

Securities Act (AMP and NMLA Life Insurance Policies) Exemption Notice 2013

Pursuant to section 70B of the Securities Act 1978, the Financial Markets Authority gives the following notice (to which is appended a statement of reasons of the Financial Markets Authority).

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Notice

- 1 Title**
This notice is the Securities Act (AMP and NMLA Life Insurance Policies) Exemption Notice 2013.
- 2 Commencement**
This notice comes into force on 22 June 2013.
- 3 Revocation**
This notice is revoked on the close of 30 September 2017.
- 4 Interpretation**
 - (1) In this notice, unless the context otherwise requires,—
Act means the Securities Act 1978
address includes the last email address, fax number, post office box address, or document exchange box number known to AMP or NMLA (as applicable)



AMP means AMP Life Limited

NMLA means The National Mutual Life Association of Australasia Limited

option means a right or ability of:

- (a) a holder of a product to request:
 - (i) a variation to, or a renewal of, that product; or
 - (ii) an allotment of a new or additional product in place of, or in addition to, that product; or
- (b) a former holder of an expired product to request the reinstatement of that product,

whether pursuant to a contractual term of the relevant product or otherwise

Regulations means the Securities Regulations 2009

specified product means a product listed in the Schedule issued to the holder or former holder of that product either:

- (a) before the commencement date this notice; or
 - (b) on or after the commencement date of this notice pursuant to the exercise of an option by the holder or former holder of a product listed in Schedule.
- (2) Any term or expression that is defined in the Act or the Regulations and used, but not defined, in this notice has the same meaning as in the Act or the Regulations.

5 Exemptions

AMP and NMLA, and any person acting on behalf of either or both of them, are exempted from sections 37 and 37A of the Act in respect of:

- (a) a new whole of life insurance policy or a new endowment insurance policy issued by AMP or NMLA pursuant to the exercise of an option by the holder of a specified product; and
- (b) a specified product that had expired but has been reinstated pursuant to the exercise of an option by the former holder of that specified product; and
- (c) a variation or renewal of a specified product pursuant to the exercise of an option by the holder of that specified product.

6 Condition of exemptions in clause 5 that summary of options sent to policy holders

- (1) The exemptions in clause 5 are subject to the condition that a document containing the information in subclause (2) has been sent, at least 3 working days before a holder or former holder of a specified product exercises an option, to the address of every

person who, at the time the document was sent, was a holder of the relevant specified product.

- (2) The document referred to in subclause (1) must contain:
- (a) a summary of the options available to holders of the specified products; and
 - (b) an explanation of where the document required by clause 7 is available; and
 - (c) a statement to the effect that holders of the specified products can discuss the options available to them with an AMP or NMLA (as applicable) adviser.

7 Condition of exemptions in clause 5 that information about exercise of options sent to relevant policy holder

- (1) The exemptions in clause 5 are subject to the further condition that a document containing the information in subclause (2) has been received by the holder or former holder of the relevant specified product before that person exercises the relevant option.
- (2) The document referred to in subclause (1) must contain:
- (a) a summary of the relevant option; and
 - (b) a summary of the effect of exercising that option; and
 - (c) a summary of the steps necessary to exercise that option; and
 - (d) a summary of any other matters that are material to the decision of the holder on whether to exercise that option; and
 - (e) where further information about that option can be obtained; and
 - (f) a statement to the effect that holders of the specified products can discuss the option with an AMP or NMLA (as applicable) adviser; and
 - (g) where the latest financial statements of the AMP group or NMLA group (as the case may be) that comply with, and have been registered under, the Financial Reporting Act 1993 can be obtained.

8 Condition of exemptions in clause 5(a) that policy document sent to relevant policy holder

The exemptions in clause 5(a) are subject to the further condition that in the case of an issue of a new whole of life insurance policy or a new endowment insurance policy:

- (a) the relevant policy holder is sent a policy document for the whole of life insurance policy or endowment insurance policy (as applicable) which includes all material information

relating to the investment component of the relevant product; and

- (b) the relevant policy holder has the right to change their decision on the exercise of the option, including by cancelling the whole of life insurance policy or endowment insurance policy (as applicable) within 14 days from the date the policy holder was sent the policy document.

Schedule

AMP products

AMP Whole of Life Insurance
AMP Endowment Savings and Protection Plan
AMP Children's Endowment Plan
AMP Children's Whole of Life
AMP Pure Endowment
AMP Investment Linked Plan Single Premium
AMP Investment Linked Plan
AMP Investment Linked Plan
AMP Investment Linked Children's Plan
AMP Investment Linked Children's Plan
The A.M.P. Portfolio Plan
AMP Investment Linked Plan Single Premium No Entry Fee
AMP New Zealand Personal Superannuation Fund Bonus Plan
AMP New Zealand Personal Superannuation Fund
AMP Education Funding Plan
AMPAK Savings and Protection Plan
Flexible Savings Bond Plan

NMLA products

AMP Lifestyle Plan
AMP Business Protection Plan
Whole of Life Insurance Benefit
AXA Life Builder Plan
Flexipol Policy of Insurance (Ordinary)
Flexipol Superannuation Plan, officially registered as 'the National Mutual Individual Lump Sum Superannuation Scheme' and 'the National Mutual Individual Pension Superannuation Scheme'

Goldline Investment and Protection Plan (Original)

Goldline Investment and Protection Plan (III)

Goldline Personal Superannuation Plan (Original), officially registered as
'the National Mutual Goldline Series Superannuation Scheme'

Goldline Personal Superannuation Plan (III), officially registered as
'Goldline Series Superannuation Scheme'

Link-Save Plan (Ordinary)

Link-Save Plan (Childrens)

Link-Save Plus Plan

Link-Save Pension Plan, officially registered as 'The National Mutual
Individual Pension Superannuation Scheme'

Dated at Wellington this 21st day of June 2013.



Sue Brown
Head of Primary Regulatory Operations
Financial Markets Authority

Statement of reasons

This notice comes into force on 22 June 2013 and is revoked on 30 September 2017. It exempts AMP Life Limited (**AMP**) and The National Mutual Life Association of Australasia Limited (**NMLA**) and any person acting on behalf of either or both of them from the prospectus and investment statement requirements of the Securities Act 1978 (**Securities Act**) and the Securities Regulations 2009 (**Securities Regulations**).

The exemption applies to the exercise of options available to the holder or former holder of a conventional insurance product listed in the Schedule to the notice to vary or reinstate that product or to take out a new or additional product in place of, or in addition to, that product. The exemption relieves the requirement for an investment statement and prospectus if:

- a document has been sent to policy holders summarising the options available for the variation, reinstatement or purchase of policies and directing the policy holders to more detailed information about the options; and
- a document containing information about the relevant option exercised by a policy holder has been received by the relevant

policy holder prior to that policy holder exercising the relevant option; and

- in the case of issue of a new policy, the policy holder has a 14 day cooling off period following the date the policy holder is sent a copy of the policy. The policy document must contain information material to the investment component of the product.

The Financial Markets Authority, after satisfying itself as to the matters set out in section 70B(2) of the Securities Act, considers that it is appropriate to grant the exemptions because –

- most life insurance policies are excluded from the scope of products regulated by the Securities Act and Securities Regulations. This is because the regulation of life insurance policies is appropriately governed by insurance law requirements, rather than investment law requirements:
- historically AMP and NMLA have issued the products listed in the Schedule to this notice. The majority of these are whole of life insurance policies and endowment insurance policies. The primary purpose of these policies is insurance, although they do have a subsidiary investment element included in them, in that the terms of the products include some benefits that are payable during the term of the policy not only if the insured dies, becomes ill or disabled. For this reason the requirements of the Securities Act do apply to these products:
- these products listed in the Schedule to this notice are no longer available for purchase by new clients. There are however a number of circumstances where existing clients holding these products can exercise options available to them to vary the product, reinstate the product after expiry, or to take out a new or additional product in place of, or in addition to, that product. In a limited number of cases this amounts to an 'offer for subscription' of a 'security'. This is where the new, varied or reinstated product has an investment element and so is a 'security', and additionally there is an 'offer for subscription' because, for example, the exercise of the option was not pursuant to a contractual term of the policy but is an option that has historically been honoured by AMP or NMLA. Even in the limited cases where there is an offer for subscription of a security, in most cases the effective change is to the insurance element of the policy. Accordingly in most cases there is no significant investment decision to be made by the policy holder:
- the conditions of the notice require that if a policy holder seeks to exercise an option to vary the product, reinstate the product after expiry, or to take out a new or additional product material information must be given about the effect of exercising that option and other information material to the decision on whether to exercise the option. Further, in cases where a new policy is issued the conditions of the notice require information material to

the investment component of the product to be made available to policy holders in the policy document, and policy holders have a cooling off period in which they may change their decision on the exercise of the option:

- in this context the cost of maintaining a prospectus and investment statement is not matched by the benefit of the maintenance of these documents to policy holders. The information that is required to be provided to policy holders by the notice will be more useful for decision making by those policy holders.

In all of these circumstances, the Financial Markets Authority considers that the exemptions will not cause significant detriment to policy holders, nor are they broader than is reasonably necessary to address the matters that gave rise to them by reducing the regulatory compliance costs of the maintenance of relevant disclosure documents.

