim amount.
- As a general rule, AMP requires the following:
  - Birth certificate (proof of age, unless age has been provided earlier)
  - Death certificate (proof of death, and showing cause of death)
  - Proof of title (this shows who is entitled to claim the Estate of the deceased person)
  - Policy document/s (or a Statement of Loss or Destruction of Policy), and
  - A completed Claim Discharge form.

**Note:** Originals or certified true copies (i.e. copies signed by a Justice of the Peace or Solicitor) of all documentation are required.

Continued on next page
Death claims, continued

Proof of Title

Proof of Title shows who is entitled to claim the Estate of a deceased person.

Proof of Title can take the form of:

<table>
<thead>
<tr>
<th><strong>Proof of Title</strong></th>
<th><strong>Description</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Probate</strong></td>
<td>Proven for in the High Court by a barrister, solicitor, company or individual. It is basically the Court giving the Will a seal of approval. The person or people named as executor/s in Probate are the ones who need to sign any Discharge forms or Statement of Loss of Policy forms.</td>
</tr>
<tr>
<td><strong>Letters of Administration</strong></td>
<td>This is basically Probate for situations where there is no Will. The court appoints an administrator for the estate.</td>
</tr>
<tr>
<td><strong>Claim Declaration</strong></td>
<td>This is for Estates valued at less than $11,000. In these cases the claim can be settled under Section 65 of the Administration Act (1969).</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>If...</strong></th>
<th><strong>Then...</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>There is a Will</td>
<td>The trustee/s or executor/s named in the Will can complete a Claim Declaration (which must be witnessed by a JP or solicitor).</td>
</tr>
<tr>
<td>There is no Will (i.e. the deceased has died intestate)</td>
<td>The next of kin (spouse, parents, children, etc) complete the Claim Declaration.</td>
</tr>
</tbody>
</table>

Policy ownership

If the policy is owned by a person or organisation other than the life insured (i.e. the deceased) or is jointly owned by the life insured and somebody else, we do NOT require Proof of Title.

In these cases the claim will be paid to the surviving owner(s). The surviving owner(s) complete the Discharge form and the Statement of Loss or Destruction of Policy (if needed).

Continued on next page
Death claims, continued

Terminal Illness Benefit (TIB) claims

The process for Terminal Illness Benefit (TIB) claims is the same as the death claims process except that the client is still alive.

It's really important when you notify the Contact Centre of the claim, to make sure they know that it is a Terminal Illness Benefit (TIB) claim so that the correct letter is sent.

The Claims team sends a form to the client that needs to go to the doctor to confirm how long the doctors have given the client to live.

You also need to advise the Claims team to what extent you want to be involved in the claim process. E.g. if you want all correspondence to go via you rather than the client you need to advise this at the outset otherwise all contact will be directly with the client.

Note: A terminal illness claim will only be accepted when the client has less than 12 months to live.

Death vesting

Death vesting is when one of the owners of a jointly owned policy dies or where there is only one owner, who is not the life insured, and the policy owner dies.

In this case, the Claims team requires:

- A copy of the death certificate to change the ownership of the policy to the surviving owner,
- A claim declaration, and
- Probate if they were the only owner.
Maturity claims

What is a maturity?
A policy ‘matures’ when it has reached the end of the policy term. The minimum term is 10 years.

The importance of maturities
For most clients an upcoming maturity is good news. This is the reason why they have their policy with AMP, to reap the rewards of their savings.

An upcoming maturity brings AMP to the forefront of your clients’ mind and the way that you deal with the client at this time will have a large impact on their perception of AMP.

Maturing policies give you the opportunity to talk to your client about reinvesting and are another opportunity for you to look at their financial plan.

Continued on next page
Maturity claims, continued

The maturity process

The process for dealing with a maturing policy takes some time. This allows you time to approach your client about the options available to them.

The current maturity process is below. Effective from 2007, AMP does not pay interest on unpaid maturities and makes every endeavour to try to locate the client before proceeds are paid to the IRD (after 7 years).

<table>
<thead>
<tr>
<th>Step</th>
<th>Action</th>
</tr>
</thead>
</table>
| 1    | • The Contact Centre contacts the client approximately eight weeks before the maturity date (unless the Adviser has specifically asked that their clients not be contacted).  
      • The Contact Centre follows a script in which they congratulate the client on their maturity policy and list their options, and ask if the client if they wish to discuss any of these options with their Adviser. Resulting leads are referred back to the Adviser at this point. |
| 2    | • Six weeks prior to the policy maturity date, a letter is sent to the client advising them of the upcoming maturity. Included with the letter is a settlement form that gives the client an approximate value and a list of options available. |
| 3    | • The client then selects an option and completes the completed settlement form with the policy document (or Statement of Loss or Destruction of Policy). |
| 4    | • When the completed settlement form is received with the policy document (or Statement of Loss or Destruction of Policy) AMP will process the maturity. |
| 5    | • If all requirements have been received and processed by the maturity date, AMP will send the client a letter confirming where the funds have been paid. |
| 6    | • If the settlement form has not been received by the maturity date a reminder is sent to the client with a copy of the settlement form. |
| 7    | • If the settlement form has still not been received three months after the maturity date, another reminder letter is sent with a copy of the settlement form. |
Surrendering a Conventional Policy

Introduction

There could be any number of reasons why your client wants to cancel their Whole of Life and Endowment policy, e.g. they may need the cash to cover debts or unexpected expenses.

If you can determine the client’s reason for cancelling their policy, you may be able to offer them an alternative solution, e.g. to take out a loan against their policy or to cash in bonuses on their policy to pay premiums.

If your client still wishes to surrender their policy, you can help them by telling them what they need to do.

Procedure

To surrender a conventional policy, follow the steps below:

<table>
<thead>
<tr>
<th>Step</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Complete a “Conventional Surrender Discharge Form” (Form no. 300468)</td>
</tr>
<tr>
<td>2</td>
<td>Attach the policy document, or a Statement of Loss or Destruction of Policy (300575).</td>
</tr>
<tr>
<td>3</td>
<td>Send the completed Discharge form and Policy Document (or Statement of Loss or Destruction of Policy) to the Life &amp; Legacy team.</td>
</tr>
</tbody>
</table>

Continued on next page
To ensure that the surrender is processed quickly the discharge form must be completed correctly. Use the instructions below as a guide for correct completion of a Conventional Surrender Discharge form.

<table>
<thead>
<tr>
<th>Field</th>
<th>Instructions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policy Number</td>
<td>• Must be completed</td>
</tr>
<tr>
<td>Name of Person(s) Insured</td>
<td>• Must be completed</td>
</tr>
<tr>
<td>Life Insured's Date of Birth</td>
<td>• Must be completed</td>
</tr>
<tr>
<td>Payment Instructions</td>
<td>• Include the Bank, Branch and Account Number for the proceeds to be direct credited (or attach an encoded deposit slip), or</td>
</tr>
<tr>
<td></td>
<td>• Attach correct documentation if it is a transfer to the AMP Savings &amp; Investments Portfolio or AMP investment suite</td>
</tr>
<tr>
<td>Declaration</td>
<td>• Complete:</td>
</tr>
<tr>
<td></td>
<td>• Date</td>
</tr>
<tr>
<td></td>
<td>• Contact phone number, and</td>
</tr>
<tr>
<td></td>
<td>• Signature of all policy owner(s).</td>
</tr>
<tr>
<td>Witness Declaration</td>
<td>• Complete:</td>
</tr>
<tr>
<td></td>
<td>• Name</td>
</tr>
<tr>
<td></td>
<td>• Occupation, and</td>
</tr>
<tr>
<td></td>
<td>• Address</td>
</tr>
<tr>
<td></td>
<td>• <strong>Note:</strong> It must be an independent witness.</td>
</tr>
</tbody>
</table>

**Processing time**

Assuming that the actions below are completed, the surrender will be processed within three working days of being received by AMP.

- The Discharge form has been completed correctly, and
- The Policy Document (or Statement of Loss or Destruction of Policy) was included
Chapter 5 – Alterations

Overview

About this chapter
This chapter covers the alterations that are available for Whole of Life and Endowment policies, and what you and/or your client needs to do for an alteration to be made to a policy.

Introduction
Most life insurance policies can be altered. When any alteration to the original terms and conditions is required the alteration must be agreed to by both parties to the contract i.e. AMP and the policy owner. A Policy Update is issued after the alteration is completed.

AMP sets certain conditions on subsequent alterations and may refuse certain requests for change.

In this chapter
This chapter will cover the following topics.

<table>
<thead>
<tr>
<th>Topic</th>
<th>See Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overview</td>
<td>5-1</td>
</tr>
<tr>
<td>Reinstating a lapsed policy</td>
<td>5-2</td>
</tr>
<tr>
<td>Making a policy ‘Paid up’</td>
<td>5-4</td>
</tr>
<tr>
<td>Reducing the premiums and sum insured</td>
<td>5-5</td>
</tr>
<tr>
<td>Increasing the premium and sum insured</td>
<td>5-6</td>
</tr>
<tr>
<td>Addition of Protection benefits</td>
<td>5-7</td>
</tr>
<tr>
<td>Cancellation of Protection benefits</td>
<td>5-8</td>
</tr>
<tr>
<td>Assigning ownership of a policy</td>
<td>5-9</td>
</tr>
<tr>
<td>Change of Table requests</td>
<td>5-11</td>
</tr>
<tr>
<td>Reassessment of risk</td>
<td>5-14</td>
</tr>
</tbody>
</table>
Reinstating a lapsed policy

How does a policy lapse?

A Whole of Life or Endowment policy may lapse due to:

- Non payment of premiums (for policies under two years), or
- The debt on a policy, loan and/or premium (plus interest) being greater than the gross surrender value of the policy.

Notification by AMP

The client will be sent a letter informing them that their policy has lapsed and why and you will be sent notification of this letter (through Intermedia).

Reinstating a lapsed policy

There are three requirements for re-instatement of a lapsed policy.

Reinstatement:

- Must occur within 24 months of cancellation
- Is subject to satisfactory evidence of health (if more than two weeks since lapse date of policy), and
- Is subject to payment of a sufficient part of the debt to produce a net surrender value. This is made up of the minimum amount, plus interest, and the premium required to bring the policy up to date.

Continued on next page
Reinstating a lapsed policy, continued

Policies over two years old

If your client would like to reinstate the policy, you can ask the Life & Legacy team for the total payment required. There are two options:

- Option one: Full Reinstatement - Clear all arrears
  This option is available up to two years after the policy lapse date.

- Option two: Minimum amount to reinstate – with arrears.

To reinstate a policy more that 14 days after the lapse date the client needs to tick the Reinstatement option on the Abridged Personal Statement (304715) and answer questions one to five.

Additional requirements for reinstatement:

- A direct debit form must be included so that a regular minimum payment is set up for repayment of the debt and payment of the premiums. The Life & Legacy team will advise you of the minimum monthly payment required.

- Evidence of health is required if reinstatement is more than 14 days after the lapse date of the policy (use the Abridged Personal Statement).

Policies under two years old

Again, you can request details of the missed premiums from the Life & Legacy team. All premiums owed must be paid up-to-date, as there can be no debt on policies under two years old.

The same additional requirements apply:

- A direct debit form must be included to ensure that future premiums are received

- Evidence of health (complete questions one to five on the Abridged Personal Statement) if more than 14 days after lapse date

- If reinstatement is within 14 days of lapse date, no evidence of health is required.
Making a policy ‘paid up’

Introduction

If your client is unable to afford premiums, a client can elect to reduce their premium to zero, while still keeping their policy. This is known as making the policy ‘paid up’.

If the client chooses to make their policy paid up:

- The sum insured will reduce
- All optional protection benefits are cancelled, and
- Any debts must be cleared.
- Some policies may not earn any further bonuses.

Note: Policies may only be made paid up when at least two years’ premiums have been paid.

Things to be aware of

When considering making a policy paid-up, your client should be aware that once it has been made paid up:

- The decision cannot be reversed, and
- It is still possible to take out a loan against the policy.

Procedure

To make a Whole of Life or Endowment policy paid up, follow the steps below.

<table>
<thead>
<tr>
<th>Step</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Contact the Life &amp; Legacy team and request a paid up quote.</td>
</tr>
<tr>
<td>2</td>
<td>All policy owner(s) must sign the quote.</td>
</tr>
<tr>
<td>3</td>
<td>Send the signed quote to the Life &amp; Legacy team for processing.</td>
</tr>
<tr>
<td></td>
<td><strong>Note</strong>: Paid up quotes are valid for 30 days because policy details are updated monthly.</td>
</tr>
<tr>
<td>4</td>
<td>The client will be sent a letter confirming the alteration has been processed along with a Policy Update to be filed with the Policy Document and a copy sent to the adviser.</td>
</tr>
</tbody>
</table>
Reducing the premiums and sum insured

Introduction
To stop a policy being cancelled, or it being changed to a paid-up policy, the policy owner can reduce the premium and the sum insured on their policy.

Reductions will fall into two categories.

- **Policies with less than two years premium paid:** The policy will be re-rated based on the new premium or sum insured.
- **Policies with more than two years premium paid:** A refund amount will be available to the client. This amount can be refunded to the client or left in the policy.

Procedure
To formally reduce the premium and/or the sum insured on a Whole of Life or Endowment policy, follow the steps below.

<table>
<thead>
<tr>
<th>Step</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Contact the Special Calculations team via email at <a href="mailto:specialcalcs-nz@amp.co.nz">specialcalcs-nz@amp.co.nz</a> for a reduction quote.</td>
</tr>
<tr>
<td>2</td>
<td>The Special Calculations team will require the new sum insured or premium amount. <strong>Note:</strong> refer to AdviserNet for minimum premiums and sums insured.</td>
</tr>
<tr>
<td>3</td>
<td>A quote will be sent to you.</td>
</tr>
<tr>
<td>4</td>
<td>You need to contact your client to discuss the options.</td>
</tr>
</tbody>
</table>
| 5    | If the client wants to go ahead with the reduction then:  
- Fully complete an Application for Alteration to Policy form (form #304716) remembering to complete both ‘Existing Details’ and ‘New Details’. (For policies over two years old you will need to specify whether the client wants to have the refund amount returned to them or left in the policy).  
- Ensure all policy owners have signed the alteration form and that the form is dated and witnessed. |
| 6    | Send the completed Application for Alteration to Policy form to the Life & Legacy team. |
| 7    | Once the reduction has been processed, the Life & Legacy team will send a Policy Update (to be attached to the Policy Document) and a letter of alteration to the client. A copy will be sent to you for your records. |
Increasing the premium and sum insured

**Introduction**

If a client wants to increase their sum insured, the sum insured and premium can be increased on most policies. Proposals for increases are lodged in the same way as proposals for new policies.

Such increases will be subject to normal underwriting criteria and minimum premiums at the time.

**Notes:**
- Where a policy has been subject to inter-country transfer, increases by endorsement are not available
- Increases are only available on policies with at least 10 years remaining until maturity.

**Procedure**

To increase the sum insured or premium on a Whole of Life or Endowment policy, follow the steps below.

<table>
<thead>
<tr>
<th>Step</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Produce an ‘in-force’ quote on Meridan and include the new increase.</td>
</tr>
<tr>
<td>2</td>
<td>Complete the Whole of Life or Endowment Insurance section at the bottom of page 3 of the AMP Application form (304695) and AMP Personal Statement (304696). Make sure the total new sum insured or premium is entered in the ‘Sum Insured’ column.</td>
</tr>
<tr>
<td>3</td>
<td>Send completed form to the New Business team for processing, including a cheque for the broken premium (i.e. the amount of extra premium due for the increase).</td>
</tr>
<tr>
<td>4</td>
<td>The New Business team will contact you confirming receipt of the application, which will be forwarded to the Life &amp; Legacy team for processing after assessment.</td>
</tr>
<tr>
<td>5</td>
<td>Once the increase has been completed a Letter of Alteration along with a Policy Update, to be attached to the policy document, is sent to the client and a copy sent to you for your files.</td>
</tr>
</tbody>
</table>

**Check for correct completion of forms**

To ensure the increase is able to be processed as quickly as possible, check that:

- The policy number is entered on the form
- The increase amount meets minimum annual requirements
- The indexed field has been completed (otherwise AMP will assume it is not wanted)
- All the policy owners have signed the proposal form, and that it has been dated and witnessed, and
- A cheque for the broken premium is included with the proposal.
Addition of protection benefits

Optional protection benefits can be added to existing policies. Proposals for additions are lodged in the same way as proposals for new policies. This will be subject to normal underwriting.

Procedure

To add optional protection benefits to an existing policy, follow the steps below.

<table>
<thead>
<tr>
<th>Step</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Produce a quote adding the new rider. If Meridian doesn’t allow the addition of a new rider benefit, email the Special Calculations team for a quote, at special <a href="mailto:calcs-nz@amp.co.nz">calcs-nz@amp.co.nz</a></td>
</tr>
<tr>
<td>2</td>
<td>Complete the AMP Application Form, Personal Statement and Alteration to Policy form and indicate which additional covers are required.</td>
</tr>
</tbody>
</table>
| 3    | Ensure that:  
  - The Application for Alteration to Policy form has been signed (by all policy owners), dated, and witnessed  
  - A cheque for the broken premium is included. |
| 4    | Send the completed Application to the New Business Team. Once the application has been assessed, it will be forwarded to the life & Legacy team for processing. |
| 5    | Once process is complete (including Underwriting assessment) a Policy Update and Letter of Alteration are sent to the client, and a copy sent to you for your records. |

Points to note

- Here are some handy hints to help the client complete the form correctly when adding optional benefits to a Whole of Life or Endowment policy:
  - The complete list of optional rider benefits available is not listed on this form. If you want to add a rider benefit that is not listed, tick ‘Additional Benefits’ and enter the cover required e.g. G4 (guaranteed future insurability), in the ‘State type’ field. Remember to write in the amount of cover required.
  - The Premium Payment Cover benefit on this form is the same as the Suspension of Premium benefit.
  - If you’re adding Convertible Protection Units, remember to state how many units as well as the amount of cover required.
Cancellation of protection benefits

A policy owner can request to cancel any of the optional protection benefits on a policy.

Procedure

To cancel the protection benefits on a Whole of Life or Endowment policy, follow the steps below.

<table>
<thead>
<tr>
<th>Step</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>The policy owner(s) must put any cancellation request in writing and it must be signed and dated by the policy owner(s).</td>
</tr>
<tr>
<td>2</td>
<td>Send the request to the Life &amp; Legacy team.</td>
</tr>
<tr>
<td>3</td>
<td>The client will be sent a letter confirming the request has been actioned along with a Policy Update to be filed with their policy document and a copy sent to the adviser for their files.</td>
</tr>
</tbody>
</table>
Assigning ownership of a policy

What is an Assignment?

A client’s policy can be assigned to a third party (e.g. a bank) as security on a loan. The third party then becomes the legal owner of the policy until such time as the third party assigns the ownership of the policy back to the client.

Assigning ownership of a policy

The process for assigning ownership of a policy is shown below.

<table>
<thead>
<tr>
<th>Step</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Check whether or not there is an AMP loan on the policy.</td>
</tr>
<tr>
<td></td>
<td><strong>If</strong>... <strong>Then</strong>...</td>
</tr>
<tr>
<td></td>
<td>There is a loan on the policy</td>
</tr>
<tr>
<td></td>
<td>There is no loan on the policy</td>
</tr>
<tr>
<td></td>
<td>If there is no blank Memorandum of Transfer on the policy document a Transfer of Ownership form must be completed (form #301285 available from the Life &amp; Legacy team).</td>
</tr>
<tr>
<td>2</td>
<td>The policy document must accompany the request.</td>
</tr>
<tr>
<td>3</td>
<td>Send all documentation to the Life &amp; Legacy team.</td>
</tr>
</tbody>
</table>

**Note:** All assignments need to be registered by AMP.

Continued on next page
Assigning ownership of a policy, continued

Identity verification

The Identity Verification Form needs to be completed by all new owners.

Trusts

Ownership of a policy cannot be assigned to a Trust. The policy must be in the names of the individual trustees.

Trust companies are an exception.
Change of Table requests

Introduction

A Change of Table is when the maturity date of a policy is changed. The new maturity date must be a minimum of five years from the next anniversary date.

Only one Change of Table can be done, per policy, each five years.

Note: The policy must run for a minimum of 10 years, so the new maturity date may be longer than five years away.

Converting from WOL to Endowment

When a policy owner changes a Whole of Life policy to an Endowment Policy there are four options available.

<table>
<thead>
<tr>
<th>Option</th>
<th>What this means…</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retain Premium</td>
<td>• The policy owner continues to pay the same premium, and</td>
</tr>
<tr>
<td></td>
<td>• The sum insured and bonuses are altered to reflect this.</td>
</tr>
<tr>
<td>Retain sum insured</td>
<td>• The sum insured remains at its current level, and</td>
</tr>
<tr>
<td></td>
<td>• The premium and bonuses are altered to reflect this.</td>
</tr>
<tr>
<td>Retain death cover</td>
<td>• The total value of the current sum insured plus bonuses are retained after the change, and</td>
</tr>
<tr>
<td></td>
<td>• A new premium is calculated to allow for this.</td>
</tr>
<tr>
<td>Nominated premium or sum insured</td>
<td>• The policy owner can nominate a premium to pay or the sum insured.</td>
</tr>
</tbody>
</table>

Note: An existing Endowment policy can also be altered by a Change of Table, to mature at an earlier date.

Continued on next page
Change of Table requests, continued

**Special Calculations**

In the following cases, a Change of Table will need to be done by the Special Calculations team (email specialcalcs-nz@amp.co.nz):

- If the person insured’s health assessment is not standard e.g. Class 1, 2, 3, 4, etc.
- When the life insured is over age 70.
- When the life insured is under age 22 and the policy table is either XNLZ, XNLA, or XNSZ
- For policies that begin with a letter other than Z e.g., Q1234567-A.
- For policies with SD (E9) benefit added.
- For policies that have more than one rider benefit.
- For policies under two years in force.

**Procedure**

To complete a Change of Table from a Whole of Life to an Endowment policy, follow the steps below.

<table>
<thead>
<tr>
<th>Step</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Do a Meridian illustration using the MerCOT option under Quick Quotes. <strong>Note:</strong> MerCOT illustrations are only valid for 30 days because policy details update each month. After 30 days a new quote will have to be done for the client.</td>
</tr>
<tr>
<td>2</td>
<td>Ask the client to sign and date a completed Application for Alteration to Policy (this must be witnessed).</td>
</tr>
<tr>
<td>3</td>
<td>Send the Change of Table illustration and Application for Alteration to Policy to the Life &amp; Legacy team for processing.</td>
</tr>
<tr>
<td>4</td>
<td>The client will be sent a letter confirming the alteration has been processed along with a Policy Update to be filed with the Policy Document and a copy sent to the adviser for their records.</td>
</tr>
</tbody>
</table>

*Continued on next page*
Change of Table requests, continued

Checklist

To avoid any unnecessary delays in the processing of your client’s change of table application, use the checklist below to ensure all fields have been completed fully and all supporting evidence is attached.

<table>
<thead>
<tr>
<th>Step</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Illustration is attached to the Application form.</td>
</tr>
<tr>
<td>2</td>
<td>Application for Alteration to Policy form is fully completed.</td>
</tr>
<tr>
<td>3</td>
<td>Rider Benefits – have you written on the application if they have been retained or cancelled?</td>
</tr>
</tbody>
</table>
| 4    | Is the Consumer Guarantees Act declaration completed?  
**Note:** this is a legal requirement and the application cannot be processed without this. |
| 5    | Has the policy owner(s) signed and dated the Application form? |
| 6    | Has the Application form been witnessed and dated? |
| 7    | Is Evidence of Health required, and if so, is it attached? |
| 8    | Is the illustration valid (i.e. within 30 days)? |
| 9    | Is a broken premium required? If so, is the cheque attached? |
| 10   | Have you taken note of the Policy Anniversary date and entered the correct values?  
**Note:** If within 40 days of the anniversary date contact the Life & Legacy team before proceeding. |

Who do I contact if I need help?

There is a detailed guide on producing change of table illustrations on AdviserNet. Search on ‘Change of Table’ from the main screen, then select ‘Change of Table manual’.

If you need help with your Change of Table Illustration, or about the change of table process in general, call the Contact Centre on 0800 808 267.
Reassessment of risk

Introduction
If a client has had an improvement in their health they can apply to have their level of risk reassessed.

If Underwriting accept the reassessment, the client's premiums will be reduced.

What forms are needed
To apply for a reassessment of risk, the client needs to complete the AMP Personal Statement (304696).

All questions on the Personal Statement must be completed and the Statement signed, dated and witnessed.

Note: The policy document is not required for a reassessment of risk.

What to do next
Send the forms in with a covering letter to the Life & Legacy team.

If any additional information is requested by the underwriting team:

• AMP will advise you via email that they have requested the additional information directly from the client’s doctor, or
• AMP may request you to obtain further medical information from the client.

Confirmation
The client will be sent a letter confirming the reassessment has been completed along with a Policy Update to be filed with the policy document.

You will be sent a copy of the letter for your files.
Replacement business

Introduction

From time-to-time, it will be necessary to move clients from one product to another. When a client is being moved away from a conventional product to a contemporary one, it is important that the requirements as laid out in Section 5 of the Professional Standards Manual are followed.

These requirements are valid even though clients are being moved between AMP products.

What if my client wants to move his/her policy to a contemporary investment product?

Replacement business guidelines must be followed, ensuring that the Adviser calculates the net new financial position as a result of any change for the client.

If the client is not better off as a result of any change, he/she must sign the acknowledgement on the transfer form, confirming that he/she is aware of this.

For more information, refer to AdviserNet under the following section:

Home > Investments > Products > Classic Investments > Conversion options for existing clients

What if my client wants to move his/her policy to Lifetrack?

When transferring from Whole of Life and Endowment to Lifetrack, you need to send the following to the New Business team:

- A completed Advice on Replacement Business Form, signed by the client and adviser
- A Surrender form for the Conventional policy
- An Application form and Personal Statement (if required).
- The Advice on Replacement Business form can be found at the rear of the AMP Application form, or through the Forms and Policy Documents section of AdviserNet.

For more information or assistance, please contact TAPIN-Risk on 0800 284 746 or email tapin-risk@amp.co.nz

When must these processes be followed?

Due to the different benefits associated with Whole of Life and Endowments policies and Lifetrack, please ensure that you follow these processes when transferring a Conventional or Investment-linked policy to Lifetrack.
**What does the Advice on Replacement Business Form do?**

The form is designed to protect customers by making the advantages and disadvantages of the replacement of one policy with another clear to them. It also acts as protection for the Adviser in the event of a dispute with the customer.

All members of the Investment Savings and Insurance Association (ISI) are required to follow the Manual of Practice Standards, which requires that this form be used. As AMP is a member of the ISI, it is required to ensure that all Advisers and brokers selling its life and disability products comply.

**What does the Advice on Replacement Business Form contain?**

The form requires you to specify information such as:

- Whether or not you will receive commission on the new contract
- The reasons for the existing policy being replaced
- Why the old policy doesn't fulfil the customer’s objectives
- Any risk or right not covered by the new policy that was covered by the old policy.

The form also provides information to the applicant about the fact that:

- They may need to pay new establishment or other extra costs
- Cover may be more expensive if their age, health, pastimes or occupation have changed
- There may be exclusion clauses and
- Conditions or benefits under the new policy may be less favourable than those in the policy being replaced.

**What does AMP do with the Advice on Replacement Business Form?**

AMP must take a copy of the form and hold it on file and send the original back to the client.

**What will happen if I don’t complete the Advice on Replacement Business Form?**

If a completed Advice on Replacement Business form isn’t received when an existing policy is being replaced, an outstanding requirement will be raised and your application may be returned.
You do not need to complete the Advice on Replacement Business form when you are transferring between different versions of the same AMP product e.g.

- RII to Lifetrack
- TLI to Lifetrack
- Survival to Lifetrack.