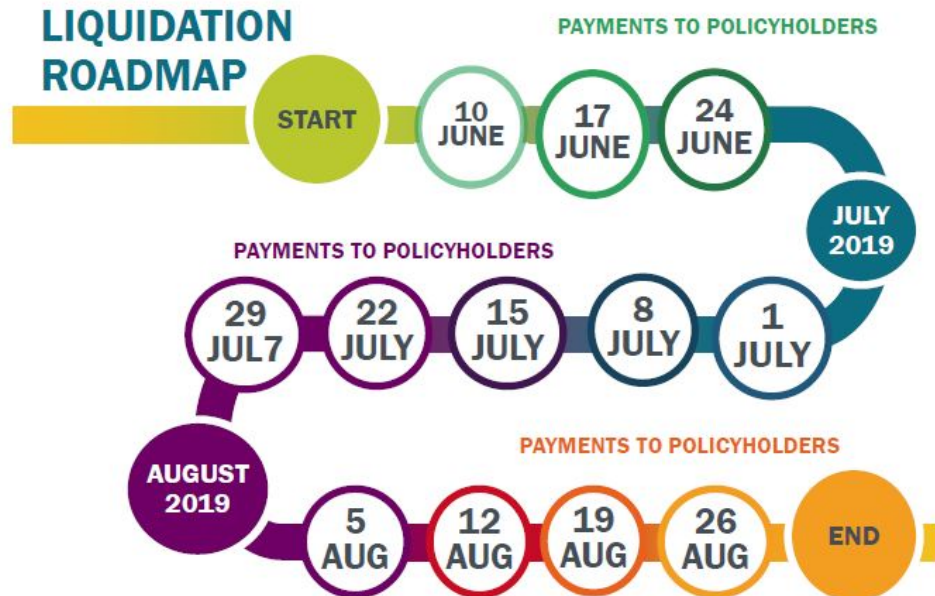


# RESOLUTION LIFE ASSURANCE COMPANY LTD LIQUIDATION

## KEY INFORMATION

- **Management of the Liquidation Process**
  - The Financial Services Commission will provide regulatory oversight of the liquidation process.
  - ResLife will manage its processes to ensure an orderly wind-up of the company.
- **Eligible Policies**
  - Active policies as at 31 March 2019 with positive net cash or fund values
  - Claims that remain unpaid as at 31 March 2019
  - Cash value of surrenders unpaid as at 31 March 2019
  - Executive Flexible Premium Annuities/ ResLife
  - Liquidation Annuity Contracts
  - Pensions due
- **Excluded Policies**
  - Term Life Policies
  - Critical Illness Policies
  - Individual Health Policies, Group Health and Group Life Policies
  - Lapsed Policies

- **Communications to Policyholder**
    - Will include an appointment date
    - List of required documents
    - Policy Statement showing cash/fund values and payment breakdown
  - **Face to Face Meetings**
    - Present letter & required documents
    - Release must be signed
    - Payment is received
- The Payment Process**
- **Adhere to appointment times**
  - **Ensure that you have the required documents**
    - Original Policy Contract
    - 2 forms of valid Gov't issued ID
    - Recent proof of address (utility bill or bank statement issued during the last 3 months)
  - **Third parties acting on behalf of policyholders**
    - Relevant legal documents granting



## SETTLEMENT BY CATEGORY

CATEGORY*	VALUATION	PAYMENT METHOD	
		Amount < \$20,000	Amount > \$20,000
Life Policies	Net cash value	Cheque	Series B Bond
Annuity Policies - less than 4 years to maturity	Net fund value	Cheque	Series B Bond
Annuity Policies - more than 4 years to maturity	Net fund value	Series B Bond	
Pensions	Remaining value	Cheque	Special 0.25% 15-Year Bond
EFPA's	Principal	Special 0.25% 15-Year Bond	
Claims	Claim value	Cheque	Series B Bond
Surrenders	Surrender value	Series B Bond	

\* Policyholders will be entitled to one lump sum payment of \$20,000.00 per group of policies/claims outstanding

# VALUATION OF POLICIES AND CLAIMS

## Active Life Policies

- Net Cash Value  
(Gross Cash Value – Policy Loans – Automatic Policy Loans)

## Active Annuity Policies

- Fund Value

## EFPAs

- Principal  
(Total Value as at June 2011 – Interest Credited)

## Claims

- Claim Value (as Originally Determined)  
(Face or Fund Value - Policy Loans)

## Pensions

- Actuarial Value  
(Best Estimate Reserve)

# ILLUSTRATIONS

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## Active Policies as at 31 March 2019 - Ordinary Life Policies, Endowments, Universal Life

The value of the settlement due to policyholders is determined as follows:

**Valuation:** Gross Cash Value – Policy Loans – Automatic Policy Loans = Net Cash Value

**Action:** If net cash value < \$20,000 – issue cash payment for amount due  
If net cash value > \$20,000 – issue cash payment for \$20,000 and issue bond for the balance

*ERIC has one of the policies mentioned above and the final net cash value was \$15,776.60. Eric receives a cheque for \$15,776.60.*

*ANGELA has one of the policies mentioned above and the final net cash value was \$33,333.33. Angela will receive a cheque for \$20,000.00 and will be issued with a Series B bond with a face value of \$13,333.33. (20,000.00 + 13,333.33 = 33,333.33)*

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## Active Policies as at 31 March 2019 - Flexible Premium Annuity

The value of the settlement due to policyholders is determined as follows:

**Valuation:** Gross Cash Value – Policy Loans – Automatic Policy Loans = Net Cash Value

**Action:** If policy is within 4 years or maturity and net cash value < \$20,000 – issue cash payment for amount due  
If policy is within 4 years or maturity and net cash value > \$20,000 – issue cash payment for \$20,000 and issue bond for the balance  
If policy is not within 4 years or maturity and issue bond for full for amount due

*TRACEY has a Flexible Premium Annuity @ Age 60 policy and the final net fund value was \$15,776.60. Tracey is currently 58 i.e. the policies would have matured within 2 years. Tracey receives a cheque for \$15,776.60.*

*FEDERICK has a Flexible Premium Annuity @ Age 70 policy and the final net fund value was \$33,333.33. Frederick is currently 67 i.e. the policy would have matured within 3 years. Frederick will receive a cheque for \$20,000.00 and he will be issued with a Series B bond with a face value of \$13,333.33. (20,000.00 + 13,333.33 = 33,333.33)*

**TRICIA** has a Flexible Premium Annuity @ Age 65 policy and the final net fund value was \$25,000.00. Tricia is currently 41 i.e. the maturity date for the policy is more than 4 years away. Tricia will be issued with a Series B bond with a face value of **\$25,000.00**.

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## **Matured Annuity Policies – Monthly Pension Payments Already in Progress**

The value of the settlement due to Annuitants is determined by actuarial valuation as these policies do not have a defined contractual fund value associated with them. The valuation used a best estimate reserve as a proxy for the remaining fund value.

**Valuation:** Best estimate reserve

**Action:** If Remaining Value of Annuity Fund < \$20,000 – issue cash payment for amount due

If Remaining Value of Annuity Fund > \$20,000 – issue cash payment for \$20,000 and issue bond for the balance

**DAVID** receives a pension from his FPA Policy of \$239.04. He received his monthly pension from January 2016 onwards. The Remaining Value of Annuity Fund = \$27,491. **David will receive a cheque for \$20,000.00 and he will be issued with a Special 0.25% 15-Year bond with a face value of \$7,491.00. (20,000.00 + 7,491.00 = 27,491.00)**

**PATRICK** receives a pension from his FPA Policy since January 2014. His pension is \$126.06 per month. The Remaining Value of his Annuity Fund = \$14,192. **Patrick will receive a cheque for \$14,192.00**

**JOSEPH** received a pension from his FPA Policy from January 2012. His pension is \$300.00 per month and he opted for a 10-year guarantee period which ends December 2021. He received his pension from January 2012 but died tragically in January 2014 and his named survivor (**his widow**) received his pension from January 2014 onwards. She is entitled to receive the payments due from June 2019 to the end of the guarantee period (December 2021) of \$9,300 (\$300 x 31). **The widow will receive a cash payment (cheque) for \$9,300.00.**

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## **Executive Flexible Premium Annuities (EFPAs)**

The value of the settlement due to EFPA policyholders is determined as follows:

**Valuation:** Total Value as at June 2011 – Interest Credited = Original Principal

**Action:** Issue 15-year bond for the Original Principal

**JOHN** has an **EFPA policy** with a total value of \$19,776.60. This amount includes interest of \$4,776.60 so the Original Value of the policy is calculated as \$15,000.00 (19,776.60 – 4,776.60). **John will be issued with a Special 0.25% 15-Year bond with a face value of \$15,000.00.**

**JANE** has an **EFPA policy** with a total value of \$375,925.00 This amount includes interest of \$15,925.00 so the Original Value of the policy is calculated as \$360,000.00 (375,925.00 – 15,925.00). **Jane will be issued with a Special 0.25% 15-Year bond with a face value of \$360,000.00.**

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## **Term Life Policies**

**Valuation:** Term Life policies do not generate cash values.

**Action:** Terminate policy

**THOMAS** has a Term Policy with a face value of \$50,000 but the cash value of this policy is \$0 as this policy type does not generate a cash value. **Thomas will not be issued with a settlement when the policy is terminated effective 31 March 2019.**

**TREVOR** has a Term Policy with a face value of \$15,000 but the cash value of this policy is \$0 as this policy type does not generate a cash value. **Trevor will not be issued with a settlement when the policy is terminated effective 31 March 2019.**

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## Claims

**Valuation:** As previously determined and stipulated by policy contract usually  
Face Value/Fund Value – Policy Loans – Automatic Premium Loan = Net Claim Value  
Any payments made by ResLife during 2018 will also be deducted from the final settlement amount.

**Action:** If net claim value < \$20,000 – issue cash payment for amount due  
If net claim value > \$20,000 – issue cash payment for \$20,000 and issue bond for the balance

**CLARK** was the **sole beneficiary of a life policy** with a face value of \$50,000. There were no loans or debts against the policy, so Clark was entitled to a claim payment of \$50,000. ResLife previously paid Clark \$37,500 of the amount due. Clark is now owed \$12,500.00. **Clark will receive a cash payment (cheque) for \$12,500.00.**

**CHARLES** was the sole beneficiary of a life policy with a face value of \$150,000. There were loans against the policy, so Kent was entitled to a net claim payment of \$123,453.00. ResLife previously paid Clark \$92,589.75 of the amount due. Clark is now owed \$30,863.25. **Charles will receive a cash (cheque) for \$20,000.00 and he will be issued with a Series B bond with a face value of \$10,863.25 (20,000.00 + 10,863.25)**

**LOIS'** Mom passed away without a will and left an **annuity policy** with a fund value of \$47,000. There were no debts against the policy. Lois is in the process of being named the Administrator of her Mom's estate, but the process is still ongoing.

When Lois can provide the required documentation, she will be entitled to a net claim payment of \$47,000.

**If Lois concludes this process before 31 July 2019, she will receive from ResLife a cash payment (cheque) of \$20,000.00 and she will also receive a Series B bond with a face value of \$27,000.00 (20,000.00 + 27,000.00 = 47,000.00).**

**However,**

If Lois is unable complete this process before 31 July 2019, the funds (\$20,000.00) will be lodged with the FSC until the claim can be approved. **The payment (\$20,000.00) and the Series B bond (\$27,000.00) will be issued to Lois by the FSC or the designated party when she is able to provide the documentation required.**

**LYNN** is entitled to a payment of \$20,000 as a result of the **maturing of her life policy**. She has not received any payments to date as she did not submit all the required documentation. Lynn has heard about the voluntary liquidation of ResLife and immediately takes steps to get her outstanding information together. She submits this information to ResLife before 31 July 2019 and her payment is finally approved. **Lynn will receive a cash payment (cheque) for \$20,000.00.**

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## Surrenders

**PETER** became frustrated with the uncertainty of the judicial management process **and surrendered his life policy** during 2013. Peter was advised that the cash surrender value of his policy was \$14,444.00. **Peter will be issued with a Series B bond for \$14,444.00.**

**PAUL** also **surrendered his Flexible Premium Annuity policy**. He was advised that the net fund value of his policy less surrender charges was \$55,555.55. Peter has not received any payments to date as he was advised by ResLife that he was required to wait four years before settlement of his surrender would commence. **Paul will now be issued with a Series B bond for the amount owed of \$55,555.55.**