

Public Version

Notice seeking clearance
for the
acquisition by AMP Limited
of
AXA Asia Pacific Holdings Limited

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19. Print out of AXA’s Portfolio Administration Service webpage	
20. Ministry of Economic Development Discussion Document – Review of Financial Products and Providers: Platforms and Portfolio Management Services (September 2006)	
21. AXA Advisers Association submission regarding regulation of financial intermediaries dated 14 February 2005	

22. Print out of ANZ's ING NZ webpage
23. ACCC, Statement of Issues, AMP Limited – proposed acquisition of AXA Asia Pacific Holdings Limited, 10 February 2010
24. Print out of ACCC News Release regarding the ACCC's decision to oppose NAB bid and to clear AMP bid
25. Print out of Good Returns article (19 March 2010) regarding ASB's possible sale of the Aegis business
26. CONFIDENTIAL: Quarterly Statistics of the Investment Savings and Insurance Association of NZ Inc to December 2009.
27. CONFIDENTIAL: Fundsource Retail Managed Funds Trends and Market Composition Report dated December 2009.
28. CONFIDENTIAL: Approved product list for AMP's new *Wealthview* retail wrap platform service.

Glossary of terms used

ACCC	Australian Competition and Consumer Commission.
AMP NZ	The New Zealand subsidiaries (or operating divisions) of AMP Limited.
AXA Asia Pacific	AXA Asia Pacific Holdings Limited.
AXA NZ	The New Zealand subsidiaries (or operating divisions) of AXA Asia Pacific Holdings Limited.
Contemporary Life Insurance	Protection only policies (with no investment element).
Conventional Life Insurance	Endowment or whole of life policies, which combine protection and investment in a single policy.
Corporate Superannuation	Also known as 'employer-based' superannuation or corporate master trusts. These are superannuation schemes established by medium-large sized employers for their employees.
Decision 392	Decision of the NZCC dated 10 May 2000 granting clearance for Commonwealth Bank of Australia Group to acquire the shares of Colonial Limited.
Decision 507	Decision of the NZCC dated 22 September 2003 granting clearance for ANZ Banking Group (New Zealand) Limited to acquire the shares of the National Bank of New Zealand Limited
Decision 526	Decision of the NZCC dated 24 June 2004 granting clearance for IAG NZ Limited to acquire the shares of Mike Henry Travel Insurance Limited
FAA	Financial Advisers Act 2008.
FNZ	FNZ Limited.
FSPA	Financial Service Providers (Registration and Dispute Resolution) Act 2008.
MED	Ministry of Economic Development.
NAB	National Australia Bank Limited
NZCC	New Zealand Commerce Commission.
PAS	Portfolio Administration Services.
Proposed Transaction	The acquisition by AMP Limited of the Australian and New Zealand operations of AXA Asia Pacific Holdings Limited.
Westpac/St George	ACCC Informal Review – Westpac Banking Corporation – proposed acquisition of St George Bank Limited, 13 August 2008
White-labelled	Where the retail provider applies its own brand to another provider's product (wholesale level). For example, AMP applies its brand to Vero's general insurance products.

Executive Summary

- 1 This application relates to the proposed acquisition by AMP Limited of the Australian and New Zealand operations of AXA Asia Pacific Holdings Limited.

The parties

- 2 AMP Limited is a leading wealth protection and wealth management company listed on the Australian and New Zealand stock exchanges. AMP NZ offers a wide range of superannuation, investment, life insurance and financial planning products and services.
- 3 AXA Asia Pacific is responsible for the global AXA Group's life insurance, wealth protection and wealth management businesses in the Asia Pacific region. Like AMP, AXA Asia Pacific offers a range of superannuation, investment, life insurance and financial planning products and services. AXA Asia Pacific has operations in Hong Kong SAR, China, Singapore, Indonesia, Philippines, Thailand, India, Malaysia, Australia and New Zealand.
- 4 First established as National Mutual in Australia in 1869, National Mutual demutualised in 1995, when AXA S.A. acquired 51% of the company. National Mutual listed on the Australian and New Zealand Stock Exchanges in October 1996 and adopted the AXA brand in 1999.
- 5 AXA S.A. currently holds a 54% interest in AXA Asia Pacific with the balance held by public shareholders.

Affected markets

- 6 For the purposes of this application, the New Zealand aspects of the Proposed Transaction have been assessed against the following market definitions:
 - the national market for the provision (including underwriting and distribution) of wealth protection or life insurance products (including life risk and income protection);
 - the national market for the supply of funds management services, both retail (including corporate superannuation and KiwiSaver) and wholesale funds management; OR
 - separate markets for retail funds management and wholesale funds management;
 - the national market for the retail supply of wrap platform services; and
 - the national market for the provision of financial planning and advisory services.
- 7 In addition to looking at these markets as a whole, various segments of these markets have been considered where market share data is available. The reason for doing so is to identify and address any particular areas of activity where the level of aggregation is particularly high.

The Counterfactual

- 8 If the Proposed Transaction does not take place, the counterfactual is likely to be the status quo, with AMP Limited and AXA Asia Pacific remaining independent providers.
- 9 On 19 April 2010, the ACCC announced that it opposed the acquisition of AXA Asia Pacific by NAB but would not oppose an acquisition by AMP.

Market shares

Wealth Protection/Life Insurance

- 10 In the wealth protection or life insurance market, the market shares are within the NZCC's safe harbours for the market as a whole and for individual product segments, other than 'conventional life'.
- 11 Whilst the conventional market shares are outside the safe harbours, this does not reflect a reduction in competition for the following reasons:
- conventional life insurance products represent less than []% of new business in the total life insurance market and consequently are likely to be phased out. New business statistics for conventional products (whole life & endowment) during the 3 months to December 2009 totalled \$[] compared to \$[] for contemporary (term) life insurance in the same period; and
 - customers can substitute a conventional life insurance policy by purchasing a contemporary policy and an equivalent investment product separately.
- 12 A summary of the market shares for the combined entity and the market concentration ratios across various product categories is set out in Confidential Schedule 9.

Retail funds management

- 13 In the corporate superannuation segment, the market shares are outside the NZCC's safe harbours. However, a broader market definition which includes the provision of KiwiSaver is more appropriate for the following reasons:
- consumers are likely to consider the products substitutable (given that they are both work based schemes aimed at saving for one's retirement). The consumer's choice will depend on whether the employer's scheme is viewed as more attractive than simply signing up to KiwiSaver;
 - in the two and a half years since its introduction, Kiwisaver has grown to represent over []% of the combined corporate superannuation/Kiwisaver market and is emerging as the dominant component of that market and the preferred option for formal superannuation savings; and
 - there are few differences in the provision of such schemes from the provider's perspective and the majority of providers offer both.
- 14 In the more broadly defined market (encompassing corporate superannuation, Kiwisaver and retail investment products), the markets shares are within the NZCC's safe harbours.

Wholesale funds management

- 15 In the wholesale funds management market, the market shares are within the NZCC's safe harbours.

Retail investment platforms

- 16 In New Zealand, retail investment platforms are primarily wrap platforms. Whilst there is no specific data available to estimate market shares for the retail supply of wrap platform services in New Zealand, AMP NZ management estimates indicate that the market shares are likely to be within the NZCC's safe harbours.
- 17 In any event, the impact of the Proposed Transaction is more accurately reflected in terms of retail funds under management (contained in the wealth management section of this report). These market shares are within the NZCC's safe harbours.

Financial planning and advisory services

- 18 The Proposed Transaction will result in AMP NZ increasing its number of aligned and non-aligned advisers from around 400 to approximately 700 – 750 (owned, aligned and non-aligned advisers).
- 19 Detailed market share data for the provision of financial planning and advisory services is not available. However:
- MED estimates that there are approximately 7500 financial advisers in New Zealand;¹
 - there are a number of aligned and non-aligned national networks of advisers that have no affiliation with AMP NZ or AXA NZ; and
 - as life insurance and superannuation are sold through financial planners and advisers, the market shares of the various providers of these products should provide a reasonable indication of their influence over the downstream distribution channels.

Vertical Effects

- 20 There are two aspects of the Proposed Transaction that give rise to vertical effects:
- AXA NZ and AMP NZ both provide retail funds management services and wholesale funds management services; and
 - AXA NZ owns retail investment platform functionality and both AXA NZ and AMP NZ provide retail wrap platform services through their financial adviser networks.
- 21 However, the Proposed Transaction is unlikely to raise any significant vertical integration issues as:
- both AMP NZ's and AXA NZ's funds management businesses are already vertically integrated (i.e. provide both wholesale and retail funds). As there are a large number of other retail and wholesale fund managers, the merged entity would have no incentive to deny retail providers access to

¹ Financial Service Providers (Registration and Dispute Resolution) Act 2008 and Financial Advisers Act 2008 Fees Regulations Discussion Document located at www.med.govt.nz. (Copy at Appendix 15)

their wholesale funds or to preclude its retail funds investing in competing wholesale funds; and

- there will continue to be two significant competing providers of wrap functionality (AEGIS and FNZ) accessible by competing retail wrap service providers. There are also a significant number of independent financial advisory businesses through which these providers can make their wrap platforms available.

Competition analysis

- 22 The market share figures indicate that the merged entity will be subject to competition in each of the affected markets from a variety of other players.
- 23 Following the Proposed Transaction:
- There will continue to be a large number of well-established independent competitors already in the New Zealand market. A number of these are significant Australasian companies which already provide the full range of products supplied by both AMP NZ and AXA NZ.
 - The combined entity will continue to be constrained by the threat of competition from existing competitors expanding their operations and the potential for new entry by other global providers of wealth protection and wealth management services that do not currently operate in New Zealand.
- 24 Whilst proposed legislation imposing tighter controls on wealth protection and wealth management providers will lead to higher barriers to entry than has been the case in the past, these will not become insurmountable – particularly where the company is already operating in Australia. A more regulated financial environment may in fact encourage offshore entrants.
- 25 Expansion by existing competitors is particularly likely as they are largely major financial institutions (such as registered banks and Australasian insurance/funds management companies).
- 26 In summary, the Proposed Transaction is unlikely to substantially lessen competition in any of the markets identified.

A. The Merger Parties

1 Acquirer

1.1 This notice is given by **AMP Limited**.

1.2 Details for **AMP Limited**.

<i>Name and position of person responsible for giving this Notice:</i>	Jack Regan Managing Director AMP Financial Services
<i>Registered Office:</i>	C/o AMP Life (New Zealand branch) Level 21, AMP Centre 29 Customs Street West Auckland
<i>Postal Address:</i>	Level 21, AMP Centre 29 Customs Street West Auckland
<i>Physical Address:</i>	Level 21, AMP Centre 29 Customs Street West Auckland
<i>Telephone:</i>	(09) 337 7700
<i>Fax:</i>	(09) 337 7777
<i>Website:</i>	www.amp.co.nz
<i>Contact Person:</i>	Jack Regan
<i>E-mail Address:</i>	Jack_Regan@amp.co.nz

1.3 In the first instance, please direct all inquiries to:

Lindsey Jones, Partner, Chapman Tripp
lindsey.jones@chapmantripp.com

Telephone: (649) 357 9020

2 Details of other merger parties

2.1 Details for AXA Asia Pacific Holdings Limited

<i>Registered Office:</i>	C/o AXA New Zealand Level 6 80 The Terrace Wellington
<i>Postal Address:</i>	P O Box 1692 Wellington
<i>Physical Address:</i>	Level 6 80 The Terrace Wellington
<i>Telephone:</i>	Insurance: 0800 275 292 Investments: 0800 808 801
<i>Fax:</i>	0800 161 699
<i>Website:</i>	www.axa.co.nz
<i>Contact Person:</i>	Ralph Stewart

3 Ownership and control of the merger parties

AMP Limited

- 3.1 AMP Limited is the ultimate parent company of the AMP group of companies. AMP Limited (including through its interconnected bodies corporate) has business operations in Australia and New Zealand.
- 3.2 AMP Limited is a publicly listed wealth management and protection company. Its shares are listed on the Australian and New Zealand Stock Exchanges.
- 3.3 AMP Life Limited has over 73,000 New Zealand shareholders and over 330,000 customers in New Zealand.
- 3.4 In New Zealand, AMP Limited has two operating business units: AMP Financial Services and AMP Capital Investors.
- 3.5 A diagram of AMP Limited's corporate structure is set out in Schedule 5.

AXA Asia Pacific Holdings Limited

- 3.6 AXA Asia Pacific is a member of the global AXA Group, one of the largest financial services groups in the world.
- 3.7 AXA Asia Pacific is responsible for the global AXA Group's life insurance and wealth management businesses in the Asia Pacific region. AXA Asia Pacific has operations in Hong Kong SAR, China, Singapore, Indonesia, Philippines, Thailand, India, Malaysia, Australia and New Zealand.

- 3.8 First established as National Mutual in Australia in 1869, AXA Asia Pacific demutualised in 1995, when AXA S.A. acquired 51% of the company. National Mutual listed on the Australian and New Zealand Stock Exchanges in October 1996 and adopted the AXA S.A. brand in 1999.
- 3.9 AXA S.A. currently has a 54% interest in AXA Asia Pacific with the balance held by public shareholders.
- 3.10 A diagram of AXA Asia Pacific's corporate structure is set out in Schedule 6. (The information in this diagram was obtained from public records.)
- 3.11 In New Zealand, AXA Asia Pacific primarily operates through The National Mutual Life Association of Australasia Limited, SG Portfolio Management Group Limited and Assure New Zealand Limited.

4 Links, formal or informal, between the merger parties, including interconnected bodies corporate and other persons identified in question 3 above and its/their existing competitors in each market.

AMP Limited

- 4.1 AMP NZ has the following formal or informal links with its competitors:
- AMP NZ's general insurance (home and contents, motor vehicle and travel insurance products) are manufactured and underwritten by Vero Insurance New Zealand Limited;
 - AMP NZ's bankers are BNZ. BNZ competes with AMP NZ in the wealth management and wealth protection markets;
 - AMP NZ has a distribution arrangement with BNZ under which BNZ distributes AMP NZ's KiwiSaver product to its business customers;
 - AMP NZ has an agreement with KiwiBank under which AMP 'white labels' KiwiBank's home loan products;
 - AMP NZ's retail funds invest in competitors' wholesale funds; and
 - AMP NZ distributes competitor products through its adviser network. This includes wealth protection, wealth management, general insurance and health insurance products. AMP NZ retains control over this distribution by operating an approved product list. This list includes products from most of AMP NZ's major competitors.
- 4.2 AMP Life Limited holds 8,835,022 shares in AXA Asia Pacific (this amounts to approximately 0.42% of the issued ordinary capital). Overall, including the AMP Life Limited holding and the holdings of AMP's managed funds and separately managed portfolios, AMP has an interest in 17,303,114 shares in AXA Asia Pacific (this amounts to approximately 0.84% of the issued ordinary capital).
- 4.3 Other than this, neither AMP Limited nor any of its interconnected bodies corporate has any beneficial interest in, or is beneficially entitled to, any shares or other pecuniary interest in AXA Asia Pacific or any of its interconnected bodies corporate or associated companies.

4.4 No directors of AMP Limited or any of its interconnected bodies corporate hold directorships in any other wealth protection or wealth management company that has a business operation in New Zealand, other than:

- John Leonard Palmer, a director of AMP Life Limited and AMP Limited is also a director of Rabobank New Zealand Limited.

AXA Asia Pacific Holdings Limited

4.5 Based on publicly available information, AMP NZ has identified that AXA NZ has the following formal or informal links with its competitors:

- AXA NZ has a relationship with the Bank of New Zealand under which the Bank of New Zealand sells AXA NZ's retail investment products and offers personal banking customers access to AXA NZ's KiwiSaver scheme;
- AXA NZ's retail funds invest in competitors' wholesale funds; and
- Assure Nominees Limited (in liq), an interconnected body corporate of AXA Asia Pacific, is a shareholder in ILSC Limited together with a number of other shareholders including BT Funds Management (NZ) Limited, MacQuarie Investment Management (NZ) Limited, Asteron Life Limited, Tower Managed Funds Limited, ING (NZ) Limited and National Bank of New Zealand Custodians Limited.

4.6 AMP NZ is not aware whether:

- AXA Asia Pacific or any of its interconnected bodies corporate has any beneficial interest in, or is beneficially entitled to, any shares or other pecuniary interest in AMP Limited or any of its interconnected bodies corporate or associated companies; or
- any directors of AXA Asia Pacific hold directorships in any other wealth protection or wealth management company in New Zealand, other than companies identified in the corporate structure diagram attached as Schedule 6.

4.7 AMP NZ has reviewed publicly available information and has not identified any interests or cross directorships but the NZCC may wish to make its own inquiry of AXA Asia Pacific.

B. The Transaction

1 What will be acquired

- 1.1 AMP Limited proposes to acquire the Australian and New Zealand operations of AXA Asia Pacific.
- 1.2 If it proceeds, the Proposed Transaction is likely to be implemented by means of a scheme of arrangement in Australia (to be approved by AXA Asia Pacific's shareholders) and related steps under which the assets and business of AXA Asia Pacific will be divided as follows:
 - AXA S.A. will acquire the Asian operations of AXA Asia Pacific and all of its assets and business, outside Australia and New Zealand; and
 - AMP Limited will acquire the Australian and New Zealand assets and business of AXA Asia Pacific.
- 1.3 Completion of the Proposed Transaction will be subject to the usual conditions. The ACCC announced on 19 April 2010 that it does not oppose the Proposed Transaction.

2 Rationale for the transaction

- 2.1 AMP Limited's strategic reasons for acquiring the Australian and New Zealand businesses of AXA Asia Pacific are to further develop and expand its independent wealth management business, and provide superior financial service offerings to AMP and AXA customers.
- 2.2 By means of the Proposed Transaction, AMP Limited will be in a position to present an enhanced competitive alternative to the financial services businesses of the major banks and to enhance its capacity to respond to the changing consumer and regulatory environment.
- 2.3 AMP NZ and AXA NZ are not directly involved in the strategic decisions regarding the Proposed Transaction.

3 Transaction documents

There are no transaction documents at this stage.

Other competition agencies notified

- 3.1 The Proposed Transaction was notified to the ACCC on 3 December 2009.
- 3.2 AMP Limited has provided the NZCC with a waiver allowing it to exchange confidential information with the ACCC in respect of the Proposed Transaction.

C. The Industry

1 Goods and services supplied by the merger parties

Please refer to the Market Analysis section at page 32.

2 Describe the industries affected by the transaction

Please refer to the Market Analysis section at page 27.

3 Industry trends and developments

Please refer to the Market Analysis section at page 30.

4 Other mergers in the industry in the past 3 years

AMP NZ is aware of the following mergers in the wealth protection and wealth management industries affecting the New Zealand market in the past three years:

- ANZ National Bank Limited purchased ING's remaining 51% stake in ING (NZ) Holdings Limited, the insurance and wealth management joint venture, making ANZ National Bank the sole owner.

Market definition

5 Horizontal aggregation

Please refer to the Market Analysis section from page 36.

6 Product differentiation

Please refer to the Market Analysis section from page 36.

7 Vertical integration

Please refer to the Market Analysis section at page 70.

8 The counterfactual

If the Proposed Transaction does not take place, the counterfactual is likely to be the status quo: AMP Limited and AXA Asia Pacific remaining independent providers. On 19 April 2010, the ACCC announced that it opposed the acquisition of AXA Asia Pacific by NAB but would not oppose the acquisition by AMP.²

It is not known whether NAB will accept the ACCC decision. NAB may elect to offer undertakings to the ACCC in order to persuade the ACCC to change the ACCC's decision. Alternatively NAB may take steps to have its application for informal clearance reviewed in the Federal Court of Australia.

² <http://www.accc.gov.au/content/index.phtml/itemId/924351> (Copy at Appendix 24)

16 – 28 Competition analysis

Please refer to the Market Analysis section from page 59.

D. Further Information & Confidentiality

Further information and supporting documentation

- 1 Contact details of relevant competitors, buyers and suppliers and other relevant market participants are set out at the end of this section.
- 2 **Annual Reports**
 - A copy of the 2008 Annual Report for AMP Limited is contained in Appendix 13. See also http://2008annualreport.amp.com.au/pdfs/AMP_AR_08_complete.pdf
 - A copy of the 2009 Concise Annual Report for AXA Asia Pacific Holdings Limited is contained in Appendix 14. See also http://cpuaustd.mobular.net/cpuaustd/131/18/142/document_2/AXA_APH_Annual_Report.pdf

Confidentiality

- 3 Confidentiality is sought for specific information contained in or attached to the Notice, details of which are in square brackets and shaded and have been removed from the Public Version of this Notice.
- 4 Confidentiality is sought indefinitely or until the AMP NZ advises the NZCC that it can make public disclosure of particular details. Confidentiality is sought under section 9(2)(b) of the Official Information Act on the grounds that:
 - the information is commercially sensitive and valuable information which is confidential to the parties; and
 - disclosure of the information is likely to give unfair advantage to competitors of the parties and unreasonably prejudice the commercial position of the parties.
- 5 AMP NZ also requests that it is notified of any request made under the Official Information Act for the confidential information, and that the NZCC seeks the AMP NZ's views as to whether the information remains confidential and commercially sensitive at the time those requests are being considered.
- 6 The above applies equally in respect of any additional information provided to the NZCC that is expressed to be confidential.

Contact details for competitors, buyers and suppliers

A. Wealth Protection

Name of company (legal and trading names)	Contact details (Postal & physical address, telephone and fax, website)	Relevant contact person (Name, position and contact details including telephone, fax, email)
INDUSTRY ASSOCIATIONS		
Investment Savings and Insurance Association of NZ	Investment Savings and Insurance Association of NZ Level 12 City Chambers Cnr Johnston & Featherston Streets PO Box 1514 Wellington 6140 Ph + 64 4 473 8730 Fax + 64 4 471 1881 Email: isi@isi.org.nz Website: http://www.isi.org.nz/	
Institute of Financial Advisers	Institute of Financial Advisers Level 6, Technology One House (Previously called "TeRenco House") 86 Victoria Street Institute of Financial Advisers PO Box 5513 Wellington 6011 Ph + 64 4 499 8062 Fax + 64 4 499 8064 Email: admin@ifa.org.nz Website: www.ifa.org.nz	
AXA Advisers' Association	AXA Advisers' Association 26 Mana Street Brooklyn Wellington Ph + 64 4 389 2360 Email: axa.advisers@xtra.co.nz	
Professional Advisers Association Inc	Professional Advisers Association Inc PO Box 38105 Wellington Mail Centre Lower Hutt 5045 Ph + 64 4 470 4640 Website: http://www.paa.co.nz/MainMenu	

Name of company (legal and trading names)	Contact details (Postal & physical address, telephone and fax, website)	Relevant contact person (Name, position and contact details including telephone, fax, email)
COMPETITORS		
AIA	<p>AIA New Zealand Private Bag 300981 Albany, North Shore City 0752 New Zealand</p> <p>Ph +64 9 488 8800 Fax +64 9 488 8810 Website: http://www.aia.co.nz/</p>	
Kiwibank	<p>Kiwibank Limited Private Bag 39888 Wellington Mail Centre Lower Hutt 5045</p> <p>Ph + 64 4 473 11 33 Fax +64 4 462 7922 Website: http://www.kiwibank.co.nz/</p>	
Medical Assurance Society	<p>Medical Assurance Society PO Box 13042 Johnsonville Wellington 6440</p> <p>Ph +64 4 478 8863 Email: society@medicals.co.nz Website: http://www.medicals.co.nz/Home</p>	
Tower Limited	<p>Tower Limited 22 Fanshawe Street Auckland New Zealand</p> <p>Tower Limited PO Box 6547 Wellesley Street Auckland New Zealand</p> <p>Ph + 64 9 369 2000 Fax 0800 000 850 Website: http://tower.co.nz/</p>	
BNZ	<p>BNZ PO Box 995 Shortland Street Auckland 1140</p> <p>Website: http://www.bnz.co.nz/</p>	

Name of company (legal and trading names)	Contact details (Postal & physical address, telephone and fax, website)	Relevant contact person (Name, position and contact details including telephone, fax, email)
Fidelity Life	Fidelity House 81 Carlton Gore Rd Newmarket Auckland 1023 New Zealand Fidelity Life Assurance Company Ltd P.O Box 37-275 Parnell Auckland 1151 New Zealand Ph + 64 9 373 4914 Fax + 64 9 308 9953 Website: http://www.fidelitylife.co.nz	
Westpac	Westpac New Zealand Ltd Level 15 Pricewaterhouse Coopers Tower 188 Quay Street Auckland 1010 New Zealand Westpac New Zealand Ltd P O Box 934 Shortland Street Auckland 1140 New Zealand Ph +64 9 367 3633 Fax+64 9 367 3962 Website: http://www.westpac.co.nz/	
Asteron	Asteron PO Box 894 Wellington New Zealand Ph +64 4 495 8700 Email: ContactUs@Asteron.co.nz Website: http://www.asteron.co.nz	
ANZ/ING	ANZ National Bank Limited Level 14 215-229 Lambton Quay Wellington 6011 ANZ National Bank Limited P O Box 540 Wellington Wellington 6140 Ph +64 4 494 4000 Fax +64 4 494 4290 Website: http://www.anznational.co.nz	

Name of company (legal and trading names)	Contact details (Postal & physical address, telephone and fax, website)	Relevant contact person (Name, position and contact details including telephone, fax, email)
Sovereign	<p>Sovereign Sovereign House 74 Taharoto Road Takapuna North Shore City 0622</p> <p>Sovereign Private Bag Sovereign Victoria Street West Auckland 1142</p> <p>Ph +64 9 487 9000 Fax +64 9 487 8003 Website: https://www.sovereign.co.nz/</p>	
CIGNA	<p>CIGNA Level 25, Majestic Centre 100 Willis St Wellington</p> <p>CIGNA PO Box 24 031 Wellington 6142</p> <p>Ph +64 9 931 9741 Fax + 64 9 470 9151 Email: contactus.nz@cigna.com Website: http://www.cigna.co.nz/</p>	
INDEPENDENT FINANCIAL ADVISORS (DISTRIBUTORS)		
Decision Makers	<p>Decision Makers Level 1, 9 Anzac Street Takapuna Auckland</p> <p>Decision Makers PO Box 33115 Takapuna Auckland</p> <p>Ph + 64 9 488 0472 Fax + 64 9 488 0473 Website: http://www.decisionmakers.co.nz</p>	
Triplejump	<p>Triplejump 4 Cameron Road Tauranga City Centre Tauranga City Bay of Plenty</p> <p>Ph + 64 7 579 0509 Fax + 64 7 579 0510 Website: www.triplejump.co.nz</p>	

Name of company (legal and trading names)	Contact details (Postal & physical address, telephone and fax, website)	Relevant contact person (Name, position and contact details including telephone, fax, email)
CUSTOMERS		
AMP Adviser Businesses Association	Robyn Gray Secretary Ph +64 9 337 7652 Fax + 64 9 337 7663 Email: robyn_gray@amp.co.nz	
SUPPLIERS		
Vero Insurance New Zealand Limited	Vero Centre 48 Shortland Street Auckland PO Box 92 120 Auckland Phone: 09 363 2222 Fax: 09 363 2350	

B. Wealth Management

Name of company (legal and trading names)	Contact details (Postal & physical address, telephone and fax, website)	Relevant contact person (Name, position and contact details including telephone, fax, email)
INDUSTRY ASSOCIATIONS		
See Wealth Protection Section above		
COMPETITORS		
Kiwibank	<p>Kiwibank Limited Private Bag 39888 Wellington Mail Centre Lower Hutt 5045</p> <p>Ph +64 4 473 11 33 Fax +64 4 462 7922 Website: http://www.kiwibank.co.nz/</p>	
Asteron	<p>Asteron PO Box 894 Wellington New Zealand</p> <p>Ph +64 4 495 8700 Email: ContactUs@Asteron.co.nz Website: http://www.asteron.co.nz</p>	
Medical Assurance Society	<p>Medical Assurance Society PO Box 13042 Johnsonville Wellington 6440</p> <p>Ph +64 4 478 8863 Email: society@medicals.co.nz Website: http://www.medicals.co.nz</p>	
Tower Limited	<p>Tower Limited 22 Fanshawe Street Auckland New Zealand</p> <p>Tower Limited PO Box 6547 Wellesley Street Auckland New Zealand</p> <p>Ph + 64 9 369 2000 Fax 0800 000 850 Website: http://tower.co.nz/</p>	

Name of company (legal and trading names)	Contact details (Postal & physical address, telephone and fax, website)	Relevant contact person (Name, position and contact details including telephone, fax, email)
Fidelity Life	<p>Fidelity House 81 Carlton Gore Rd Newmarket Auckland 1023 New Zealand</p> <p>Fidelity Life Assurance Company Ltd P.O Box 37-275 Parnell Auckland 1151 New Zealand</p> <p>Ph + 64 9 373 4914 Fax + 64 9 308 9953 Website: http://www.fidelitylife.co.nz</p>	
Westpac	<p>Westpac New Zealand Ltd Level 15 Pricewaterhouse Coopers Tower 188 Quay Street Auckland 1010 New Zealand</p> <p>Westpac New Zealand Ltd P O Box 934 Shortland Street Auckland 1140 New Zealand</p> <p>Ph +64 9 367 3633 Fax+64 9 367 3962 Website: http://www.westpac.co.nz/</p>	
ANZ/ING	<p>ANZ National Bank Limited Level 14 215-229 Lambton Quay Wellington 6011</p> <p>ANZ National Bank Limited P O Box 540 Wellington Wellington 6140</p> <p>Ph +64 4 494 4000 Fax +64 4 494 4290 Website: http://www.anznational.co.nz</p>	
Sovereign	<p>Sovereign Sovereign House 74 Taharoto Road Takapuna North Shore City 0622</p> <p>Sovereign Private Bag Sovereign Victoria Street West Auckland 1142</p> <p>Ph +64 9 487 9000 Fax +64 9 487 8003 Website: https://www.sovereign.co.nz/</p>	

Name of company (legal and trading names)	Contact details (Postal & physical address, telephone and fax, website)	Relevant contact person (Name, position and contact details including telephone, fax, email)
ASB Group Investments	<p>ASB Group Investments Level 28 ASB Bank Centre 135 Albert Street Auckland 1010</p> <p>ASB Group Investments P O Box 35 Shortland Street Auckland 1140</p> <p>Ph +64 9 374 7300 Fax +64 9 358 3511 Website: http://www.asb.co.nz/</p>	
BT Funds	<p>BT Funds Level 29 PWC Tower 188 Quay Street Auckland New Zealand</p> <p>Ph + 64 9 367 3300 Fax + 64 9 367 3302 Website: https://www.btonline.co.nz/</p>	
Fisher Funds Management	<p>Fisher Funds Management Level 2, 95 Hurstmere Road Takapuna, Auckland 0622 New Zealand</p> <p>Fisher Funds Management PO Box 33-549 Takapuna, Auckland 0740 New Zealand</p> <p>Ph + 64 9 445 3377 Fax + 64 9 489 7139 Website: http://www.fisherfunds.co.nz/</p>	
Mercer (NZ)	<p>Mercer (NZ) Level 18, 151 Queen Street Auckland City Auckland 1143</p> <p>Ph + 64 9 984 3500 Fax + 64 9 353 1712 Website: http://www.mercer.co.nz</p>	
Public Trust	<p>Public Trust Level 10, 141 Willis Street Wellington</p> <p>Public Trust P O Box 5067 Wellington</p> <p>Fax + 64 4 978 4465 Website: http://www.publictrust.co.nz/</p>	

Name of company (legal and trading names)	Contact details (Postal & physical address, telephone and fax, website)	Relevant contact person (Name, position and contact details including telephone, fax, email)
Russell Investment Management	<p>Russell Investment Management ASB Bank Centre 129-135 Albert Street Auckland City Centre Auckland</p> <p>Russell Investment Management P O Box 105191 Auckland Central</p> <p>Ph + 64 9 357 663 Fax + 64 9 357 6129 Website: http://www.russell.com/</p>	
Smartshares Limited	<p>Smartshares Limited PO Box 2959 Wellington New Zealand</p> <p>Ph + 64 4 472 7599 Fax + 64 4 496 2893 Website: http://www.smartshares.nzx.com/</p>	
INDEPENDENT FINANCIAL ADVISORS (DISTRIBUTORS)		
Camelot	<p>Camelot Level 23, Grand Plimmer Tower 2-6 Gilmer Terrace Wellington</p> <p>PO Box 11 872 Wellington 6142</p> <p>Ph +64 4 894 3180 Fax +64 4 499 6106 Website: http://www.attwellcrews.co.nz/default.asp</p>	
Forsyth Barr	<p>Forsyth Barr Level 13, Forsyth Barr Tower 55 Shortland Street PO Box 97 Auckland 1140 DX CP24131</p> <p>Ph + 64 9 303 2473 Fax + 64 9 307 2215 Website: http://www.forbar.co.nz/</p>	
Goldridge Wealth Management	<p>Goldridge Wealth Management Level 2 Wakefield House, 90 The Terrace Wellington 6143</p> <p>PO Box 10-458 Wellington 6143</p> <p>Website: http://www.goldridge.co.nz/home2.php</p>	

Name of company (legal and trading names)	Contact details (Postal & physical address, telephone and fax, website)	Relevant contact person (Name, position and contact details including telephone, fax, email)
NZ Guardian Trust Ltd	NZ Guardian Trust Ltd Level 7, Vero Centre 48 Shortland Street PO Box 1934 AUCKLAND Ph +64 9 377 7300 Website: http://www.guardiantrust.co.nz/	
NZ Financial Planning	NZ Financial Planning Level 4, NZI House 9 Moray Place Dunedin City Centre Otago 9016 P O Box 5844 Moray Place Ph + 64 3 4777 477 Fax + 64 3 477 5561 Website: http://www.invest.co.nz	
Craigs Investment Partners	Craigs Investment Partners Craigs Investment Partners House Cnr Cameron Road and Spring Street 158 Cameron Road Tauranga 3110 PO Box 13-155 Tauranga 3141 Ph + 64 7 577 6049 Fax + 64 7 578 8418 Website: http://www.craigsip.com/	
Plan B Wealth Management	Plan B Wealth Management Level 5, 2 Commerce Street Britomart Precinct Auckland Central 1010 DX CX10150 Fax + 64 9 302 5990 Website: http://www.planbonline.co.nz/	
CUSTOMERS		
See Wealth Protection Section above		

Name of company (legal and trading names)	Contact details (Postal & physical address, telephone and fax, website)	Relevant contact person (Name, position and contact details including telephone, fax, email)
SUPPLIERS		
FNZ Limited	10th Floor, Fujitsu Tower 282-292 Lambton Quay Wellington PO Box 396 Wellington 6140 Tel +64 4 803 9400 Fax +64 4 470 3499	
Aegis Limited	Sovereign House 33-45 Hurstmere Road Takapuna PO Box 33 1068, North Shore City 0740 Ph +64 9 487 9006 Fax +64 09 487 9493	

Market Analysis

Background

The Wealth Protection and Management Industries – Overview

- 1 The wealth protection and management industry comprises the provision of insurance, financial advice and investment management. Within each of these broad categories there are a number of different products designed to meet a variety of objectives.

Wealth Protection

- 2 "Wealth protection" describes the provision of both life risk and income protection insurance products. Broadly speaking, these products are designed to protect an insured's lifestyle and provide for their dependents when the insured dies or in the event the insured has an accident or illness that renders him or her incapable of working.
- 3 Within the broad "wealth protection" category there are a number of different products that provide varying levels of cover for a variety of different events. These can be grouped into the following categories:
 - *Life Insurance:* provides payment upon the death of the insured, depending on the policy, to cover items such as funeral expenses, debts and provide for dependents. Payments are commonly in the form of a lump sum payment.
 - *Disability Insurance:* provides payment in the event the insured is unable to work due to total or permanent disablement (as a result of illness or injury).
 - *Income Protection:* covers a percentage of the insured's lost income if the insured is unable to work due to illness or injury (can also include cover for redundancy).
 - *Business Cover:* provides an amount to reimburse business expenses and costs of hiring a replacement if the owner or another key person is unable to work due to illness or injury.

Wealth Management

- 4 "Wealth management" incorporates the provision of investment advice, investment administration and funds management including private savings and investment products, superannuation schemes and a variety of services designed to aid investors in managing their investments.
- 5 The different savings and investment products available can be grouped into the following categories:
 - *Retail funds:* all unit trusts and group investment products that are not corporate superannuation or charitable trusts. This includes superannuation funds that are not collected through employer-related schemes.
 - *Insurance bonds:* a hybrid of a single premium insurance policy invested in equities. These have a life insurance element in that they are paid out in the event of death. Insurance bonds are a type of retail fund.
 - *KiwiSaver:* a voluntary, work based savings scheme established by the Government. Members are automatically enrolled with a nominated scheme provider, one of six 'default providers' appointed by the Government. Unless they choose an alternative scheme provider (which does not need to be one of the six default providers), they will remain with that provider. Members are unable to access their funds until they are at least 65 years of age.

- *Corporate superannuation*: registered superannuation funds that are collected through employer related schemes and sponsored by a single employer or group of usually related employers for the benefit of company employees (separate from KiwiSaver).
- *Wholesale funds*: these are larger funds available to institutions, employer superannuation schemes, trusts and high net worth individuals.

6 The key difference between retail and wholesale funds is the size of the investment required. Typically, wholesale funds will have a much higher minimum investment.

7 Retail funds act as a means of pooling individual investor money which, in most cases, is then invested, by the investment manager, in a wholesale fund.

Distribution

8 Providers of wealth protection and wealth management products make their products known to their customers through a variety of channels.

9 Retail products are promoted and distributed largely through financial advisers. These advisers may be either owned by, or affiliated with, a financial institution or independent financial advisers. Further detail on financial advisers is provided in the market definition section.

10 Most of the significant providers of wealth protection and management services have their own network of financial advisers, whether it be in-house or through formal or informal relationships with external advisers.

11 Retail products are also communicated directly to consumers through television, radio, internet, print and other advertising media.

12 In many cases, companies that provide retail funds also provide wholesale funds, generally through a related company or separate business division. For example, AMP NZ's wholesale arm is AMP Capital Investors. AXA NZ's wholesale arm is AXA Global Investors. There are also a number of wholesale funds that are independent of retail funds.

13 At the wholesale funds level, products are promoted and distributed directly to institutional investors such as retail fund managers and superannuation scheme providers. They are also made available to a small number of high net worth individuals (either directly or through a financial adviser).

Portfolio administration and 'platform services'

14 Portfolio administration and 'platform services' are key components of the wealth management industry value chain, providing an important link between investors, advisers and the manufacturers of investment products.

- Portfolio administration services provide a consolidated administrative service (including reporting, record keeping and custodial functions) for a range of an investor's investments.
- Platform services are a computerised system that holds, reports and allows trading of an investor's investments. Investors are able to access a variety of investment products through the platform service.

15 While in other countries (such as Australia) platform services are available in relation to superannuation trusts as well as for retail investments, the functionality to enable firms to

offer superannuation trust platforms has only recently become available in New Zealand. There is greater use of retail investment platforms, commonly referred to as 'wrap platforms'.

- 16 Retail 'wrap platform services' are a portfolio management tool that offer a suite of investment options along with tools (such as reporting and statistics) packaged together and managed through an online portal which the investor is able to access directly via a website, usually with the assistance of their financial adviser.

Industry Regulation in New Zealand

Wealth Protection

- 17 The provision of wealth protection products (life insurance) is currently governed primarily by the Life Insurance Act 1908, the Insurance Companies' Deposits Act 1953, the Insurance Law Reform Acts 1977 and 1985, and the Securities Act 1978.
- 18 Other than requiring that a minimum deposit of \$500,000 is made with the Public Trust, there are minimal restrictions on who can provide, and what is required to provide, life insurance in New Zealand. Ongoing compliance obligations include establishing a statutory fund for life insurance products and regular financial reporting in accordance with the Financial Reporting Act 1993.
- 19 However, this will change if the Insurance (Prudential Supervision) Bill is enacted. This Bill proposes the establishment of a licensing regime, to be administered by the Reserve Bank, under which insurance companies will need to be licensed and comply with a number of ongoing prudential requirements, including:
- obtaining a financial strength rating from an approved rating agency;
 - meeting certain solvency standards to be issued by the Reserve Bank (which may, among other things, prescribe a minimum margin by which the value of the assets of an insurer must exceed the value of its liabilities); and
 - various new compliance requirements, such as complying with a "fit and proper" policy for new directors and relevant officers, complying with a risk management programme, regular actuarial and financial reporting and more detailed statutory fund requirements.

Wealth Management

- 20 The provision of wealth management (retail and wholesale investment) products (including superannuation and KiwiSaver schemes) is governed primarily by the Securities Act 1978 and Securities Regulations 1983 and 2009, which prescribe the manner in which funds may be raised from the public. Securities issuers are also subject to the regular financial reporting requirements in the Financial Reporting Act 1993.
- 21 Unit trusts are also subject to the Unit Trusts Act 1960, which among other things requires a \$40,000 bond to be paid before a company acts as manager of a unit trust. Registered superannuation schemes are also subject to the requirements of the Superannuation Schemes Act 1989. KiwiSaver schemes are also governed by the KiwiSaver Act 2006. Each of these Acts includes various compliance and registration requirements. For KiwiSaver schemes, licenses must be obtained from Inland Revenue for use of the KiwiSaver brand.
- 22 The financial advisory industry is currently regulated primarily by the Securities Markets Act 1988. The industry has traditionally been largely unregulated in New Zealand. In early 2008, the law was changed to require financial advisers to provide clients with a

"disclosure statement" before giving advice on securities.³ Beyond this, there is currently limited regulation.

- Investment advisers, financial planners, and fund managers do not currently need to be authorised or licensed in New Zealand, unless they are advising in relation to or otherwise dealing in futures contracts.
- There are few regulatory protections for consumers using platforms and portfolio management services. Platforms and portfolio management services do not fall within the Securities Act 1978. Platform providers and custodians are currently not subject to supervision, and there is no requirement that either platform providers or custodians comply with minimum governance requirements.

23 However, this will change substantially when the Financial Advisers Act 2008 (FAA) and Financial Service Providers (Registration and Dispute Resolution) Act 2008 (FSPA) come into force, which is anticipated to be on 1 December 2010.

24 The FAA will regulate any person who gives financial advice on financial products, makes an investment transaction on behalf of another or provides a financial planning service in New Zealand. Such persons will be subject to new disclosure requirements and conduct obligations. Persons advising on more complex products will also have to become authorised by the Securities Commission and meet qualification, training and competence requirements. In its current form, the FAA will apply regardless of the country in which the person performing the services resides.

25 The FSPA will require that any person or entity which provides a financial service is registered on the Financial Service Providers Register and (if they provide financial services to the public) is a member of an approved dispute resolution scheme. Those subject to the FSPA will include financial advisers under the FAA, securities issuers, KiwiSaver and other fund managers, trustees, custodians, insurers, listed companies, money managers, credit contract providers, credit card providers, travellers' cheque providers, currency changers, and foreign exchange and futures dealers. The FSPA is proposed to apply regardless of the country in which the person performing the services resides.⁴

Industry trends

Move away from combination of insurance and investment

26 In the wealth protection segment there has been a trend away from 'conventional' life insurance type products, known as "endowment" or "whole of life policies", which combine protection and investment in a single policy, towards protection only type policies.

27 Customers are tending to look for insurance policies that provide high protection for specific events (such as death or illness) at a relatively low premium but which have no investment component.

Introduction of KiwiSaver

28 The KiwiSaver scheme began operating in mid-2007. KiwiSaver is a voluntary work based savings scheme set up by the Government and involves fixed contributions by both employers and employees. The introduction of the scheme has seen a fall in the utilisation of both personal and corporate superannuation schemes.

³ Change from the Investment Advisers (Disclosure) Act 1996 to the Securities Markets Act 1988.

⁴ Financial Service Providers (Pre-Implementation Adjustments) Bill.

Development of Wraps

- 29 The use of wrap platforms has grown significantly as a way of distributing financial services and products. This is primarily due to the advantages offered to investors (such as electronic transaction capability, access to direct investments and greater flexibility) which have previously been unavailable through traditional retail platform formats.
- 30 In New Zealand, wrap platforms are currently used primarily for retail investment products. This differs from Australia where platforms are also widely used for corporate superannuation products (In Australia master trusts are also used as vehicles for more simplified investment strategies compared to those generally available through wrap platforms).
- 31 Recently, however, in New Zealand AEGIS has developed, or is in the process of developing, corporate superannuation / master trust platforms and marketing them to superannuation scheme providers.⁵
- 32 In addition, Craigs Investment Partners offers both a KiwiSaver scheme (kiwiSTART) and a superannuation scheme (superSTART) on its START platform.⁶

⁵ www.goodreturns.co.nz (Article: Friday 11 December 2009). (Copy at Appendix 16)

⁶ <http://www.craigqip.com/services/superannuation-solutions/current-superannuation-landscape/superannuation-workplace.html>. (Copy at Appendix 17)

The parties' activities in New Zealand

AMP Limited

- 1 AMP Limited is a publicly listed wealth management and protection company. It has over 73,000 New Zealand shareholders and is listed on both the New Zealand and Australian stock exchanges. In New Zealand, it has over 330,000 customers.
- 2 AMP NZ is New Zealand's largest provider of workplace savings through the New Zealand Retirement Trust, managing more than \$1.3 billion in funds and is a default KiwiSaver provider managing approximately \$600 million in funds.
- 3 AMP Limited has two business units in New Zealand: AMP Financial Services and AMP Capital Investors.

AMP Financial Services

- 4 AMP Financial Services provides a range of financial services in New Zealand. Those services include:

- insurance (personal protection, business protection and 'white labelled' general insurance);
- corporate superannuation;
- retail investments (including non-corporate superannuation);
- KiwiSaver;
- lending (home, commercial and rural loans)⁷; and
- financial planning advice.

- 5 AMP NZ's products are distributed primarily through AMP NZ's network of aligned and non-aligned advisers. AMP NZ has agency agreements with around 80 independently owned agencies throughout New Zealand. Between them, these agencies employ or contract 350 advisers. These are known as 'aligned advisers'. In addition to these aligned advisers, AMP NZ products are also sold by approximately [] brokers. These brokers are known as 'non-aligned' advisers.

- 6 A list and description of AMP NZ's products is contained in Schedule 1.

AMP Capital Investors

- 7 AMP Capital Investors is a specialist investment manager. AMP Capital Investors is New Zealand's largest funds manager with around \$11 billion of funds under management (as at 31 December 2009).
- 8 AMP Capital Investors offers investment solutions across major asset classes including local and international shares, local and international fixed interest, property, infrastructure, diversified funds, multi manager funds, alternative investments such as absolute return funds, structured products and private equity.

⁷ AMP NZ Home Loans Limited acts as an agent for Kiwibank Limited distributing Kiwibank's home loan products through the AMP adviser network.

9 AMP Capital Investors has approximately 240 in-house investment professionals throughout Australasia and a global network of investment specialists throughout the world.

10 Further information relating to AMP Financial Services and AMP Capital Investors can be obtained at www.amp.co.nz and www.ampcapital.co.nz. (See Appendices 1 and 2 for website extracts.)

AXA NZ

11 AXA Asia Pacific is a member of the global AXA Group, one of the largest financial services groups in the world with more than 65 million customers worldwide and in excess of A\$1.6 trillion funds under management as at 30 June 2009. Approximately two thirds of AXA Asia Pacific's earnings are from its Asian operations.

12 AMP understands that AXA NZ has over 300 advisers and approximately 250 - 300 employees.

13 AXA NZ's key businesses include:

- insurance (both personal and business insurance);
- corporate superannuation;
- retail investments (including non-corporate superannuation);
- KiwiSaver; and
- financial planning advice.

14 A list and description of AXA NZ's products, as currently set out on AXA's website (www.axa.co.nz), is contained in Schedule 1.

15 AMP understands that AXA NZ has both owned and aligned adviser networks operating throughout New Zealand, including:

- *Spicers Portfolio Management*: AXA NZ owns the Spicers network. Spicers offers a range of investment options and has a network of 50 financial advisers with NZ\$1.2 billion funds under management with AXA Global Investors;⁸
- *AdviceFirst*: a nationwide financial advice business backed by AXA NZ.⁹ AdviceFirst employs over 30 financial advisers;
- *Gould Wealth Management*: a nationwide financial advisory service with a network of offices and advisers spread around New Zealand;¹⁰ and
- *AXA Advisers Association*: a body established to represent agents predominantly handling financial products issued by AXA NZ.

⁸ www.spicers.co.nz.

⁹ www.advicefirst.co.nz.

¹⁰ www.gouldwealth.co.nz.

- 16 AMP understands that AXA NZ owns and operates two retail investment platforms in New Zealand:
- *Assure*: a wrap platform available through Spicers Portfolio Management and New Zealand Financial Planning (an independent financial advisory business)¹¹. []; and
 - *Selected Portfolio Solutions*: a platform available through AXA Wealth Management, providing a range of single sector and multi-manager funds from AXA Global Investors.

AXA Global Investors

- 17 AXA Global Investors manages AXA NZ's diversified portfolios offering a wide range of investments around the world. It provides investment solutions for financial advisers and manages over NZ\$4.5 billion of assets across the major asset categories of international equities, property, fixed interest and cash.¹²

- 18 Further information relating to AXA NZ and AXA Global Investors can be obtained at www.axa.co.nz and www.axagi.co.nz. (See Appendices 3 and 4 for website extracts.)

Broad areas of overlap

- 19 Table 1, on the following page, lists AMP NZ and AXA NZ's products and services and identifies the areas of overlap. Those areas are:

Wealth Protection

- life insurance (including illness/injury, disability and income protection);

Wealth Management

- corporate superannuation and KiwiSaver;
- retail investments;
- wholesale funds management;
- financial planning and advisory services; and
- retail wrap platform services (although AMP NZ has only a minimal share of this market).

¹¹ www.invest.co.nz.

¹² www.axagi.co.nz.

Table 1
AMP NZ and AXA NZ product overlap

Product	AMP NZ	AXA NZ
Wealth protection/ Life insurance		
Life Insurance	✓	✓
Illness or Injury Insurance	✓	✓
Disability Insurance	✓	✓
Income Protection Insurance	✓	✓
Home Loan Insurance*	✓	X
Home Insurance*	✓	X
Contents Insurance*	✓	X
Car Insurance*	✓	X
Travel Insurance*	✓	X
Health Insurance*	✓	X
Business Insurance	✓	✓
Commercial Insurance*	✓	X
Liability Insurance*	✓	X
Farm Insurance*	✓	X
Wealth management		
Superannuation		
• corporate	✓	✓
• retail	✓	✓
• KiwiSaver	✓	✓
Retail investment	✓	✓
Wholesale funds management	✓	✓
Portfolio administration and Platform Services		
Retail wrap platform services (although AMP NZ has only a minimal share of this market).	✓	✓
Financial planning and advisory		
Owned advisers	X	✓
Aligned advisers	✓	✓
Other		
Lending*	✓	X

Asterisked items are third party products sold through the AMP Adviser network under the AMP brand.

20 These areas are examined in more detail in the following sections.

Market definition

Introduction

- 1 For the reasons outlined in this section, the competition effects of the Proposed Transaction are assessed against the following market definitions:
- the national market for the provision (including underwriting and distribution) of wealth protection or life insurance products (including life risk and income protection);
 - the national market for the supply of funds management services, both retail (including corporate superannuation and KiwiSaver) and wholesale funds management; OR
 - separate markets for retail funds management and wholesale funds management;
 - the national market for the retail supply of 'wrap platform services'; and
 - the national market for the provision of financial planning and advisory services.

A. PRODUCT MARKET DEFINITION

Wealth protection/life insurance

- 2 Both AMP NZ and AXA NZ supply a range of wealth protection products, including contemporary life insurance, 'conventional' life investment/insurance products and income protection products.
- 3 Within the broad wealth protection/life insurance market there are a number of individual product groups including:
- life risk (death cover);
 - total and permanent disability cover;
 - income protection; and
 - business protection.
- 4 In *Decision 392* the NZCC did not find separate markets for (a) endowment/whole of life policies which combine protection and investment; and (b) protection only, with no investment content. The NZCC noted that:¹³
- there has been a trend away from endowment and whole of life policies, which combine protection and investment; and
 - customers seeking life insurance are increasingly seeking policies which provide high protection for a relatively low premium, but which have no investment content.
- 5 In *Westpac/St George* the ACCC did not attempt to define separate product markets for life risk and income protection products.

¹³ Decision 392, paragraph 38.

Product differentiation

- 6 Within the wealth protection/life insurance market there are a range of products that insure against different events. These include death, disability, illness (both temporary and permanent) and redundancy.
- 7 While life insurance policies are not strictly substitutable for income protection policies in that they insure for different events, there are a range of individual or bundled policies, providing cover in various circumstances, from which consumers are able to choose.
- 8 These products also offer differing levels of cover. Some policies offer higher levels of compensation or higher lump sum payments. Each level of cover will also have a corresponding premium.
- 9 Another point of differentiation can be seen in what the policy covers. Some policies specifically cover home loans or business expenses in the event of death or disability whereas others simply provide a lump sum payment for the insured to determine how best to use it.
- 10 Consumers are able to pick and choose which specific policies best meet their individual needs based on the type and level of cover they feel they require and the premiums they are able to afford.
- 11 In *Decision 392* the NZCC noted that disability income insurance is often bundled with other types of life insurance and that problems arise with relying on demand-side issues due to the divergent nature of the products.¹⁴
- 12 From the providers perspective each product is substitutable as all that is required is an adjustment to the terms of existing policies or the creation of a new policy altogether.

Conclusion on market definition

- 13 Although the products are differentiated, for the purposes of assessing the competition implications of the Proposed Transaction, it is unnecessary to define separate individual product markets given that:
- from a supply side perspective the products are highly substitutable and accordingly all of the market participants have the ability to supply each of the different products and product variants; and
 - all of the major participants provide a full range of life risk and income protection products (see Schedule 2).
- 14 Accordingly, it is appropriate to consider the Proposed Transaction against a single market for the provision of life risk and income protection insurance. However, for completeness, market shares for the individual product segments have also been considered.

Wealth Management/savings & investment

- 15 AMP NZ and AXA NZ supply a range of savings and investment products including retail savings, corporate superannuation schemes and a KiwiSaver scheme (for which both AMP NZ and AXA NZ are currently listed as default providers). Further details of the products offered by AMP NZ and AXA NZ are set out in Schedule 1.

¹⁴ Decision 392, paragraphs 31 and 38.

Product differentiation

- 16 Investment products are differentiated in a variety of ways. The key differentiating factors are:
- fees (administration costs vary depending on the level of service offered);
 - duration (the period over which the product is expected to generate a return);
 - lock in features (e.g. superannuation products will typically not allow customers to withdraw their savings until they reach retirement age); and
 - underlying investment options (e.g. AMP NZ's retail unit trust product offers customers access to an ING managed fund whereas AXA NZ's product offers customers access to an Alliance Bernstein managed fund).
- 17 Different marketing concepts are also applied to the various products. For example: AMP NZ markets certain funds as being more suited to "Premium Investors". Another marketing concept is one of AMP's superannuation products (*Lifesteps*) which offers a graduated funds composition that changes over time based on the likely risk profiles of customers in certain age groups.
- 18 Despite these points of differentiation, the underlying products offered are broadly substitutable and customers will typically choose from a broad range of products to determine which product best suits their needs.
- 19 In *Decision 392* the NZCC adopted a single market definition for managed funds (including superannuation), with a separate market definition for investment administration services. It said:¹⁵
- "The terms "retail funds management" and "retail investment products" describe similar activities, that is they are all generic descriptions of "all the activities involved in the sale and processing of retail investment products, but normally excluding the investment management function". The types of retail investment products which are available include unit trusts, group investment products and insurance bonds. Another category is "retirement income products", a term which is often used interchangeably with the term "superannuation savings".
- The term "superannuation savings" is normally used to refer to registered superannuation schemes, but not to "wholesale funds".... "Wholesale funds" is a term normally used to describe "investment management and associated activity which a large funds manager like AMP Asset Management or Tower Asset Management would undertake for a retirement savings scheme for a business or for a smaller retail scheme like those operated by Sovereign or ASB or Colonial". There is no standard definition in the industry of the terms "wholesale" and "retail" in relation to funds management, and it appears that these terms are often used arbitrarily. The Reserve Bank collects data on the basis of self-definition by the institutions.
- Four types of business activities are involved in the operation of managed funds:
- a) Investing pooled funds in cash, bonds or equities;
 - b) Putting the pooled investment in the form of products which comply with legal requirements, such as unit trusts, insurance bonds, superannuation schemes and group investment funds;
 - c) Marketing and selling the products;
 - d) Administering the records of clients.

¹⁵ Decision 392, paragraphs 25-28 and 36-38.

Category a) is considered to be wholesale funds management, while the activities involved in dealings with individual clients are considered to be retail funds management. From another viewpoint, "retail" refers to products offered to the general public, while "wholesale" refers to services offered to institutions, employer superannuation savings schemes, trusts and a small number of high net worth individuals. Wholesale services could be provided for either or both of units within the provider's own company and other companies."

* * * * *

"The Commission acknowledges that the changes occurring in the provision of financial services, in New Zealand and globally, provide arguments for adopting a broad definition of the relevant product market. There is a trend for financial service providers to offer a "one-stop-shop" service, although some niche operations continue to find a place.

The arguments for adopting a broader market definition appear stronger from the supply side than from the demand side. If weight is to be given to demand-side issues, and the Commission considers this must be done because of the limits to the degree to which customers may substitute particular financial products for other financial products, the absence of clear boundaries implicit in broad market definition could make an assessment of market power difficult.

There are problems in trying to define rigid boundaries for superannuation products. Despite the scope which exists for managers of superannuation schemes to have their schemes registered, and the differences possible in times when tax legislation distinguishes registered schemes from others, the boundary between financial products which may be acquired with retirement funding in mind and those sought for other investment purposes is blurred. That is, many of the products offered by retail fund managers could be selected to provide retirement income. As those compiling statistics on financial services (the Reserve Bank and KPMG) have found, the further distinction between wholesale and retail funds management is not easy to make because of the absence of a definition accepted by the industry."

- 20 In *Decision 507* the NZCC found a market for the retail supply of managed funds.
- 21 Managed funds are only one form of investment vehicle available to individual and corporate investors. There are a range of other options including term deposits and Portfolio Investments Entities (PIEs).¹⁶ The attractive tax treatment of PIEs, in particular, has resulted in a considerable flow of funds from managed funds into PIEs. Although there are clearly good arguments that PIEs and other forms of investment are substitutable for managed funds, for the purposes of this application the market analysis has been conducted by reference to managed funds only.

Separate markets for retail and wholesale funds?

- 22 The following factors suggest that retail funds management and wholesale funds management could be considered as separate markets:
- there is distinction between the customer types (the sources of the funds); less sophisticated individuals as opposed to corporate and more sophisticated/high end investors;
 - wholesale funds require a much higher minimum investment (usually at least \$100,000) and incur lower management and administration fees;

¹⁶ Further information relating to PIEs can be found at a number of websites, including: <http://www.kiwibank.co.nz/personal-banking/savings-and-investments/pie-funds/pie-faqs.asp> or <http://www.westpac.co.nz/olcontent/olcontent.nsf/Content/PIE+fund+faqs>. (Copies at Appendix 18)

- AMP NZ and AXA NZ operate their retail and wholesale businesses in separate divisions (as do other institutions); and
- the industry tends to use separate classifications (although the boundaries are a little blurred).

23 On the other hand, it may be appropriate to ascertain the extent to which the merged entity may have “control” over the funds of New Zealanders by aggregating retail and wholesale funds management.

24 Further, the majority of retail funds end up being placed with wholesale funds with the retail funds manager simply acting as an intermediary pooling individual investors’ money and then investing it in a wholesale fund. As a result there may be an element of double counting when defining separate markets.

25 Accordingly, consideration is given to market shares from the perspective of a total funds management market as well as separate markets for retail and wholesale funds management.

Separate market for corporate superannuation and KiwiSaver?

26 From a customer perspective there is unlikely to be a material difference between superannuation schemes and other forms of retail investment. Consumers are able to choose whether to enter an employer based superannuation scheme or KiwiSaver scheme or invest in some other private scheme for their own retirement savings.

27 It is also difficult to establish exactly what function or for what purpose an individual customer is seeking an investment (other than in relation to a corporate superannuation or KiwiSaver scheme where the goal is explicit). Investors have a range of goals and factors to consider when deciding between products. This may make market segmentation unhelpful.

However, the following features of corporate superannuation schemes and KiwiSaver suggest that they may fall within a separate market from general savings and investment:

- they are provided through an organised work-based scheme (employer or government);
- multi-party contribution (both the employer and the employee);
- contribution amounts may be determined under the scheme (rather than set by the individual);
- they are authorised and approved by a third party (employer or government);
- they have a specific goal (i.e. saving for one’s retirement);
- they are likely to be supplementary to an individual’s private savings; and
- they can be directly substituted for each other.

28 Despite these features, from the supply side, all of these products may fall within the same market because they are part of a suite of products provided by all of the major participants.

Conclusion on market definition

- 29 Given the difficulty in defining precise boundaries between the variously named products and the broad similarity in the services required for each product offering, a single market encompassing retail funds management (including corporate superannuation and Kiwisaver scheme) and wholesale funds management may be appropriate.
- 30 However, since separate data is available for retail and wholesale funds management as well as further segmentation of retail funds management, market shares have been considered from the perspective of:
- a total funds management market (both retail and wholesale);
 - separate retail and wholesale funds management markets; and
 - combined and separate retail, corporate superannuation and KiwiSaver markets.

Investment platforms

- 31 Both AMP NZ and AXA NZ offer portfolio administration services through platforms to financial advisers and customers.
- 32 To illustrate, the AXA website in Australia describes Portfolio Administration Services (PAS) as follows:¹⁷

"A PAS is a specialist service designed to bring a diverse investment portfolio together and perform all of the day to day administration for the investor.

AXA's specialist PAS, Summit, allows you to spread your funds over a variety of investments without being burdened by the increased administration of dealing with numerous fund managers and service providers.

Benefits at a glance

Administering your investments via the Summit¹⁸ platform provides you with a range of benefits.

Namely, you receive:

- a) consolidated reports on all of your individual investments;
- b) access to services such as insurance and margin lending facilities;
- c) access to wholesale managed funds, which often have lower fees and therefore better returns than their retail equivalents;
- d) fee aggregation between your super and non-super investment portfolio (where applicable); and
- e) free online access to view your portfolio details."

- 33 The MED Review of Financial Products and Providers: Platforms and Portfolio Management Services describes a service offering called "portfolio management services":¹⁹

"... similar to platforms in that generally, financial advisers provide portfolio management services to investors. Like platforms, the custodian has legal title to the assets and the investor retains the

¹⁷ http://www.axa.com.au/axa/axa.nsf/Content/Super_PAS. (Copy at Appendix 19)

¹⁸ The Summit platform is not available in New Zealand, AXA offers the Assure and Select Portfolio solutions platforms in New Zealand.

¹⁹ Ministry of Economic Development Discussion Document September 2006, page 8, paragraph 21. (Copy at Appendix 20)

beneficial ownership of the assets. The main difference between portfolio management services and platforms is that there are usually only two functions associated with the portfolio management service; that is, that of manager/broker/financial adviser and the custodian. There is no administration service between the manager/broker/financial adviser and the custodian. In most cases a portfolio service provider is given a broad discretion, via a power of attorney, to make and manage the client's investment in their name. However, unlike a Collective Investment Scheme, investments of several clients are not pooled into a unit trust or similar arrangement, but are maintained on an individual basis."

34 The MED Review also contains the following description of "platforms":²⁰

"Platforms are computerised administration services designed to hold, trade and report on investments. Platforms consolidate reporting and keep track of all of an investor's investments. A "wrap account" is one type of platform. Wrap accounts "wrap" an investor's investments into a single account.

Platforms facilitate financial reporting by financial advisers to investors and can result in easier to understand, consolidated, reporting to investors. Platforms can enable investors to access a wider range of investments and can enable investors to have a diversified investment portfolio. Because platforms provide "bulk purchasing" power, investors may get the benefit of wholesale rates which generally results in platforms offering lower fund management fees than where an investor invests directly into managed funds. However, it should be noted that after the addition of fees associated with the platform service (including the platform provider's fees and the custodian's fees) the cost to the investor may be higher or lower than if the investor invested directly."

35 In practice (despite the MED descriptions), the term portfolio management services and platform services essentially describe the same thing. Providers of portfolio management and platform services provide investors with a menu of investment options, unified reporting and tax functionality in return for a fee - usually a percentage of the account balance. They provide a highly accessible and cost effective method of selecting and investing across different investment managers; investment funds; and asset classes. Platforms also provide various services for advisers including commission management, financial reporting, tax assistance and investment allocation services.

36 The ACCC in *Westpac/St George* refers to two types of platform services in Australia: master trusts (more commonly termed 'superannuation schemes' in New Zealand) and wrap accounts.

- Master trusts / master fund (or superannuation) platforms offer a number of pre-selected investment / investment managers to which an investor can distribute funds but generally offer far fewer options than is available through a wrap..
- Wrap accounts provide a service for acquiring and retaining investments within a single administration arrangement that provides a consolidated, simplified report on all investments held.

37 Both platforms are investment schemes in which investors have the ultimate responsibility for investment manager choice with guidance, in most cases, from a financial planner.

38 However, there are a number of significant differences between wrap and master trust platforms:

²⁰ Ministry of Economic Development Discussion Document September 2006, page 8, paragraphs 17-18.

- *Type of 'ownership'*: With master trusts a trustee or responsible entity is charged with the task of holding investments on the investor's behalf, with the investor holding a beneficial interest in the trust and not the underlying investment held by the master trust (albeit that the value of the interest may be calculated by reference to particular assets of the trust). Wrap accounts, on the other hand, act as a custodial service with the investor holding the beneficial interest in the underlying investments.
- *Flexibility* - In a wrap the investor can personally choose the mix of investments to own, including direct local and international shares, hedge funds, mortgage securities and others, and is not bound by or limited to the investments chosen by the manager of a master trust.
- *Portability of the underlying investments*:
 - a) *Master trusts*: In many master trusts the underlying wholesale funds are specific to that master trust. This means that investors need to sell the underlying investments in one master trust so as to invest in another.
 - b) *Wrap accounts*: Investment wrap accounts are, as mentioned above, a custodial service. As a consequence, investors that have interests in a financial product in one wrap account can transfer those interests to another wrap account without triggering a change of the beneficial ownership.
- *Typical customer base*: Because of the greater complexity of the arrangements in wrap accounts, these platforms are typically used by higher net worth individuals and more sophisticated investors with larger account balances, whereas master trusts are generally mass market products with much lower average account balances.

39 In New Zealand, the functionality to enable firms to offer superannuation trust platforms has only recently become available. Consequently, at present, neither AMP NZ nor AXA NZ (so far as AMP NZ is aware) offers a master trust/superannuation trust platform in New Zealand. AMP is not aware of the extent to which superannuation trust platforms are being or about to be offered by other market participants in New Zealand.

40 In its recent decision to oppose NAB's acquisition of AXA Asia Pacific, the ACCC appears to have distinguished the master trust and wrap account investment platforms, finding that the NAB transaction "would result in a substantial lessening of competition in the market for **retail investment platforms for investors with complex investment needs**". AMP understands this market does not include master trust platforms.

Conclusion on market definition

41 Having regard to the above, it is appropriate to consider the Proposed Transaction against a single market for the provision of retail portfolio administration services via wrap platforms, that is, similar to the functional market defined by the ACCC.

Financial planning and advice

42 Both AMP NZ and AXA NZ distribute various financial, insurance, superannuation and other investment products through a range of financial planning and advisory businesses.

43 Financial planners, or financial advisers, use their knowledge of investments, tax laws, income protection and insurance to recommend financial options to customers in accordance with the customer's short-term and long-term goals. Advisers generally provide clients with a comprehensive financial plan identifying problem areas, making recommendations for improvement, and recommending appropriate investments and

wealth creation strategies which are comparable with the client's goals, attitude toward risk, and expectation or need for a return on the investment.

44 Financial advisers can broadly be grouped into the following categories:

- *Owned:* Owned advisers are either wholly owned subsidiaries of, or divisions of, the financial institution that offers wealth protection and wealth management products (For example, most major banks offer their own in house advisory service).
- *Aligned:* Aligned advisers operate under some form of agency or distribution arrangement with their associated financial institution. (For example, AMP has agency agreements with around 80 independently owned and operated agencies which, between them, employ or contract around 350 advisers.) Aligned advisers are often restricted in the range of products they can recommend to their customers.
- *Non-aligned:* Non-aligned advisers (generally referred to as brokers) operate entirely independently and are not associated with a financial institution. Non-aligned advisers are not contractually restricted in the range of products they can recommend to their customers.

45 From a customer's perspective there is unlikely to be any practical difference in which type of financial adviser they go to. Although owned and aligned advisers may offer fewer brands and tend towards recommending their affiliated provider, they will still have a range of products on which to advise in order to provide a variety of products to meet each individual customers' needs.

46 It is unnecessary to define further markets for the different types of financial adviser as customers are able to access the same or similar products regardless of which type of adviser they elect.

B. FUNCTIONAL MARKET DEFINITION

Wealth protection/life insurance

47 In *Decision 526* the NZCC concluded that there were four functional markets in the provision of travel insurance. These were:

- *underwriting:* underwriters are financial companies that agree to undertake the risk of insuring the insured;
- *brokering:* brokers provide an intermediary service between the underwriter and the retail distributor or between the underwriter and the end-customer;
- *wholesale distribution:* wholesale distributors supply insurance to retailers; and
- *retail distribution:* retail distributors on-sell insurance to the end-customers within the limits set by the underwriter.

48 These functional levels apply equally in relation to the insurance products affected by the Proposed Transaction.

49 Both AMP NZ and AXA NZ (and the majority of market participants in the wealth protection/life insurance market) are vertically integrated, engaged in both the supply and underwriting of their own policies, distribution of those policies to their broker networks and retail distribution through these networks.

50 There are also other wholesalers that apply their brand to a policy underwritten by a third party - but, given that all of the major participants are vertically integrated, it is unnecessary to further segment the market into separate functional levels. This is consistent with the approach taken by the NZCC in *Decision 392*²¹ and the ACCC in *Westpac/St George*.

Wealth management/savings & investment

51 Managed funds are provided at both the wholesale and retail level.

52 Typically, retail managed funds are offered directly to individual low-medium level investors. These individuals' funds are then pooled and invested by the retail fund manager in wholesale funds.

53 Wholesale managed funds are made available to institutional investors (including retail fund managers and providers of superannuation schemes) and high net worth individual investors.

54 Wholesale fund managers are responsible for investing the money, placed with them by the retail fund managers, in cash, bonds or equities (both in New Zealand and overseas).

55 The retail and wholesale funds management operations tend to be carried out by the providers of these services in separate business units that operate largely independently from one another. For example, AMP Financial Services performs the retail function whereas AMP Capital Investors performs the wholesale function.

56 The distinction between the investment functions of retail and wholesale funds managers and the fact that the two operations are commonly undertaken by separate business units suggests that it may be appropriate to define separate retail and wholesale levels.

Investment platforms

Platform functionality

57 In New Zealand, there are four main providers of investment platform infrastructure or functionality. These are: FNZ; ASB/Sovereign Group (*Aegis*)²²; AXA NZ (*Assure*); and Grosvenor.

58 AMP NZ's understanding is that, of these, only FNZ and ASB/Sovereign Group (AMP NZ's largest competitor) provide 'badged' wrap platforms to third party dealer groups, such as AMP NZ. A badged platform is one which allows dealer groups to apply their own brand to the platform, specify the investment products that will be available on it and, to some degree, to tailor the platform to specific requirements.

59 Other financial institutions, such as stockbrokers and some smaller financial planning groups, operate their own platforms primarily for their own clients and advisers. It may be possible for smaller dealer groups to contract for access to these platforms, perhaps as part of a wider relationship with these entities.

Retail wrap platform services

60 AMP NZ and AXA NZ both offer retail wrap platform services to investors via their financial adviser networks.²³

²¹ Decision 392, paragraph 43.

²² ASB has announced that it is considering a possible sale of the Aegis business. (<http://www.goodreturns.co.nz/article/976496421/for-sale-aegis.html> - Copy at Appendix 25)

²³ AMP NZ understands that Rabobank's 'Raboplus' offering is the only direct to the public wrap platform offering in the New Zealand market.

- 61 However, AMP NZ does not have its own wrap platform infrastructure. Instead, AMP NZ contracts with FNZ to provide an AMP branded wrap platform, and associated administration and custodial services.²⁴
- 62 AMP NZ has an approved list of products that are available on the wrap platform, but other products not on AMP's approved list are also available on the platform.
- 63 AMP NZ then makes the platform available through its adviser network, in conjunction with financial advice, to individual investors. This is equivalent to the retail level of the market.
- 64 To illustrate, AMP NZ's brochure outlining its *Wealthview* wrap service is contained in Appendix 1. The list of approved products on the platform is contained in Confidential Appendix 28.
- 65 AXA NZ offers its *Assure* platform through its subsidiary Spicers Portfolio Management and an independent financial advisory business called New Zealand Financial Planning.
- 66 Competition at the retail level occurs as individuals requiring professional investment advice contact a financial adviser. The adviser will analyse the client's financial position, investment goals, risk profile, time horizon etc and will recommend investment solutions. If a portfolio of investment products is recommended, a retail wrap platform service may also be recommended as a tool to aid the adviser's management of and reporting on the portfolio. Some advisers operate their own portfolio management system and recommend direct investments rather than investment through a platform. In this way the adviser's own system will act as a substitute for a retail wrap platform service.
- 67 Recommendation of a particular retail wrap platform service will be made by the adviser. Most New Zealand advisers will work with one platform only and that platform choice will often be dictated by a dealer group. The fee the client is charged for using the platform will usually be determined by the contract between the adviser or dealer group and platform provider.
- 68 Competition between suppliers of retail wrap platform services essentially occurs through competition between financial advisors – just as competition between providers of other retail funds management products (eg KiwiSaver, corporate superannuation schemes, unit trusts and other financial products) occurs through the financial adviser channel.

C. CUSTOMER DIMENSION

- 69 Retail wrap platform services are generally only made available to clients whom AMP NZ describes as "mass-affluent clients" - clients who have reasonably large discretionary sums available for investment. This is because a wrap client must be prepared to pay for quality financial advice and (preferably pro-active) portfolio management from an experienced financial adviser. Paying for these services makes economic sense for those with larger investments. For AMP NZ, the entry point of a "mass-affluent" client is \$[] to \$[].
- 70 By contrast, for "mass-market" clients (those with smaller discretionary sums available for investment, or who are saving regularly towards a target) wealth management products such as KiwiSaver, retail unit trusts and superannuation schemes and bank deposits are likely to be more cost efficient.

²⁴ The current and medium term potential size of the business that AMP NZ could expect to build on such a platform is []. Despite having been in this market for over 3 years, AMP NZ currently has only a []% market share).

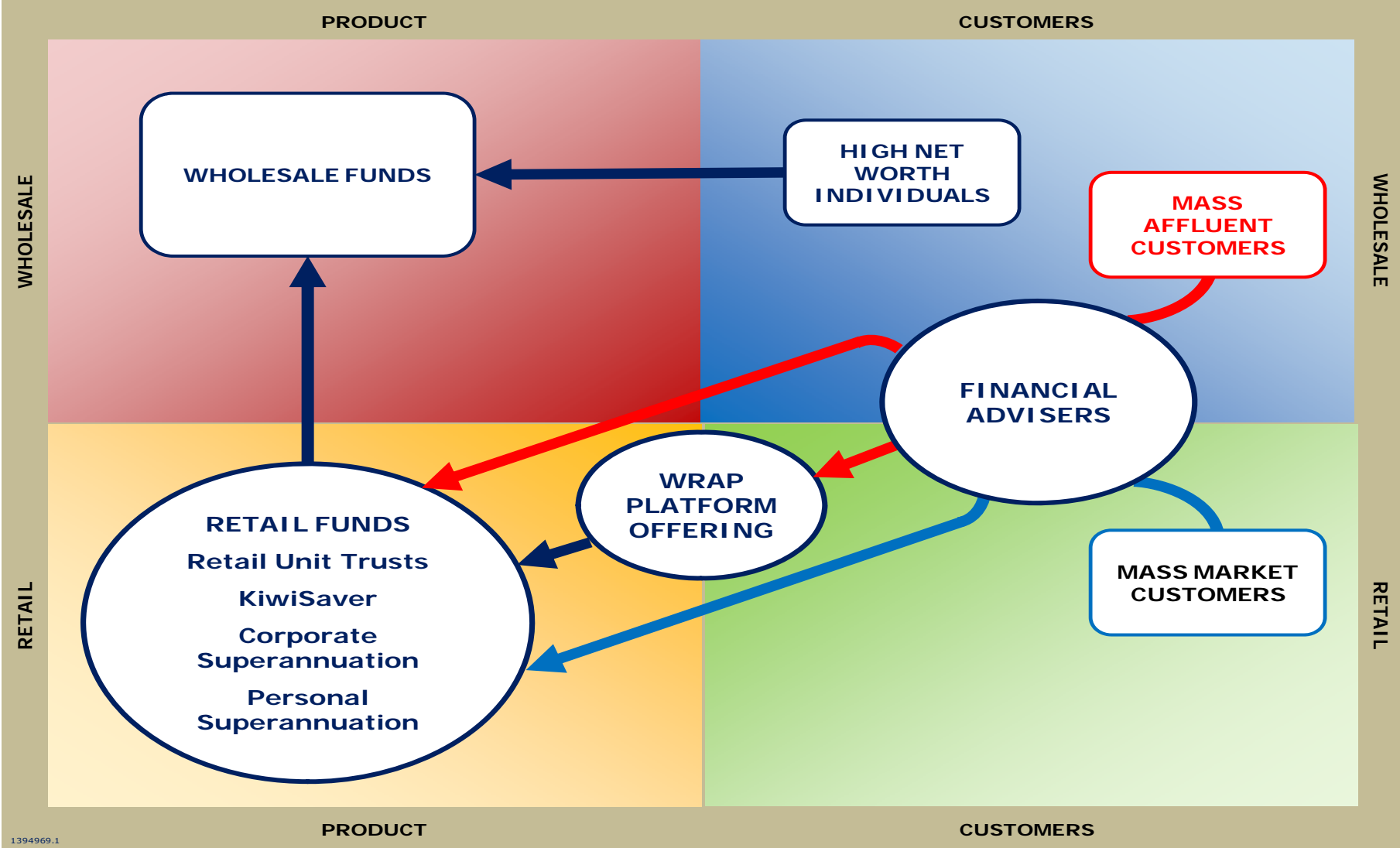
- 71 The “mass-affluent” / “mass market” distinction is reflected in the ACCC’s finding, in relation to NAB’s proposed acquisition of AXA Asia Pacific, of a market for retail investment platforms for investors with complex investment needs.
- 72 A diagram illustrating the structural relationships in the wealth management sector is set out on page 48.

D. GEOGRAPHIC MARKET

- 73 AMP NZ and AXA NZ’s products are distributed nationally. Pricing is set at New Zealand head-office level and is applied nationally. Accordingly, the markets are national in scope. This is consistent with Decision 392,²⁵ where the Commission found that the relevant markets were national in scope.

²⁵ Decision 392, paragraph 43.

DIAGRAM: WEALTH MANAGEMENT SECTOR



Market share data

Wealth Protection/Life Insurance

- 1 Market (or market segment) share figures are provided from two perspectives:
 - new business written in the most recent period for which statistics are available; and
 - policies in force as at a specified date.
- 2 The 'new' business figures demonstrate the participants' current market position/success in sales of new policies. The 'in force' figures reflect, to some degree, market shares over time.

Total market

- 3 As noted in the previous section, it is appropriate to consider the market by reference to the entire range of wealth protection products (both conventional and contemporary), including life insurance, total or permanent disability, income protection and business cover.
- 4 Schedule 2 contains a list of providers of life insurance and income protection products in New Zealand. In addition to AMP NZ and AXA NZ there are at least 11 other participants offering some or all of these products.
- 5 Confidential Schedule 7 shows the market shares of the various market participants for the total market, by reference to policies in force and new business as at the end of December 2009. (Please also see the *Quarterly Statistics of the Investment Savings and Insurance Association of NZ Inc to December 2009* in Confidential Appendix 26.)
- 6 The market shares of the merged entity are within the NZCC's safe harbours.

Individual product segments

- 7 Confidential Schedule 7 also shows the market shares of the various market participants for individual market segments, again by reference to policies in force and new business as at the end of December 2009.
- 8 The market shares of the merged entity in all segments, with the exception of conventional life insurance (whole of life and endowment), are within the NZCC's safe harbours.
- 9 Whilst the conventional life market shares are outside the NZCC's safe harbours, this does not reflect a reduction in competition for the following reasons:
 - Conventional life insurance products represent less than []% of new business in the total life insurance market and consequently are likely to be phased out. (New business statistics for conventional products (whole life & endowment) during the 3 months to December 2009 totalled \$[] compared to \$[] for contemporary (term) life insurance in the same period.
 - Customers can substitute away from a conventional life insurance policy by purchasing a contemporary policy and an equivalent investment product separately.

Wealth Management

Total funds under management

- 1 As stated in the previous section, it is appropriate to consider the market from a total funds under management (both retail and wholesale) perspective as this will reflect the 'control' that the merged entity may have over the funds of New Zealanders.
- 2 However, due to the different functional levels of the markets, market shares have also been considered for separate retail and wholesale funds management markets.
- 3 Confidential Schedule 8 shows the market shares of the various market participants, by reference to total funds under management (retail and wholesale) as at 30 June 2009. (Please also see the *Fundsourc e Retail Managed Funds Trends and Market Composition Report dated December 2009* in Confidential Appendix 27.)

Retail funds management

- 4 As noted in the previous section, it is useful to consider the market by reference to the entire range of retail funds management products, including private and corporate superannuation and KiwiSaver.
- 5 Schedule 3 contains a list of providers of retail funds management, KiwiSaver schemes and corporate superannuation schemes. It shows that, in addition to AMP NZ and AXA NZ, there are at least 50 other participants offering some or all of these products.
- 6 Confidential Schedule 8 shows the market shares of the various market participants, by reference to total retail funds under management and separately for Kiwisaver, superannuation, combined Kiwisaver and superannuation and unit trusts as at 31 December 2009.
- 7 The market shares of the merged entity in all segments, with the exception of superannuation are within the NZCC's safe harbours. However, a broader market definition including the provision of KiwiSaver is more appropriate for the following reasons:
 - consumers are likely to consider the products substitutable (given that they are both work based schemes aimed at saving for one's retirement). The consumer's choice will depend on whether the employer's scheme is viewed as more attractive than KiwiSaver;
 - in the two and a half years since its introduction, Kiwisaver has grown to represent over []% of the combined corporate superannuation/Kiwisaver market and is emerging as the dominant component of that market and the preferred option for formal superannuation savings; and
 - there are few differences in the provision of such schemes from the providers perspective and most of the major providers offer both (see Schedule 3 and the section on "Existing Competition").

Wholesale funds management

- 8 AMP NZ operates its wholesale funds business through AMP Capital Investors. These wholesale products are sold to AMP Financial Services as well as other institutional investors.
- 9 AXA NZ operates its wholesale funds business through AXA Global Investors (another member of the global AXA Group).

- 10 As noted in the market definition section, there is likely to be a substantial degree of overlap between the market share data for retail and wholesale funds. This is because the majority of retail funds are placed with wholesale fund managers (often directly with a related company of the retail fund provider).
- 11 Schedule 3 contains a list of wholesale funds management providers in New Zealand.
- 12 Confidential Schedule 8 shows the market shares of the various market participants, by reference to total wholesale funds under management. The market shares are within the NZCC's safe harbours.

Retail Wrap Platform Services

- 1 As noted in the section on market definition, neither AMP NZ nor AXA NZ currently offer master trust or superannuation platform services in New Zealand and, until recently, these platforms have not been available here.²⁶ Accordingly, this section only considers the market for retail investment platform services (which, in New Zealand, are primarily wrap platform services).
- 2 Both, AMP NZ and AXA NZ offer retail wrap platform services in New Zealand to customers via their financial advisor networks.
- 3 As AMP NZ does not own its own wrap platform functionality, (unlike AXA NZ which does) the only area of intersection between AMP NZ and AXA NZ is at the retail level of the market.
- 4 The other major providers of wrap platform functionality in New Zealand are:
 - *ASB/Sovereign (through ASB's subsidiary, Aegis Limited):* which operates the AEGIS platform;²⁷
 - *FNZ:* which operates the FNZ Wrap platform; and
 - *Grosvenor:* which was established by Rutherford Rede and operates its own wrap platform.
- 5 The above companies make their platforms available to both their own and other independent financial advisory businesses. These financial advisory businesses then offer these platforms to their customers in conjunction with their financial and investment advice.
- 6 There is no data on the market shares for retail wrap platform services. Given that the retail wrap platforms support retail investment products from a variety of different providers 'retail investments under management' is not a suitable proxy for market share of the platform providers.
- 7 A better measure of market share would be the number of investors who use each retail wrap platform service as their investment vehicle. This information is not available. However, broad estimates by AMP NZ management are set out in Confidential Schedule 8. AMP NZ management estimates that the size of the retail wrap platform segment is approximately \$[].
- 8 AMP NZ management believes the market shares for retail wrap platform services are within the NZCC's safe harbours and, in any event, the level of aggregation would be de minimis as AMP NZ has very small market share.

²⁶ AEGIS has recently developed a superannuation scheme (master trust) utilising the AEGIS wrap platform functionality.

²⁷ ASB has announced that it is considering a possible sale of the Aegis business.
(<http://www.goodreturns.co.nz/article/976496421/for-sale-aegis.html> - Copy at Appendix 25)

Financial planning and advisory services

- 1 As set out in the section on market definition, financial advisers can broadly be grouped into the following categories: owned, aligned, and non-aligned.
- 2 AMP NZ provides financial planning and advisory services through a network of approximately 350 aligned advisers. These advisers are only allowed to market products from an AMP NZ approved product list and are incentivised to promote AMP NZ products. AMP NZ also has relationships with around [] non-aligned brokers.
- 3 AXA NZ provides financial planning and advisory services through a network of approximately 100 - 150 owned advisers and approximately 350 - 400 advisers affiliated with the AXA Advisers Association.²⁸
- 4 Both AMP NZ and AXA NZ's financial planning and advisory services are primarily focused on the provision of wealth protection advice and the sale of insurance products. Financial planning and investment advice is viewed as more of a secondary business. However, AMP NZ understands that, through its ownership of Spicers Financial Advisers, AXA NZ is slightly more active in the financial planning and investment side than the AMP NZ advisor network.
- 5 In addition to AMP NZ and AXA NZ, the following major adviser networks are also strong in the provision of wealth protection advice:
 - SovNet (Sovereign's adviser network);²⁹
 - Asteron;³⁰
 - Tower Financial Advisory Services;³¹ and
 - Triplejump.³²
- 6 On the investment/wealth management side, there are a number of major adviser groups with a focus on providing wealth management and investment advice including:
 - ALLFINANZ;³³
 - ING;³⁴
 - Rutherford Rede;³⁵
 - Goldridge Wealth Management;³⁶

²⁸ Submission by AXA Advisers Association in response to the Task Force on the Regulation of Financial Intermediaries Initial Issues Paper of 18 April 2005 located at www.med.govt.nz. (Copy at Appendix 21)

²⁹ www.sovereign.co.nz.

³⁰ www.asteron.co.nz.

³¹ www.tower.co.nz.

³² www.triplejump.co.nz.

³³ www.allfinanz.co.nz.

³⁴ www.ingnz.com.

³⁵ www.rutherfordrede.co.nz.

- Forsyth Barr;³⁷ and
- Camelot.³⁸

- 7 Further information about these providers is set out in Appendix 12.
- 8 The above lists identify only the major players in the financial planning and advisory market. A more extensive list setting out the providers of financial planning and advisory services registered with the Institute of Financial Advisers in New Zealand is provided in Schedule 4. Of these providers, at least 22 operate on a national basis.
- 9 AMP NZ believes that the major banks will continue to grow as a significant financial advisory service and distribution channel for their respective parent companies or related subsidiaries' wealth protection and wealth management products.
- 10 In particular, ING New Zealand, which has recently become wholly owned by ANZ National, is likely to continue to grow as a major provider of financial planning and advice. Kiwibank has also recently entered this market.
- 11 MED estimates that there are approximately 7500 financial advisers in New Zealand. Of these, under the new legislation to come into force in December 2010, MED estimates that:³⁹
- 5000 would be categorised as authorised financial advisers enabling them to give financial advice and make a transaction in a security, any estate or interest in land, a futures contract, or other products specified by the regulations;
 - 2000 would be in the category of advisers that need to be registered but not authorised enabling them to give financial advice and make a transaction in a call debt security, a bank term deposit, an insurance product (excluding life insurance), a consumer credit contract or other products specified by the regulations; and
 - 200 would be in the category of qualifying financial entities which means that its employees can advise on all of the products set out in the two categories above.
- 12 Comprehensive market share data is not available for this market. The market shares set out in Graph 1 have been calculated on the basis of the 400+ organisations registered with the Institute of Financial Advisers.⁴⁰ On this basis, the market shares are within the NZCC's safe harbours. However, given the MED figures above, this is by no means a complete representation of the market.

³⁶ www.goldridge.co.nz.

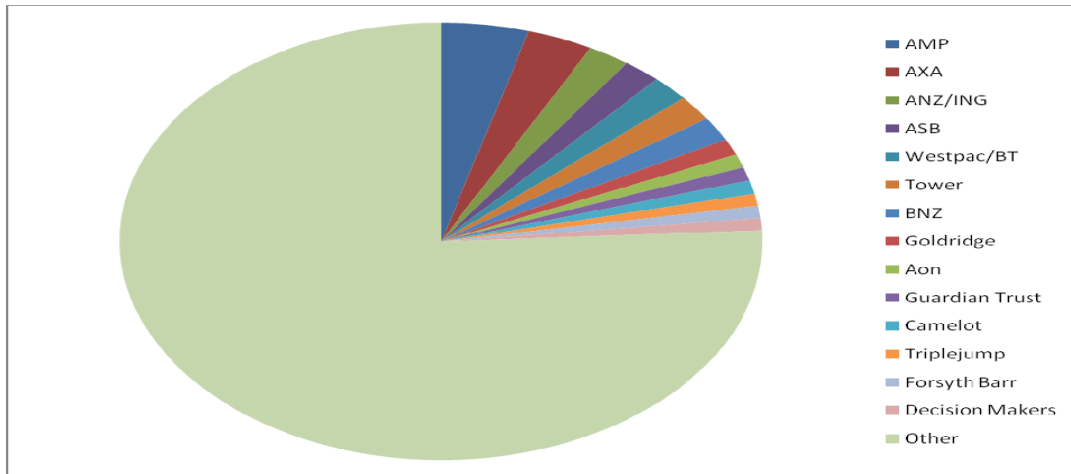
³⁷ www.forbar.co.nz.

³⁸ www.camelotnz.co.nz.

³⁹ Financial Service Providers (Registration and Dispute Resolution) Act 2008 and Financial Advisers Act 2008 Fees Regulations Discussion Document located at www.med.govt.nz. (Copy at Appendix 15)

⁴⁰ www.ifa.org.nz.

Graph 1: Registered financial advisers by organisation



13 Market shares for retail funds under management and wealth protection/life insurance provide a better indication of the effects of the Proposed Transaction on competition in the market for financial planning and advisory services. The significant market shares of the product suppliers indicates the strength of their downstream distribution networks.

Competition Analysis

Overview

- 1 The market share figures in the previous section indicate that the merged entity will be subject to competition in each of the affected markets from a variety of other players.
- 2 This section takes a closer look at the other market participants and also at conditions of entry and expansion and countervailing buying power.
- 3 In summary, following the Proposed Transaction:
 - There will continue to be a large number of well-established independent competitors already in the New Zealand market. A number of these are significant Australasian companies which already provide the full range of products supplied by both AMP NZ and AXA NZ.
 - In addition, the combined entity will continue to be constrained by the threat of competition from existing competitors expanding their operations and the potential for new entry by other global providers of wealth protection and wealth management services that do not currently operate in New Zealand.
 - The barriers to entry in life insurance and funds management, particularly to large off-shore organisations, are relatively low. Pending regulatory changes are unlikely to significantly deter new entry or expansion by existing competitors.
 - In the retail wrap platform services market, AMP NZ's small market share will not significantly add to AXA NZ's existing market position.
 - If the merged entity were to seek to raise prices or reduce service levels, it could be expected that entry or expansion would occur in the short to medium term. Expansion by existing competitors is particularly likely as existing competitors are predominantly major financial institutions (such as registered banks and Australasian insurance/funds management companies).

Existing Competitors

- 1 The wealth protection and wealth management sector is intensely competitive, and the merged entity will continue to face competitive pressure across its product lines.
- 2 The large number of companies competing in the supply of wealth protection and wealth management products in New Zealand is apparent from the list of major competitors set out below and the further lists set out in Schedules 2, 3 and 4.
- 3 In addition, wealth management providers face competition from a variety of other investment vehicles and, particularly in the current environment, from Cash PIEs and term deposits.

ANZ National Bank Limited (ANZN)/ING New Zealand (ING)

- 4 ANZN is New Zealand's largest and most diverse financial services group. It operates across the entire spectrum of financial services including banking, asset finance, investments and payment solutions. ANZN is a subsidiary of Australia and New Zealand Banking Group Limited of Australia.
- 5 In 2009, ANZN purchased ING's remaining 51% stake in ING (NZ) Holdings Limited, the insurance and wealth management joint venture, making ANZN the sole owner. Following this acquisition, ING NZ will continue to manage the investments that it issues and currently offers to customers of ANZ and The National Bank.
- 6 In addition, ANZ Group acquired ING NZ's funds management (including investment management) and insurance businesses in New Zealand, as well as their listed property trust management companies.⁴¹
- 7 In New Zealand, the core ING business is financial services, helping clients meet their financial objectives through the accumulation, investment and protection of assets. Products and services offered include investments and savings, wholesale/institutional investment management, and life insurance.
- 8 Further information regarding ANZN and ING can be found at www.anznational.co.nz and www.ingnz.co.nz respectively.
- 9 Of the markets/market segments relevant to the Proposed Transaction, ANZN is active in:
 - insurance (including life risk and income protection);
 - retail funds management;
 - wholesale funds management;
 - corporate superannuation;
 - KiwiSaver;
 - financial advisory services; and
 - retail wrap platform services.

⁴¹ <http://www.anz.co.nz/about-us/our-company/anz-new-zealand/brands/ing-nz/>. (Copy at Appendix 22)

ASB Group

- 10 The ASB Group of companies is one of the largest providers of financial and insurance services in New Zealand. ASB Group operates in New Zealand through various brands.
- Sovereign is New Zealand's leading life insurer and one of the top three health insurers. Sovereign is also a major provider of home loans.
 - Aegis Limited is a leading provider of portfolio administration and reporting services to the financial advisory industry.⁴²
 - Jacques Martin New Zealand Limited is New Zealand's largest financial services administrator, acting on behalf of providers across a broad range of investment, insurance and superannuation products.
- 11 Further information regarding ASB Group can be found at www.asb.co.nz.
- 12 Of the markets/market segments relevant to the Proposed Transaction, ASB Group is active in:
- insurance (including life risk and income protection);
 - retail funds management;
 - wholesale funds management;
 - corporate superannuation;
 - KiwiSaver;
 - financial advisory services; and
 - retail wrap platform services.

Tower New Zealand Limited (Tower)

- 13 Tower provides comprehensive and innovative insurance, superannuation, savings and investment, and asset management products and services through businesses in New Zealand and the Pacific Islands. Tower currently comprises three businesses: General Insurance, Health and Life and Investments.
- 14 *Health and Life* provides health and life insurance products for the retail, individual and groups markets. *Investments* operates in wholesale and retail funds management and individual and group superannuation. Tower is also a default KiwiSaver provider.
- 15 Tower has a broad product range and distribution network with health and life insurance products and investment products and services, both wholesale and retail, distributed primarily through intermediaries. Further information regarding Tower can be found at www.tower.co.nz.
- 16 Of the markets/market segments relevant to the Proposed Transaction, Tower is active in:
- insurance (including life risk and income protection);
 - retail funds management;

⁴² ASB has announced that it is considering a possible sale of the Aegis business. (<http://www.goodreturns.co.nz/article/976496421/for-sale-aegis.html> - Copy at Appendix 25)

- wholesale funds management;
- corporate superannuation;
- KiwiSaver;
- financial advisory services; and
- retail wrap platform services.

Asteron / Guardian Trust / Tyndall Investment Management (SunCorp)

17 Asteron, Guardian Trust and Tyndall Investment Management all operate in New Zealand as sister companies ultimately owned by the Suncorp Group. The Suncorp Group is one of Australia's leaders in banking, insurance, investment and superannuation with a focus on retail customers and small to medium sized businesses. Further information regarding Suncorp Group can be found at www.suncorp.com.au.

- *Asteron* is one of Australia and New Zealand's largest financial service providers with key business activities in life assurance, superannuation savings, funds management and trustee services. In New Zealand, Asteron has over \$1.4 billion funds under management on behalf of 218,000 clients and looks after the financial protection needs of 174,000 policyholders. Asteron's financial products are offered through a broad network of financial advisers who provide personalised advice and service. Further information regarding Asteron can be found at www.asteron.co.nz.
- *Guardian Trust* is an integral part of Suncorp Wealth Management New Zealand, part of the trans-Tasman Suncorp Wealth Management business, and a wholly owned subsidiary of Suncorp Group, one of Australia's top 20 listed companies. As part of this group of companies, Guardian Trust provides a large range of products and services to its customers through its partner companies, including superannuation, life insurance and other risk protection products, as well as its core services of financial planning, managed investments, trusts and estate planning. Further information regarding Guardian Trust can be found at www.guardiantrust.co.nz.
- *Tyndall Investment Management* is a premier provider of investment solutions in New Zealand. A wholly owned subsidiary of the Australian Suncorp Group, the New Zealand based investment team offers solutions to clients in fixed interest, cash and domestic equities. Customers have access to Tyndall Investment Management's offshore managers in global equity, global fixed equity, global property and alternative investments. Further information regarding Tyndall Investment Management can be found at www.tyndall.co.nz.

18 Of the markets/market segments relevant to the Proposed Transaction, SunCorp is active in:

- insurance (including life risk and income protection);
- retail funds management;
- wholesale funds management;
- KiwiSaver; and
- financial advisory services.

Westpac Banking Corporation (Westpac)

- 19 Westpac is a New Zealand subsidiary of the Australian Westpac Banking Corporation. Westpac Banking Corporation also operates BT Funds Management in New Zealand.
- 20 Westpac provides a full range of banking and financial services for personal, business and agribusiness banking as well as being the banker of the New Zealand Government. Westpac provides funds management and, through Westpac Banking Corporation (trading as Westpac Institutional Bank), offers financial services to corporate and institutional customers. Further information regarding Westpac can be found at www.westpac.co.nz.
- 21 Of the markets/market segments relevant to the Proposed Transaction, Westpac is active in:
- insurance (including life risk and income protection);
 - retail funds management;
 - wholesale funds management;
 - corporate superannuation;
 - KiwiSaver;
 - financial advisory services; and
 - retail wrap platform services.
- 22 Further information about the above providers is set out in Appendices 5 to 9.
- 23 In addition to the above full service providers, the merged entity will face competition from a number of other providers that supply some or all of the relevant products. These are listed in Schedules 2, 3 and 4. In addition to AMP NZ, AXA NZ and the five major participants referred to above, there are at least:
- 5 other providers of life insurance products including life risk and income protection;
 - 19 other providers of retail funds management services;
 - 12 other providers of wholesale funds management services;
 - 24 other providers of KiwiSaver schemes;
 - 12 other providers of corporate superannuation;
 - several hundred providers of financial advisory services; and
 - 15 other providers of retail wrap platform services.
- 24 Further information about these other providers is set out in Appendices 10 to 12.

Potential Competition

Introduction

1 The New Zealand Courts and the NZCC have stated that, regardless of the combined entity's market share, an acquisition is unlikely to substantially lessen competition if barriers to entry or expansion are low because the combined entity will be constrained by:

- the threat of new entry; or
- the threat of expansion by existing competitors.

2 In *Decision 392* the NZCC said that:

"Formal requirements for entry into the relevant markets do not appear onerous. Entry on a sufficient scale to constrain the merged entity would be feasible for existing overseas providers of the relevant financial services, and for domestic financial services companies which added a new category of service to their existing business. Niche entry by greenfields companies could provide some constraint also."⁴³

3 Although new, more onerous requirements on wealth protection and wealth management companies are to come into force later this year, AMP NZ does not consider that they will represent a significant impediment to entry or expansion by large Australasian or international organisations. On the contrary, a more regulated environment is more likely to attract further foreign investment to New Zealand.

Requirements for new entry

4 Factors relevant to market entry are:

- brand reputation;
- access to distribution channels;
- capital investment;
- marketing and advertising; and
- regulatory requirements.

Brand reputation

5 Brand reputation is likely to be the most significant barrier to entry. Given the nature of the products (life insurance and, in most cases, an individual's life savings) in order to secure more than a nominal number of customers, providers are likely to need to be well established companies with a strong track record. Given the global financial crisis, brand reputation is likely to take on even greater importance.

6 That said, this is unlikely to prevent entry by substantial global providers as they are likely to possess sufficient brand reputation and financial backing to allay customer concerns.

7 Similarly, the majority of existing providers are well established and, in most cases, part of significant financial service groups such as registered banks. Accordingly brand reputation is unlikely to impede expansion by existing competitors.

⁴³ Decision 392, paragraph 66.

Access to distribution channels

- 8 Distribution services are widely available. There are a significant number of non-aligned advisers, of which a number are part of national networks (see Schedule 4). There are also a number of online advisers, particularly in the life insurance market.

Capital investment

- 9 Whilst substantial financial backing is required to appear secure and attract customers, little capital investment is required. Many of the services can be provided from offshore without the need for a substantial local presence.

- 10 It is likely that global financial institutions (such as Asian banks) would have sufficient financial resources to establish operations in New Zealand. Expansion of existing competitors would require little in the way of capital investment (other than, perhaps, additional staff to design products for the local market and meet growing customer demands).

Marketing and advertising

- 11 To support a new product, a new entrant would need to invest in a level of sales support in order to make the product known to advisers and other providers of brokering services.

Regulatory requirements

- 12 Currently there are only minimal requirements for regulatory approval. However, under the new regulatory regime (refer page 29) financial service providers will need to meet more onerous regulatory requirements in order to provide financial services (including insurance, fund management and financial advice).

- 13 These regulatory requirements will mean that the entry barriers will be higher than they were in 2000 when the NZCC reached its conclusions in Decision 392. However AMP does not consider that they will be so high as to represent an impediment to new entry, particularly for an established Australian or other international business.

Life Insurance

- 14 In *Decision 392* the NZCC commented that:

“Section 3 of the Life Insurance Act 1908 provides that, before commencing the business of life insurance, a prospective provider must deposit approved securities with a value of at least \$500,000 with the Public Trustee. This appears to be a modest requirement, and an entrant lacking substantial capital backing would be likely to seek a reinsurance arrangement with an overseas reinsurer. While the Insurance Companies (Ratings and Inspections) Act 1994 requires insurance companies to have a current rating from an approved agency, section 4 of the Act excludes life insurance providers from this requirement.

While the number of companies offering life insurance in New Zealand has been reduced through mergers and acquisitions, new entry has occurred. Sovereign entered (in 1988) as a greenfields operation, as did the recent entrants, Pinnacle Life, Lumley Life and Challenger Life. Given the modest formal entry requirements, new entry by overseas life insurance companies not currently operating here, by other financial services companies or by new companies, appears likely if commercial opportunities were perceived to exist. There are good prospects for sustainable entry, as Sovereign’s own performance has shown.”⁴⁴

- 15 The proposed Insurance (Prudential Supervision) Bill will impose more stringent regulatory requirements on providers of insurance. Under the proposed scheme insurance companies

⁴⁴ Decision 392, paragraphs 67 and 68.

will need to be licensed and comply with a number of ongoing prudential requirements, including:

- obtaining a financial strength rating from an approved rating agency;
- meeting certain solvency standards to be issued by the Reserve Bank (which may, among other things, prescribe a minimum margin by which the value of the assets of an insurer must exceed the value of its liabilities); and
- various new compliance requirements, such as complying with a “fit and proper” policy for new directors and relevant officers, complying with a risk management programme, regular actuarial and financial reporting and more detailed statutory fund requirements.

16 Whilst the solvency requirements will most likely require insurance companies to maintain a higher amount of capital in New Zealand than under the current legislation, the amount of capital required to be maintained will be in proportion to the company’s exposure/customer base. Therefore, AMP does not consider that the solvency standards requirement will significantly deter a potential entrant from establishing itself in New Zealand.

17 Overall, AMP does not consider that the proposed changes will lead to the barriers to entry becoming insurmountable. In particular, insurance companies already subject to a similar regime in Australia will be well placed to comply with the additional requirements in New Zealand.

Wealth management/investment products

18 In Decision 392 the NZCC said:

“For funds management and other financial services, there are few formal entry requirements other than the provisions of the Securities Act 1978. One of the requirements of this Act is the provision of a prospectus. The Superannuation Schemes Act 1989 provides a voluntary registration process for superannuation schemes. Until 1990 there was a procedure for Government approval of superannuation schemes, but this was discontinued in that year. The Superannuation Schemes Act provides that anyone wishing to register a superannuation scheme may apply to the Government Actuary and, if this is done, must provide a copy of the trust deed and the information listed in the First Schedule to the Act. Registration provides some protection to scheme members as a copy of the scheme’s annual report must be provided to them, and to the Government Actuary. Most registered schemes are those provided by employers, but individual schemes may be registered. The existence or extent of any tax advantages for registered schemes vary over time, depending on tax legislation.”⁴⁵

19 These comments remain relevant today as the regulatory environment applying to providers of wealth management and investment products (as distinct from advice in relation to these products) has not changed in any material respect since 2000 (other than the introduction of the KiwiSaver Act in 2006).

20 Unit trusts are subject to the Unit Trusts Act 1960. This Act prescribes certain requirements on how a unit trust must be operated (including requiring every unit trust to have an approved trustee that is independent of the trust’s manager and implying certain provisions into unit trust trust deeds). A \$40,000 bond must be provided to secure the discharge of the manager’s obligations, before a company can act as a manager of a unit trust.

⁴⁵ Decision 392, paragraph 69.

- 21 Registered superannuation schemes are subject to the requirements of the Superannuation Schemes Act 1989. This Act prescribes certain requirements on the contents of the trust deeds and how a scheme must be operated (including, how investments should be made, restrictions on alterations to the trust deed and reporting obligations).
- 22 KiwiSaver schemes are governed by the KiwiSaver Act 2006 which requires that KiwiSaver schemes must be registered. The KiwiSaver Act also imposes restrictions on the type of scheme that is eligible to be a KiwiSaver scheme (such as a requirement that the principal purpose is to provide retirement benefits) and implies certain provisions into the scheme's trust deed. An organisation can apply to become a KiwiSaver scheme provider at any time, as long as it meets the relevant certification and registration requirements, and obtains the necessary licences from Inland Revenue for use of the KiwiSaver brand.
- 23 Consistent with the NZCC's findings in Decision 392, AMP does not consider that these requirements amount to a significant barrier to new entry.

Retail investment platforms

- 24 In *Westpac/St George* the ACCC made the following comments:⁴⁶

"The ACCC considers that the barriers to new entry for retail platform supply are significant. Indeed, there are considerable barriers to entering on the scale that would be required to be a competitive threat to existing key players.

Market participants noted that the capital costs of entry are significant because of the technology required. Estimates of the cost to create a platform with functionality similar to the key players ranged from about \$30 to \$100 million. These participants also noted that ongoing development costs and maintenance costs are significant.

Some participants noted that it would be difficult to achieve the scale necessary to defray the significant capital costs of new entry because of the barriers to customers switching platforms."

- 25 These comments about entry barriers were repeated by the ACCC in its media release of 19 April 2010 opposing NAB's bid for AXA APH. The references to high entry barriers apply to the technology platform, that is the steps required to build and own a competitive wrap platform.
- 26 A *retail* wrap platform product offering can be achieved through sourcing wrap platform functionality and administration services from a third party and 'badging' the platform - as AMP NZ does. AMP NZ's platform provider is FNZ. Any of the retail fund providers (or, to a lesser extent, providers of financial advisory services) could provide their own retail wrap platform services to their customers by sourcing the functionality from FNZ or AEGIS.⁴⁷
- 27 However, AMP NZ believes that with a badged, as opposed to 'owned', platform there are limitations on the ability to grow market share and become more than a minor player in the retail wrap platform services market. This is illustrated by the fact that the two major retail wrap services providers in New Zealand, ASB/Sovereign and AXA, both own their own wrap platform functionality.
- 28 In addition to access to wrap platform functionality, the primary requirements for entry are:

⁴⁶ At paragraphs 87 - 89.

⁴⁷ This is not to suggest that third party access to the *Assure* platform would be denied.

- a network of advisors who will promote the wrap service (in New Zealand, there are a large number of non-aligned advisers⁴⁸); and
- products to go onto the wrap platform (which are readily available).

AMP NZ's entry into retail wrap platform services

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32 In the four years since making its retail wrap platform service available, AMP NZ's investor numbers and investment value have grown as follows:

Year	Number of clients using wrap service	Investment value \$m
31 December 2006	[]	[\$]
31 December 2007	[]	[\$]
31 December 2008	[]	[\$]
31 December 2009	[]	[\$]

⁴⁸ In Australia, a much higher proportion of advisers are aligned to a major institution and the available non-aligned advisers are primarily in small dealer groups.

33 AMP NZ's internal costs for "renovating" its wrap platform have been around \$[]. This amount includes the transaction costs associated with the RFP process, selection of the provider and negotiating with FNZ; promotion of the wrap service to the adviser network; training of advisers on how to use the platform; and selection of products to go on the wrap.⁴⁹ AMP NZ pays FNZ fees at the rate of []% of total funds under management on the AMP NZ platform.

34 [

]. Acquisition of AXA Asia Pacific would give AMP ownership of a wrap platform.

Financial planning and advisory

35 Barriers to entry in the financial planning and advisory market are currently very low. Despite the pending regulatory reform, the barriers to entry will remain relatively low. The regulatory changes simply seek to implement increased disclosure and new conduct requirements in addition to a formal system of registration and authorisation.

36 However, financial advisers providing advice on more complicated products will also be required to meet qualifications, training and competency requirements. This is unlikely to significantly raise the barriers to entry, particularly where these providers are backed by a substantial funds management business.

37 In addition, there are no significant barriers which would prevent new or existing providers of wealth management products from entering into affiliation arrangements with existing independent financial planners across the country, or which would prevent those financial planners from joining an existing dealer group or network or creating a new network if they perceived there to be a competitive advantage in doing so.

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Countervailing power of buyers

- 1 The NZCC's Mergers and Acquisitions Guidelines state that the potential for a business to wield market power may be constrained by countervailing power in the hands of its customers.
- 2 In some circumstances, this constraint may be sufficient to eliminate concerns that an acquisition would be likely to lead to a substantial lessening of competition.
- 3 In this regard, the combined entity may be constrained if purchasers were able to exert a substantial influence on the price, quality or terms of supply of the good or service. The Guidelines state that a purchaser would be able to credibly exert such countervailing power if it were:
 - large in relation to suppliers;
 - well informed about alternative sources of supply;
 - readily able to switch from one supplier to another; and
 - able to foster new supply (including own-supply).
- 4 In the present case, retail customers are unlikely to be able to exert countervailing power over the combined entity (largely because this customer group is highly fragmented).
- 5 However, wholesale customers are likely to hold a degree of countervailing power. given the significant amounts of money they have to invest. Wholesale funds need to attract such customers in order to achieve sufficient scale to lower the average transaction and administrative costs of operating the fund.
- 6 These customers will include large group superannuation schemes (less relevant due to the development of KiwiSaver) and significant companies or trusts looking to invest. In most cases, these customers are well informed and are able to access a number of different investment options.
- 7 With regard to KiwiSaver, the government has considerable countervailing power in its ability to appoint default providers.

Vertical Effects

- 1 There are two aspects of the Proposed Transaction that have vertical effects:
- AXA NZ and AMP NZ both provide retail funds management services and wholesale funds management services; and
 - AXA NZ owns wrap platform functionality and both AXA NZ and AMP NZ provide retail wrap platform services through their financial adviser networks.

Funds management

- 2 The Proposed Transaction does not raise any additional vertical integration concerns in relation to funds management. Both AMP NZ and AXA NZ are already vertically integrated.

- 3 To the extent that the combined entity may have some 'ability' to foreclose competing wholesale fund providers from access to its retail funds, and competing retail funds from access to its wholesale fund products, it will have no incentive to do so. There will continue to be a large number of both retail and wholesale funds management providers (many of which are already vertically integrated).

Wrap platforms

- 4 The Proposed Transaction will lead to AMP NZ becoming vertically integrated in that:

- it will become a provider of wrap platform functionality as a result of its acquisition of the *Assure* platform; and
- it is already a provider of retail wrap platform services to clients of its financial advisory business.

- 5 AXA NZ is already vertically integrated in this respect.

- 6 To the extent that the combined entity may have some 'ability' to foreclose or limit third party access to its retail platform functionality (or raise fees), it will have no greater incentive to do so than AXA NZ does today.

- There will continue to be three other providers of wrap platform functionality. In particular, the two major platforms offered by AEGIS and FNZ will remain independent of the combined AMP NZ/AXA NZ business. Competing providers of retail investment products and financial advisory services will continue to be able to access wrap platform functionality.
- There will continue to be a multitude of financial advisory businesses independent of the combined AMP NZ/AXA NZ business through which providers of wrap platform functionality can make their platforms available to customers.

- 7 In any event, AMP NZ is currently a very small participant in the retail wrap platform services market.

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Co-ordinated Market Power

- 1 This section applies to each of the markets discussed in the previous section.
- 2 Whether an acquisition will increase the scope for the exercise of co-ordinated market power depends on the degree of market share concentration, the product in question, and the nature of the competitive process in the relevant market(s). In considering the scope for co-ordinated conduct, it is necessary to assess whether the market currently shows signs of co-ordinated market power, and assess whether the acquisition affects any of those factors currently precluding or facilitating the exercise of co-ordinated market power.
- 3 In AMP NZ's view, none of the markets affected by the Proposed Transaction display signs of co-ordinated market power. Key factors currently precluding the exercise of coordinated market power are:
 - the large number of existing competitors with well established brands;
 - the differentiated nature of the range of wealth protection and wealth management products; and
 - the low barriers to entry in life insurance and funds management – particularly for established offshore providers.
- 4 None of these factors will change as a result of the Proposed Transaction and, given that AMP NZ is currently a very small participant in the retail wrap platform services market, the Proposed Transaction cannot be said to facilitate co-ordination.
- 5 The following assessment of the various factors that the Commission considers indicate the scope for coordinated conduct and the ability to detect it, and the impact of the Proposed Transaction on those factors, applies to all of the relevant markets.

Table 2
Scope for co-ordination

Scope for co-ordinated market power	Present	Effect of Acquisition
High seller concentration	No, CR3<70% in all markets. More than 5 significant competitors will be present in each market.	Market share increase is less than []% in all markets.
Undifferentiated product	No, wealth protection products are differentiated on the basis of the level of premiums and scope of cover. Wealth management products are differentiated on the basis of administration/reporting services, levels of advice provided (e.g. active or passive), fees, and range of investment options.	No change
Static production technology	No, new products are continually being developed and there is growing utilisation of internet capability.	No change
New entry slow	No, entry into wealth protection and wealth management markets can be achieved relatively quickly by overseas financial institutions. Financial advisory businesses can be established quickly with fairly limited regulatory requirements needing to be met. 'Badged' wrap platforms can be developed using third party platform operators to enable new entrants to this market (although barriers to entry are high for anyone wanting to be a major market participant with their own platform).	No change
Absence of fringe competitors	No, various fringe competitors target certain market segments (such as Medical Assurance in the Wealth Protection segment or Craigs Investment Partners on the Wealth Management side). Numerous one or two man band financial advisory businesses exist.	No change
Acquisition of an unusually vigorous or effective competitor	No.	No change
Price inelastic market demand	No, customers will seek alternative methods of investing/saving and lower premium insurance products with a corresponding reduction in the level of cover or they may elect to "self insure".	No change
History of anti-competitive behaviour	No.	No change
Absence of countervailing power of acquirers	At the retail level - yes. At the wholesale level - no. Institutional customers investing in wholesale funds will have fairly significant countervailing power. Wholesale fund providers are incentivised to attract large investors/funds in order to achieve a sufficient scale of investment over which to spread administration costs.	No change
Frequent sales	Yes.	No change

Scope for co-ordinated market power	Present	Effect of Acquisition
Lack of vertical integration	<p>No, the majority of major market participants are vertically integrated.</p> <p>In the wealth protection market, most provide both the underwriting and distribution functions.</p> <p>Similarly, in the wealth management market, most provide both wholesale and retail funds management, as well as financial advisory services.</p>	No change
Stable/slow growth in demand	Demand is susceptible to economic conditions. It increases during periods of economic growth and slows during recessionary periods.	No change
Cost similarities between businesses	The major market participants are likely to have similar costs.	No change
Multi-market contact	<p>Yes, market participants confront each other across each of the functional levels of the market.</p> <p>Products of one company are often made available through another company's distribution network. Retail funds of one company are often invested in a competitor's wholesale fund.</p>	No change
Price transparency	<p>No, in relation to wealth protection, premiums are only available to customers upon inquiry and are not widely publicised.</p> <p>In relation to wealth management, fees are more transparent as a consequence of the Securities Act disclosure requirements. Prospectuses and investment statements must set out the charges for particular investment products including the types of charges, entry charges, management charges, trustee charges, administration charges, early termination charges, alteration charges etc.</p>	No change
Industry associations/forums	Yes, there are number of industry associations, e.g. The Investment Savings and Insurance Association of NZ and The Institute of Financial Advisors.	No change

Conglomerate Effects

- 1 This section applies to each of the markets discussed in the previous section.
- 2 Conglomerate mergers are mergers between firms that have no existing or potential competitive relationship either as competitors or as suppliers or customers. Under some circumstances conglomerate mergers may raise competitive concerns where the merging firms are suppliers of complementary, non competing, but closely related products requested by the same set of customers.⁵⁰
- 3 In particular, concerns may arise if:
 - one or more of the merging firms has existing market power in one or more products; and
 - the merger extends its portfolio of complementary products.
- 4 The concern is whether the merged firm will be able to leverage its existing market power into the newly acquired complementary products.
- 5 In the ACCC's Statement of Issues regarding the Proposed Transaction, released on 10 February 2010, the ACCC stated that:⁵¹

"Conglomerate (or portfolio) effects arise in mergers between firms that interact across several separate markets and supply products that are typically in some way related to each other, such as products that are in neighbouring markets or products that are complementary in either demand or supply.

Conglomerate effects may raise concerns where the merged entity alters its operations or product offerings in a way that forecloses the merged entity's rivals and ultimately reduces the competitive constraint they provided in related or independent markets. For example, the merged entity's rivals may be foreclosed if the merged entity chooses to bundle or tie complementary products, such that:

- (a) No product can be purchased or used separately;
- (b) At least one product cannot be purchased or used separately; or
- (c) Customers receive additional benefits when they purchase or use the merged entity's products together (e.g. due to discounts, rebates or design features)."

- 6 The Proposed Transaction will not result in AMP NZ acquiring a product that it does not currently supply (except to the extent that it will become a vertically integrated wrap platform provider – discussed earlier). AMP NZ is already present in each of the product markets in which AXA NZ competes. Accordingly, the Proposed Transaction will not create any additional or new conglomerate/portfolio effects.

⁵⁰ *Tetra Laval/Sidel* Case No COMP/M.2416.

⁵¹ ACCC, Statement of Issues, AMP Limited – proposed acquisition of AXA Asia Pacific Holdings Limited, 10 February 2010 at paragraphs 116 and 117. (Copy at Appendix 23)

- 7 The following factors further suggest that the Proposed Transaction will not give rise to any conglomerate/portfolio effects:
- neither AMP NZ nor AXA NZ possesses market power in a particular product market – the merged AMP NZ/AXA NZ will not be able to use its market power in one product to foreclose competition in another;
 - the major competitors of the merged entity offer an equivalent range of products and advisory services – these competitors are able to replicate any potential bundle offered by the merged entity; and
 - the relatively low barriers to entry (other than for an owned wrap platform) to each of the relevant markets suggests that competitors that don't currently offer the same set of products would be able to begin supplying the necessary products in order to compete with the merged entity.
- 8 The ACCC in its Statement of Issues regarding the Proposed Transaction stated that:⁵²
- "Market inquiries have not raised conglomerate issues with respect to AMP's proposed acquisition of AXA."
- 9 As the ACCC has announced that it does not oppose the Proposed Transaction, it has clearly concluded that conglomerate effects are not an issue.

⁵² ACCC, Statement of Issues, AMP Limited – proposed acquisition of AXA Asia Pacific Holdings Limited, 10 February 2010 at paragraph 118. (Copy at Appendix 23)

Declaration

This Notice is given by AMP Limited.

Jack Regan, Managing Director, AMP Financial Services, hereby confirms that:

- all information specified by the Commission has been supplied;
- if information has not been supplied, reasons have been included as to why the information has not been supplied;
- all information known to the Applicant which is relevant to the consideration of this Notice has been supplied; and
- all information supplied is correct as at the date of this Notice.

Jack Regan undertakes to advise the Commission immediately of any material change in circumstances relating to the Notice.

Dated: 28 April 2010



I am a director/officer of AMP NZ and am duly authorised by AMP Limited to make this application/notice.

Schedules

Schedule 1

AMP NZ and AXA NZ

products

Wealth Protection/Insurance⁵³

Life Insurance

AMP NZ	AXA NZ
<p>Life Cover - This cover can help you to protect your family's lifestyle if you die or become terminally ill. Life Cover provides a lump sum payment to help cover funeral expenses, debts and provide for your family or business.</p>	<p>Life Protection - lump sum cash payment for your loved ones, to help cover debts and expenses if you're not there. How would those who depend on you cope financially if you died? AXA Life Protection can help ensure the big debts are paid off and immediate costs such as a funeral expenses are covered.</p>
<p>Crisis Cover – Makes life easier for you and your family to work through a major illness or injury. Crisis Cover provides a lump sum payment that will help cover extra expenses such as medical costs, childcare, rehabilitation costs, and help you and your family maintain your standard of living.</p>	<p>Trauma Protection - AXA Trauma Protection helps give you peace of mind, with a lump sum payment that you choose how to use. If you suffer sickness or injury, AXA Trauma Protection means you don't just need to rely on government health and compensation schemes. Use your payment to cover the costs of extra medical treatment, home help, mortgage repayments, or whatever else you decide.</p>
<p>Disability Cover - Makes life easier if you become totally and permanently disabled and are unable to work. Disability Cover provides a lump sum payment that will help with extra expenses such as medical costs, childcare, rehabilitation costs or making alterations to your home, and help you and your family maintain your standard of living.</p>	<p>Disablement Protection - A lump sum payment when you need it most, to spend any way you choose. AXA Disablement Protection can provide financial assistance if you are totally and permanently disabled and can't work.</p>
<p>Income Cover - Helps to protect your ability to earn an income, one of your biggest assets, and helps you and your family to maintain your standard of living if you become unable to work due to illness or injury. Income Cover provides you with a regular income through monthly payments of up to 75% of your income.</p>	<p>Income Protection - Protects your lifestyle should something unexpected put a stop to your income. If you suffer from a sickness or injury that prevents you from working, Income Protection can provide you with a regular income until you're back on your feet. AXA Income Protection can help make sure your bills can be paid and that your current standard of living isn't put at risk. There are different levels of income protection available, including a plan designed just for farmers.</p>
<p>Home Loan Cover - Helps to protect your family home if you suffer from illness, injury or die. Home Loan Cover will provide a lump sum payment or a monthly benefit to help your family maintain their monthly mortgage payments. It can also cover those payments if you are made redundant or bankrupt.</p>	
<p>Children's Cover - Helps to protect your children, should anything happen to them. Children's Cover offers two children's cover options: Children's Crisis Cover – provides a lump sum payment to help you and your child cope if your child suffers a major illness or injury. Children's Future Life Cover – provides life cover for your child, in the future, based on their health today.</p>	
<p>Independence Cover - Ensures that you are able to maintain your independence should you become totally and permanently disabled. AMP Lifetrack Independence Cover provides you with a lump sum payment to help maintain your standard of living including extra expenses such as medical costs, rehabilitation costs or making alterations to your home.</p>	

⁵³ The information in this section is as set out on the AMP NZ website (www.amp.co.nz) and the AXA NZ website (www.axa.co.nz).

General Insurance

AMP NZ	AXA NZ
Home Insurance - Cover for your house and its fixtures and fittings.	
Contents/Jewellery Insurance - Cover may include all your personal belongings, including furniture, furnishings, appliances, clothes and valuables.	
Motor Vehicle Insurance - Cover may include: <ul style="list-style-type: none"> • loss or accidental damage to your vehicle. • damage you might cause to someone else's vehicle. 	
Travel Insurance - Cover may include medical costs, baggage, transport delays, trip cancellation and rental vehicle excess while travelling overseas.	
Marine Insurance - Cover for trailered craft and jetskis.	
Health Insurance - Health insurance helps ensure you have immediate access to the right healthcare services when you need them. It provides an alternative way of paying for treatment so you can use private services and seek advice if the unexpected happens.	

Business Insurance

AMP NZ	AXA NZ
Business Cover - If you are a business owner and your business income depends on you being able to work, your business could suffer significantly if you experience an illness or injury. Business Cover provides an amount to reimburse eligible business overheads, including the extra costs of a replacement, while you are unable to work.	Business Expenses Protection - designed to protect your business, not just your income. On its own, or when combined with Income Protection, Business Expenses Protection gives you up to 100% cover for your eligible Business Expenses, or the costs incurred in engaging a Locum to replace you in the business while you are Totally Disabled.
Business Survival Cover - Provides your business with a monthly benefit if you, or a key person in your business, are unable to work because of illness or injury. You choose how to best spend this money to keep your business running smoothly. As the amount of your monthly payment is agreed at the time you take out Business Survival Cover, you're given the certainty of knowing exactly how much you would receive come claim time.	
Commercial Insurance - cover for your business premises, equipment, vehicles and stock	
Property Damage Insurance - covers you for accidental loss or damage to your insured property at your business premises	
Business Interruption Insurance – covers you for lost business profit as a result of accidental loss or damage to your property	
Machinery Breakdown Insurance – covers you for sudden and accidental breakdown of your electrical and mechanical plant	
Goods in Transit – covers you against accidental loss or damage to your property while in transit in New Zealand	
Motor Vehicle Comprehensive Insurance – covers you against accidental loss or damage to your vehicles	

AMP NZ	AXA NZ
<p>Liability Cover – provides professional indemnity cover and Directors and Officers cover. These products are specifically designed for your business through our relationship with market specialist, Vero Liability Insurance Ltd.</p>	
<p>Farm Cover – All farm assets can be protected in one policy that covers buildings, plant equipment and vehicles. All farm assets can be protected in one policy that covers buildings, plant equipment and vehicles.</p>	
	<p>Employee protection - AXA Business Insurance provides a comprehensive range of Employee Protection products that are good for your business, because it can help you take care of one of your most important assets - your people.</p> <p>If you have more than 10 employees, it's simple to add Life Insurance, Disablement Insurance, Income Continuance Insurance and Trauma Insurance as part of their remuneration package.</p>

Wealth Management/Savings & Investment

AMP NZ	AXA NZ
<p>AMP Personal Unit Trust – A pooled investment offering a range of portfolio options</p> <p>These include:</p> <ul style="list-style-type: none"> • <i>diversified portfolios</i> offering a range of investment management styles from conservative to high growth; and • <i>Sector specific portfolios</i> offering a range of single sector funds such as NZ Shares, or NZ Fixed Interest from a variety of Fund Managers including: AMPCI, ING, Bernstein Global and Alliance Capital. 	<p>Client Unit Trust – Diversified Portfolios offer Conservative, Balance or High Growth options. Sector Portfolios offer Cash, NZ Fixed Interest, International Fixed Interest, Listed New Zealand and Australian Property, Listed International Property, New Zealand and Australian Shares and International Shares.</p> <p>These are looked after by a variety of Fund Managers including: AllianceBernstein New Zealand, PIMCO, BlackRock, Mint Asset Management, LaSalle Investment Management, CBRE, Brook Asset Management, State Street Global Advisers and Legg Mason.</p>
<p>Personal Superannuation – AMP Personal Superannuation Scheme. The Scheme offers a pooled investment having exposure to a range of asset classes for the purposes of retirement savings.</p> <p>There is a choice of:</p> <ul style="list-style-type: none"> • <i>Lifesteps Portfolio</i> which provides you with the simplicity of one investment choice that adjusts over time. It automatically takes a less risky approach as you get older, offering greater stability in the years before retirement; • <i>Eight diversified portfolios</i> diversifying your investment across asset classes and investment management styles; and • <i>Fourteen sector portfolios</i>. 	<p>Personal Superannuation – A division of Superannuation Master Trust. Personal Superannuation is a comprehensive, flexible retirement savings plan designed to help you save easily, and live comfortably when you retire. The Scheme is a Portfolio Investment Entity ("PIE") which means tax is paid on your behalf at your Prescribed Investor Rate ("PIR").</p> <p>There is a choice of:</p> <ul style="list-style-type: none"> • <i>Three diversified portfolios</i>. Each portfolio has a ready-made, well-diversified asset mix – so all the complex sector selection work has already been done to provide you with a simple, straightforward approach to investing; and • <i>Eleven sector portfolios</i> for AXA Personal Superannuation and ten sector portfolios for AXA Business Superannuation which enable allocation of funds to individual fund managers across a range of investment sectors.
<p>Corporate Superannuation - The New Zealand Retirement Trust (NZRT) is a flexible workplace-based retirement plan designed to meet your retirement needs. Since it was introduced the NZRT has become the largest multi-employer superannuation master trust in New Zealand. A Superannuation Scheme set up under the NZRT operates on a defined contribution basis and all benefits are provided as cash lump sums.</p>	<p>Corporate Superannuation – A division of Superannuation Master Trust. From ready-made portfolios to 'build-your-own', AXA Business Superannuation is designed to be flexible and comprehensive, and let you to choose the contribution options and payment methods that best suit your business and your employees.</p> <p>There is a choice of:</p> <ul style="list-style-type: none"> • Three diversified portfolios. Each portfolio has a ready-made, well-diversified asset mix – so all the complex sector selection work has already been done to provide you with a simple, straightforward approach to investing. • Eleven sector portfolios for AXA Personal Superannuation and ten sector portfolios for AXA Business Superannuation which enable allocation of funds to individual fund managers across a range of investment sectors.
<p>Kiwisaver - The AMP NZ KiwiSaver Scheme is designed to make KiwiSaver easy. You can simply choose to invest in AMP NZ's Lifesteps Investment Programme or if you'd like to choose your own investment profile, we have a range of investment options for you to select from. These include funds managed by experienced fund managers, allowing you to diversify your investment across both asset classes and investment management styles.</p>	<p>Kiwisaver - AXA NZ is a Government selected default KiwiSaver scheme provider, and being with the AXA KiwiSaver Scheme means that your savings are looked after by one of the world's largest and most experienced financial services groups. The AXA KiwiSaver Scheme offers five investment portfolios – each portfolio invests in a mixture of different types of investments, from shares to fixed interest investments.</p>

AMP NZ	AXA NZ
<p>Financial Planning - Whether you want to completely review your finances and develop a comprehensive financial plan, or you just want advice on what to do with your insurance cover or how to invest some money, an AMP Adviser can help you. AMP Advisers can provide professional, personalised advice on:</p> <ul style="list-style-type: none"> • accumulating wealth • protecting you and your family • living the lifestyle you want in retirement. 	<p>Financial Planning – Spicers (a AXA NZ subsidiary) provides our clients, which include individuals, trusts, corporates and charities with expert financial advice, strategies and investment management for long term growth.</p> <p>AXA NZ also provides financial advice through its network of aligned advisers</p>
<p>Specialist Investment Manager - AMP Capital Investors is a specialist investment manager with close to \$11 billion in funds under management. As a wholly owned subsidiary of AMP Limited, we operate with a pure investment focus, while benefiting from the resources of our parent. With a team investment professionals and a carefully selected global network of investment partners, we offer significant depth and breadth of investment expertise.</p>	<p>Specialist Investment Manager - AXA Global Investors manages over NZ\$4.5 billion of assets across the major asset categories of international equities, domestic equities, property, fixed interest and cash. Complete investment solutions include asset allocation, currency management and investment manager research. The AXA Global Investors product range also includes tax-exempt and superannuation funds.</p>

Lending

AMP NZ	AXA NZ
<p>Home Loans - With an AMP Home Loan you can choose between a variable rate, fixed rate, or revolving credit home loan, or a combination.</p>	
<p>Commercial lending - We can advise on the purchase or re-financing of retail, industrial or commercial property, and give you access to a range of lending options.</p>	
<p>Rural lending – Purchasing your first farm, re-developing an existing farm or purchasing new equipment or stock? Our rural lending specialists can discuss all the options with you.</p>	

Schedule 2

Competing Life

Insurance providers

(list is not exhaustive)

Source of information: Competitor websites

Competing Life Insurance providers⁵⁴

Provider	Product Range
<p>Kiwibank [underwritten by Kiwi Insurance Ltd] www.kiwibank.co.nz</p>	<p>Life Cover – Life insurance that provides a lump sum payment in the event of death.</p>
	<p>Life and Trauma Cover – In addition to Life cover, 25% will be paid of the life sum insured for a range of illnesses with trauma cover, including cancer, heart attack and stroke, even if you make a full recovery.</p>
	<p>Interim Accidental Death Benefit – Provision of free accidental death cover while your Life Insurance application is being assessed.</p>
	<p>Home Loan Insurance Death Cover – Protects you and your family if you become unable to pay your home loan. Repays your home loan if you die or become terminally ill.</p>
	<p>Home Loan Insurance Death & Disability Cover – Protects you and your family if you become unable to pay your home loan. In addition to death cover, your loan repayments will be paid for up to two years if you suffer from an illness or injury that stops you from being able to work.</p>
	<p>Credit Card Repayment Insurance – Outstanding credit card balance (up to \$30,000) paid in the event of illness or accidental injury, permanent disablement, critical illness, death, redundancy or bankruptcy.</p>
	<p>Business Insurance – Kiwibank has teamed up with business insurance specialist Marsh Limited to provide New Zealand businesses with comprehensive insurance cover. Features include liability protection, debt and income protection and key person insurance.</p>
<p>Medical Assurance Society [underwritten by Medical Insurance Society Ltd] www.medicals.co.nz</p>	<p>Life Insurance – Financial protection in the event of your death</p>
	<p>Easilife – Yearly renewable term life policy.</p>
	<p>Recovery – Pays a lump sum on diagnosis of cancer, stroke, heart attack, coronary bypass surgery, renal failure and many other major events (defined in the policy statement).</p>
	<p>Total Permanent Disability – Lump sum payment in the event of total and permanent disability. Available as an additional benefit to life insurance cover.</p>
	<p>Income Security – Weekly benefit of up to 75% of pre-disability income if you are unable to work due to sickness or injury. Support will continue until you are able to return to work or the end of a selected payment period.</p>
	<p>Income Security Business Expenses – If you are running your own business and unable to work, income security can also cover fixed overhead and continuing business expenses for up to 1 year.</p>

⁵⁴ Information obtained from provider websites.

Provider	Product Range
<p data-bbox="151 210 443 293">Tower [underwritten by Tower Insurance Ltd]</p> <p data-bbox="188 338 405 360">www.tower.co.nz</p>	<p data-bbox="472 210 826 232">Tower Life 360 Life Cover –</p> <p data-bbox="472 244 1426 322">Life cover provides a lump sum payment to your dependants, or other nominated beneficiaries in the event of your death. In the event of terminal illness (less than 12 months to live) Tower will pay the sum insured in advance of death.</p>
	<p data-bbox="472 344 874 367">Tower Life 360 Trauma Cover –</p> <p data-bbox="472 378 1426 488">Trauma Cover provides you with a one-off lump sum insurance payment if you're diagnosed for the first time with one of 38 defined conditions (as per the policy). You can use this lump sum on whatever you wish – whether for medical expenses, paying off the mortgage, taking the family on holiday, or anything you choose.</p>
	<p data-bbox="472 510 1043 533">Tower Life 360 Permanent Disability Cover –</p> <p data-bbox="472 544 1449 649">Permanent Disability Cover provides a one-off lump sum insurance payment in the event that you become totally and permanently disabled. The lump sum helps give you the flexibility to reduce debt or pay for the things you'll need for a better quality of life, such as a caregiver or nurse, or for medical costs.</p>
	<p data-bbox="472 669 1050 692">Tower Life 360 Mortgage Repayment Cover –</p> <p data-bbox="472 703 1449 837">Losing your home because you couldn't afford to pay the mortgage would be distressing, especially if it was because of an illness. Mortgage Repayment Cover is designed to make sure your mortgage repayments are covered by providing a direct insurance payment to your mortgage provider, so you can focus on recovering without worrying about losing your home.</p>
	<p data-bbox="472 860 1155 882">Tower Life 360 Children's Future Insurability Cover –</p> <p data-bbox="472 893 1417 1028">Your child may experience a health problem early in life, or decide to take up a high-risk occupation one day – both of which can prevent them from getting insurance cover when they're older. Children's Future Insurability Cover can help protect your child by giving them the choice of purchasing life cover in the future, without the need for further medical information.</p>
	<p data-bbox="472 1050 1011 1072">Tower Life 360 Income Protection Cover –</p> <p data-bbox="472 1084 1442 1140">Income Protection is a cover that pays a percentage of your lost income – helping you maintain your lifestyle and support your family until you are no longer disabled.</p>
	<p data-bbox="472 1155 1123 1178">Tower Life 360 Farmers Income Protection Cover –</p> <p data-bbox="472 1189 1449 1323">Your farm and your ability to run it generates the income you need to provide for you and your family. If you suffer from an unexpected health issue, the income you earn can be threatened. Farmer Income Protection Cover helps give you time to get back on your feet, paying an agreed monthly amount to you while you are unwell.</p>
	<p data-bbox="472 1346 890 1368">Tower Business 360 Life Cover –</p> <p data-bbox="472 1379 1449 1487">Life Cover provides a lump sum payment if you or a key team member is diagnosed with a terminal illness, or in the event of death. This insurance can be used to meet ongoing business expenses, providing vital time to make good decisions about the future of your business.</p>
	<p data-bbox="472 1505 938 1527">Tower Business 360 Trauma Cover –</p> <p data-bbox="472 1538 1436 1673">Trauma Cover provides a one-off lump sum payment on the diagnosis (of you or a key team member), for the first time, of a serious condition such as a heart attack, stroke or cancer (as per policy wording). This insurance can be used to meet ongoing business expenses, giving you vital time to make good decisions about the future of your business.</p>
	<p data-bbox="472 1695 1107 1718">Tower Business 360 Permanent Disability Cover –</p> <p data-bbox="472 1729 1442 1841">Permanent Disability Cover pays a lump sum in the event that you or a key team member becomes permanently disabled. This can be used to meet ongoing business expenses, giving you vital time to make good decisions about the future of your business.</p>
<p data-bbox="472 1863 986 1886">Tower Business 360 Key Person Cover –</p> <p data-bbox="472 1897 1449 2002">Key Person Cover provides a monthly payment if you or a team member who is critical to the continued operation of your business, is no longer able to work. This can be used to meet ongoing business expenses, giving you vital time to make good decisions about the future of the business.</p>	

Provider	Product Range
	<p>Tower Business 360 Business Expenses Cover – Business Expenses Cover helps protect the contribution that you make to your business, if an unexpected illness or injury occurs. You can use the monthly payments to cover your share of the business expenses or to pay a locum to run the business for you while you're off work. This eases the financial strain until you can get back to business as usual.</p>
<p>BNZ [underwritten by BNZ Life Insurance Ltd] www.bnz.co.nz</p>	<p>EasyCover – EasyCover is BNZ Life Insurance's automatic acceptance insurance product, designed to provide you with a quick and simple life insurance solution. EasyCover covers death and terminal illness only and is available to anyone aged between 16 and 64 (cover expires at 65). Lump sum payment in the event of death or terminal illness.</p> <p>LifeCare Death and Terminal Illness Cover – Provides a lump sum payment (tax-free under current law) should you die, or are diagnosed with a terminal illness and are not expected to live for more than 12 months. Available to customers aged 16 to 79. Once in place cover does not expire as long as premiums continue to be paid.</p> <p>LifeCare Critical Condition Cover – Pays a lump sum if you suffer one of the critical conditions listed below. Critical conditions covered are cancer, heart attack, stroke, open coronary artery bypass surgery, paralysis and dismemberment, kidney failure and major organ transplant. No critical condition claim will be paid if the insured is diagnosed with the critical condition earlier than 3 months after the commencement date or the date of reinstatement (whichever is the later). Option available up to age 60 and cover expires at age 65.</p> <p>LifeCare Permanent Disability Cover – Pays the lump sum amount specified in the schedule if you are permanently disabled and unable to ever again engage in employment. If your policy has a Temporary Disability cover the Permanent Disability will be assessed when the Temporary Disability benefit has continued for 24 months. If your policy does not include a Temporary Disability cover the Permanent Disability will be assessed after 6 months from the date of the disablement. Option available from age 18 to 55 and cover expires at age 60.</p> <p>LifeCare Debt Protection Disability Cover – Temporary Disability Cover provides choices to cover loan repayments - excluding credit cards and hire purchase. Lending must be primarily for personal, domestic or household purposes. Temporary Disability option will cover your monthly debt repayments in the event that you are unable to work as a result of illness or injury for up to two years. Payment of this benefit will be based on the average of your regular payments of principal (if any) and interest, up to the maximum Temporary Disability Sum Insured shown in the Schedule, that have been made in respect of the Loan in the six consecutive months immediately prior to you becoming temporarily disabled. With all Temporary Disability claims there is a 30 day "stand-down" period before loan repayments begin. Option available from age 18 to 55 and cover expires at age 60.</p> <p>LifeCare Debt Protection Redundancy Cover – Redundancy will meet your loan repayments for up to six months, if you are made redundant. Lending must be primarily for personal, domestic or household purposes. Payment of this benefit will be based on the average of your regular payments of principal (if any) and interest, up to the maximum Redundancy Sum Insured shown in the Schedule, that have been made in respect of the Loan in the six consecutive months immediately prior to being made redundant. With all Redundancy claims there is a 30 day "stand-down" period before loan repayments begin. Option available from age 18 to 54 and cover expires at age 55.</p> <p>CreditCare Plus – [underwritten by CIGNA Life Insurance NZ Ltd] If you are unable to work temporarily due to accident, illness or redundancy for 30 days or more, CreditCare Plus will pay a monthly benefit of 15% of your total debit balance (further conditions apply where there are pre-existing conditions). CreditCare Plus will pay 60% of the total debit balance if you are self-employed and involuntarily declared bankrupt, up to a limit of \$10,000.</p>

Provider	Product Range
	<p>In the event of your death, CreditCare Plus will pay the total debit balance in full to a maximum of \$50,000 (further conditions apply where there are pre-existing conditions).</p> <p>Business LifeCare Debt Protection Cover – Ensures money will be available when it is needed to assist with repayment of loans and other debts without jeopardising the business, in the event of the death or permanent disablement of the business owner.</p> <p>Business LifeCare Partnership and Shareholder Cover – Provides cash in the event of the death or permanent disablement of one of the partners or shareholders. This means the remaining partners or shareholders can retain control of the business while paying a fair price to the beneficiaries of the deceased. Partnership and Shareholder insurance is generally intended to be set up as part of a Buy/Sell Agreement between partners and shareholders.</p> <p>Business LifeCare Key Person Cover – Protects a business against the financial loss that it might incur in the event of the death or incapacity of a key employee. This type of insurance provides access to cash and can allow a business to find, train and integrate a suitable replacement, find a temporary replacement whilst a key person recovers from a critical condition, cover the loss of profits in the meantime and reassure creditors, customers and employees that the business is under control.</p>
<p>Fidelity [underwritten by Fidelity Life Assurance Company Ltd]</p> <p>www.fidelitylife.co.nz</p>	<p>Life Care – Lump sum payment in the event of death or terminal illness.</p> <p>Funeral Plan – Lump sum payment payable on death (up to \$12,000) to cover funeral expenses.</p> <p>Mortgage Protector – Lump sum payment in the event of death or terminal illness for the repayment of your mortgage. Optional benefits include monthly payments where you become totally unable to work as a result of illness or injury and lump sum payment in the event of permanent and total disability.</p> <p>Family Income Benefit – Payment of a monthly income in the event of your death or terminal illness. Optional benefits include monthly benefits in the event you become totally and permanently disabled or suffer from a range of critical conditions.</p> <p>Total and Permanent Disablement – Lump sum payment in the event of an injury or illness resulting in total and permanent disability.</p> <p>Critical Care – Predetermined lump sum payment in the event of diagnosis of certain serious medical conditions.</p> <p>Income Protection – Payment of either indemnity (of up to 75% of income) or agreed value in the event of sickness or disability.</p> <p>Business Disability Cover – Business Disability Cover will pay a business an agreed benefit for up to two years if a key person is totally disabled because of a continuing sickness or injury.</p> <p>Corporate Plan – Insurance offering predictable income, smooth handover and reserve of fund in the event of a shareholders incapacity (in the permanent or short to medium term) to work.</p>

Provider	Product Range
<p>Westpac [underwritten by Westpac Life-NZ-Ltd]</p> <p>www.westpac.co.nz</p>	<p>Life Insurance – Pays out a lump sum if you die. Can pay a lump sum in advance if you develop a terminal illness that will (on Westpac’s belief) result in your death within 12 months.</p>
	<p>Crisis Cover – May provide a lump sum payment if you develop one of ten defined critical health conditions.</p>
	<p>Disability Cover – Pays a monthly benefit up to 36 months if you can’t work due to total disability from illness or injury. This benefit can be up to 40% of your gross income.</p>
	<p>Redundancy/Bankruptcy Cover – Optional benefit available for those with disability cover. Pays a monthly benefit up to 6 months if you are made involuntarily redundant or bankrupt.</p>
	<p>Flexicover Home Loan Insurance – Can help repay your home loan if you die, or can't work because of terminal illness, total disability, redundancy, or bankruptcy.</p>
	<p>Bill Protection Insurance – If you can’t work for 30 days or more due to accident or illness, your selected benefit can be paid for up to 24 months. If you’re a salary or wage earner made involuntarily redundant for more than 30 days, your selected benefit can be paid for up to 6 months. If you’re self-employed and, if 6 months or more after your cover starts you are adjudicated bankrupt as a result of creditors applying to a New Zealand court, your selected benefit can be paid for up to 6 months.</p>
	<p>Income Protection Insurance – Insure up to 75% of your earned monthly income (before tax) in case you become totally disabled by illness and can’t work.</p>
	<p>Credit Card Insurance – Where total disability continues beyond 30 consecutive days, we can pay 10% of your outstanding credit card balance as at the date you stopped work or sought medical advice, whichever is earlier. This can be paid each month until you recover for up to 24 months (maximum coverage of \$50,000). If your disability becomes permanent, we may pay the remainder of the 24 month benefit as a lump sum.</p>
	<p>Business Life Insurance – Pays out a lump sum if you die. Can pay a lump sum in advance if you develop a terminal illness that will (on Westpac’s belief) result in your death within 12 months.</p>
	<p>Business Crisis Cover – May provide a lump sum payment if you develop one of ten defined critical health conditions.</p>
	<p>Business Disability Cover – Pays a monthly benefit up to 36 months if you can’t work due to total disability from illness or injury. This benefit can be up to 40% of your gross income.</p>
	<p>Business Redundancy/Bankruptcy Cover – Optional benefit available for those with disability cover. Pays a monthly benefit up to 6 months if you are made involuntarily redundant or bankrupt.</p>
<p>Business Income Protection Insurance – Insure up to 75% of your earned monthly income (before tax) in case you become totally disabled by illness and can’t work.</p>	

Provider	Product Range
<p style="text-align: center;">AIA [underwritten by American International Assurance Company (Bermuda) Ltd]</p> <p style="text-align: center;">www.aia.co.nz</p>	<p>Life Cover – Life Cover can provide a lump sum payment, regular monthly payments or a combination of both. Additionally, if you are diagnosed with a terminal illness you can elect to have your benefit paid prior to your death. You then have the option of using the money to ensure quality time with your family before you die. Includes a funeral benefit entailing an advanced \$10,000 payment to cover funeral expenses.</p> <p>Total Permanent Disability Cover – Total and Permanent Disability Cover can provide a lump sum payment should you suffer total and permanent disability.</p> <p>Trauma Cover – A lump sum that is payable if you suffer a specified critical illness or accident while the policy is active.</p> <p>Income Protection Cover – If due to sickness or accident you are unable to work in your own occupation for more than 10 hours a week, Income Protection Cover can provide a monthly income up to 75% of your pre-tax income. When applying for cover you can also select either an agreed value or indemnity value policy.</p> <p>Business Debt Protection – There are several options when looking for debt protection cover, including Trauma Cover, Total and Permanent Disability Cover and Life Cover. It is important to identify the cover that is most appropriate for your business situation, so that you get the most value for your money.</p> <p>Key People Protection – If a key person dies or is disabled, insurance can provide a benefit to assist with the running of your business.</p> <p>Shareholder Protection – If one of the partners or shareholders were to die or become seriously disabled an effective business succession plan can ensure that future control of the business stays with those in the business. It can provide the funds and mechanism for the sale and purchase of a business interest and help find a future owner or owners for the business. It can also provide the means whereby an existing business owner can receive a fair price for his or her business interest. There are several options when looking for shareholder protection, including Trauma Cover, Total and Permanent Disability Cover and Life Cover.</p>
<p style="text-align: center;">Asteron [underwritten by Asteron Life Limited]</p> <p style="text-align: center;">www.asteron.co.nz</p>	<p>Smartlife – Lump sum payment in the event of death or terminal illness. Includes an advanced payment for the cover of funeral expenses. Optional cover where you suffer from a illness or injury leaving you totally and permanently disabled. Optional cover includes a lump sum payment in the event of serious illness or injury for your listed children.</p> <p>SmartLiving – If you suffer from certain medical conditions or undergo certain procedures and you survive at least 14 days from the date of diagnosis or surgery, you will receive a lump sum payment.</p> <p>Income Protection – Provides a regular benefit payment in the event you are unable to work due to sickness or injury.</p> <p>Smartlife – Smartlife also provides a business option including life, total and permanent disablement and accelerated trauma cover for you or key persons in your business.</p>

Provider	Product Range
<p data-bbox="165 210 427 293">ANZ/ING [underwritten by ING Life NZ Ltd]</p> <p data-bbox="145 338 448 394">www.nationalbank.co.nz www.anz.co.nz</p>	<p data-bbox="472 210 628 232">Life Cover –</p> <p data-bbox="472 244 1430 327">Life Cover pays a lump sum benefit in the event of the death of the Life Assured. This includes a lump sum payment following the diagnosis of a terminal illness and an accelerated \$10,000 benefit to cover funeral expenses.</p>
	<p data-bbox="472 344 730 367">Life Income Cover –</p> <p data-bbox="472 378 1409 434">Life Income Cover provides for a regular payment to be made in the event of the death (or diagnosis of a terminal illness) of the Life Assured.</p> <p data-bbox="472 445 1091 468">The term of the benefit can range from 5 to 30 years.</p>
	<p data-bbox="472 488 679 510">Income Cover –</p> <p data-bbox="472 521 1434 604">Income Cover Agreed Value ensures you'll receive an agreed monthly sum in the event of a disability, irrespective of your income at the time the disability occurred. This option is ideal if you're self-employed with a fluctuating income.</p> <p data-bbox="472 616 1418 658">Income Cover Indemnity pays a maximum of 75% of your income at the time the disability occurred, limited by a maximum sum insured.</p>
	<p data-bbox="472 680 676 703">Trauma Cover –</p> <p data-bbox="472 714 1422 797">Trauma Cover pays a lump sum for critical health events like heart attack, stroke, cancer, major burns, paralysis, amputation or being diagnosed with multiple sclerosis.</p> <p data-bbox="472 808 1425 913">If you endure an accident or illness that results in life support treatment for more than 3 days or intensive care treatment for more than 5 days, and you survive for more than 14 days after coming off all life support equipment, the full Trauma Cover benefit will be paid.</p> <p data-bbox="472 925 1398 994">For an additional cost, you can add children to your Trauma Cover, with no restriction on the conditions they are covered for. Each child is protected with a \$20,000 benefit.</p>
	<p data-bbox="472 1014 868 1037">Complete Disablement Cover –</p> <p data-bbox="472 1048 1401 1104">Complete Disablement Cover provides a lump sum payment if you're completely disabled and unlikely to ever work again.</p>
	<p data-bbox="472 1122 887 1144">Business Assurance Life Cover –</p> <p data-bbox="472 1155 1445 1211">Provides a lump sum in the event of the death or terminal illness of the Life Assured – you, your key people or fellow shareholders.</p>
	<p data-bbox="472 1229 938 1252">Business Assurance Trauma Cover –</p> <p data-bbox="472 1263 1442 1375">Pays a lump sum in the event of a critical medical condition or trauma, such as heart attack, stroke, cancer, major burns, paralysis, amputation or being diagnosed with multiple sclerosis. A claim on this cover will automatically reduce your Business Life Cover by the same amount.</p>
	<p data-bbox="472 1391 1126 1413">Business Assurance Complete Disablement Cover –</p> <p data-bbox="472 1424 1437 1536">Complete Disablement Cover provides a lump sum payment if the person insured is completely disabled and unlikely to ever work again. A payment under complete disablement cover will automatically reduce your Business Life Cover by the same amount</p>
	<p data-bbox="472 1552 1136 1574">Business Assurance Small Business Income Cover –</p> <p data-bbox="472 1585 1430 1641">Provides a monthly agreed value income benefit to be paid in the event the person insured is unable to work because of a disability.</p>
	<p data-bbox="472 1659 976 1682">Business Assurance Overheads Cover –</p> <p data-bbox="472 1693 1422 1805">This valuable cover allows a small-to-medium business to receive a monthly payment if a key person is disabled and unable to work. It can be used in various ways - to cover a range of fixed overheads, or hire a locum thus ensuring your business survives while you recover.</p>
<p data-bbox="472 1821 689 1843">Business Extra –</p> <p data-bbox="472 1854 1437 2022">A unique concept in business protection by providing certainty that the risks of losing your key people through health reasons can be properly identified and the creation of a contingency plan to ensure the survival of your business in the face of such risks. By paying an agreed lump sum to the appropriate beneficiary at agreed periods of time your business has the certainty of having the financial resources to cope with the loss of a key person through health risks.</p>	

Provider	Product Range
<p>Sovereign [underwritten by Sovereign Assurance Company Limited]</p> <p>www.sovereign.co.nz</p>	<p>TotalMaxCare Life Cover Personal – Pays a lump sum when you die, up to 100% of the Life Cover benefit can be paid if you are diagnosed as being terminally ill and are likely to die within 12 months of the diagnosis. A bereavement payment of \$10,000 can be paid as soon as Sovereign is notified of your death.</p>
	<p>TotalMaxCare Family Protection – TotalCareMax Family Protection takes care of your family’s financial security by providing a monthly income if you die. You can select an amount that will cover expenses such as mortgage repayments, food, clothing and schooling.</p>
	<p>TotalMaxCare Total Permanent Disablement Personal – A lump-sum payment for total permanent disablement due to accident or illness.</p>
	<p>TotalCareMax Disability Income Protection – Receive up to 75% of your pre-disability income, paid monthly, to keep your household running while you recover.</p>
	<p>TotalCareMax Essential Disability Income Protection – Receive up to 75% of your pre-disability income, paid monthly, if you are disabled as a direct result of one of 41 serious conditions.</p>
	<p>Living Assurance Benefit Comprehensive – Covers 42 specified critical conditions (listed in the policy) for the full sum assured.</p>
	<p>Living Assurance Essential – Living Assurance Essential covers 12 specified critical conditions for the full sum assured (others are covered for partial payment).</p>
	<p>Accidental Death Cover – Provides a lump sum payment in the event of accidental death.</p>
	<p>TotalMaxCare Life Cover Business – Pays a lump sum when you or a nominated key person die, up to 100% of the Life Cover benefit can be paid if you or your key person are diagnosed as being terminally ill and are likely to die within 12 months of the diagnosis.</p>
	<p>TotalCareMax Business Total Permanent Disablement (TPD) Cover – Provides a lump sum if the you or a key person insured becomes totally and permanently disabled. This money can be used to keep the business operating.</p>
	<p>TotalCareMax Business Living Assurance – Pays a lump sum of up to \$2 million, depending on the level of cover you choose, if the you or a key person insured suffers from a specified condition.</p>
	<p>TotalCareMax Business Continuity – Provides a choice of options to protect your business from the financial consequences of sickness and injury. The cover you choose can provide either a monthly income, or reimburse the cost of employing a replacement. Cover options include:</p> <ul style="list-style-type: none"> • Business Overheads – for the everyday running expenses of a business. • Locum Cover – cover for the reasonable costs of recruiting a locum to carry on the business while the insured is totally disabled. • Key Person Disability Income protection - Provides a monthly benefit (in arrears) to compensate for the loss of a key person.
	<p>Business Income Support – This type of insurance is for self-employed people in four specific occupation classes who need to protect their ability to earn, without having to provide full financial evidence. It is a straightforward ‘agreed value’ disability income policy, which means the monthly benefit is based on an approved maximum benefit.</p>

Schedule 3

Funds Management

Providers

- Source of information:
- Competitor website searches;
 - Fundsourc

Funds management providers

Provider	Retail Funds	Wholesale Funds	KiwiSaver Scheme	Corporate Superannuation
1. AMP	√	√	√	√
2. ANZ Bank/ING	√ (ING)	√	√	
3. Aon New Zealand			√	√
4. ASB Group Investments	√	√	√	√
5. Asteron Life	√ (Tyndall)	√	√	
6. AXA New Zealand	√	√	√	√
7. Bank of New Zealand	√ (AXA)			
8. Brook Asset Management			√	
9. BT Funds	√	√		
10. Certus				√
11. Central Brokers				√
12. Civic Assurance			√	√
13. Craigs Investment Partners			√	√
14. Direct Broking Limited	√			
15. Equitable Group	√			
16. Fidelity Life	√		√	√
17. First Financial Planning				√
18. First NZ Capital Investment Management			√	
19. Fisher Funds Management	√	√	√	
20. Forsyth Barr	√	√	√	
21. Funds Administration New Zealand	√			
22. Funds Managers Central	√			
23. Gareth Morgan			√	
24. Goldman Sachs JB Were	√			
25. Grosvenor Financial Services			√	
26. Guardian Trust	√ (Tyndall)	√		
27. Huljich Wealth Management	√		√	
28. IRIS				√
29. Kiwibank	√	√		
30. Legal & Professional Investment			√	
31. Macquarie Investment Management	√			

Provider	Retail Funds	Wholesale Funds	KiwiSaver Scheme	Corporate Superannuation
32. Medical Assurance Society NZ			√	
33. Mercer (NZ)	√	√	√	√
34. Milford Asset Management	√		√	
35. Mint Asset Management	√			
36. Mortgage Fund Managers	√			
37. Mutual Superannuation Fund			√	
38. National Bank	√ (ING)		√	
39. New Zealand Harbours Superannuation Plan			√	√
40. NZ Assoc of Credit Unions			√	
41. NZ Anglican Church Pension Board			√	√
42. Perpetual Trust	√			
43. Premier Financial Group				√
44. Professionals Group Holdings			√	√
45. Public Trust	√	√		
46. Real Property KiwiSaver Limited			√	
47. Russell Investment Management	√	√		
48. SBS Bank			√	
49. Smartshares Limited	√		√	
50. Sovereign	√ (ASB)	√ (ASB)		
51. Staples Rodway			√	
52. SuperLife			√	
53. TOWER		√	√	√
54. Tyndall	√			
55. Westpac	√ (BT)	√ (BT)	√	

Schedule 4

Financial Advisers

(registered with the Institute of Financial Advisers)

- Source of information:
- www.ifa.org.nz
 - Competitor website searches

Key

Region Code	Branch Location	Region Code	Branch Location
A	Auckland	O	Otago
BP	Bay of Plenty	S	Southland
C	Canterbury	TS	Tasman
CR	Central Region	TN	Taranaki
HB	Hawkes Bay	W	Wellington
M	Manawatu	WK	Waikato
N	Northland	WR	Wairarapa

Provider	Region	Owned	Aligned	Non-aligned
1. Absolute Insurance Ltd	C			✓
2. ACM Life Planning	A			
3. Active Investment Management Ltd	A			
4. Acumen Inc Ltd	A			
5. Advance Planning Ltd	M			
6. Advice Financial	A		✓ (Sovereign)	
7. AdviceFirst Limited	A, W, S, WK		✓ (AXA)	
8. Advisa Investment & Business Consultants	A			
9. Adviserlink	A			
10. Affinity Financial Services Ltd	A			
11. AFS Group Limited	TS			
12. AIS Financial Services	A			
13. Aitchison Financial Solutions Ltd	W			
14. AKA Financial Solutions	W			
15. Alan Daysh & Associates	A			
16. Alderton Associates	A			
17. Allfinanz	W			
18. Altus Financial Services Ltd	O		✓ (AMP)	
19. Amicus Group Ltd	C			
20. AMP	HB		✓	
21. AMP Financial Services	A, C		✓	
22. AMP First Financial	WR		✓ (AMP)	
23. AMP Genesis	A		✓	
24. AMP Harbour Capital Financial Services	W			
25. AMP Otago Financial Services	O		✓ (AMP)	
26. AMP Prime Financial Solutions	M		✓	
27. AMP Services (NZ) Limited	A		✓	
28. AMP South Financial Services	S			
29. AMP Viking Financial Services Ltd	M			
30. AMP Waikato Financial Solutions	WK			
31. Andersen & Associates	A			
32. Andrew Webster Ltd	C			✓
33. ANZ Financial Advisory Services	A, W	✓		
34. ANZ National Bank	A, W, BP, HB, C, N	✓		
35. ANZ Wealth	A	✓		
36. AON Consulting	A, WR			
37. AON Financial Services	HB, S, TN, TS	✓ (Aon)		
38. Apex Advice Group Ltd	A, HB			✓
39. Apex Financial Planning Ltd	A			
40. Aquantine Ltd	A			

	Provider	Region	Owned	Aligned	Non-aligned
41.	Arbitrage Wealth Management Limited	W			
42.	Argent Financial Services	C			
43.	Argyle Financial Services Ltd	W			
44.	Ark Financial Group Limited	C			
45.	ASB Bank Investments	A, W, BP, HB, C, M, WK, O, TS	✓		
46.	Asia Insurance Advisers Ltd	A			
47.	Aspire Financial Solutions	BP		✓ (AMP)	
48.	Assura Group Ltd	W			
49.	Assurance Financial Services Ltd	A			
50.	Assured Financial Peace Ltd	A			
51.	Associate Key Vision Ltd	WK			
52.	Asteron Life Ltd	A, M	✓		
53.	Astute Financial Services	A			
54.	Auckland City Brokers Ltd	A			
55.	AXA	W			
56.	Bank of New Zealand	A, W, BP, HB, C, M, N, WK, O, TN	✓		
57.	Barnes Mossman Financial Services	HB			
58.	Bay Financial Centre	HB			
59.	Bayliss Financial Services	S			
60.	Bill Boyd & Associates	M			
61.	Birch Kerr Amy	WR			
62.	Bennetts Financial Services Ltd	S		✓ (ING)	
63.	Bob Edwards Investment Planning Ltd	C		✓ (Prospero)	
64.	Brackenridge Total Financial Solutions Ltd	A			
65.	Bradley Nuttall Ltd	A, C, N, O			✓
66.	Bramwell Brown Limited	WR			
67.	Branson & Associates Ltd	C			
68.	Brasscorp	A			✓
69.	Brian Kilworth Financial	C			✓
70.	Brian Trevathan Insurance Services	C			
71.	Bright Financial Limited	A			✓
72.	Britannia Financial Services	A			
73.	Broadbase Central Ltd	O			
74.	Broadbase International Ltd	C			
75.	Bruce Flay & Associates Ltd	TN		✓ (AMP)	
76.	BT Funds	A	✓ (Westpac)		
77.	Byrne Financial Services	A			
78.	Caledonian Financial Services	A			
79.	Camelot	A, W, BP, S, TN, TS		✓ (Grosvenor)	
80.	Cammell Consulting Group	A			✓
81.	Cana Financial Services	A		✓ (AMP)	
82.	Canterbury Financial Services	C			
83.	Capability Services Ltd	W			
84.	Capital Investment Planning Ltd	C			✓
85.	Capricorn Financial Services Ltd	N			
86.	Catholic Diocese	C			
87.	Celtic Financial Services	M			
88.	Certus Financial Group	A			
89.	Charlton Quinn & Associates	W			
90.	Chirs Pope & Associates Ltd	C			

	Provider	Region	Owned	Aligned	Non-aligned
91.	Chris MacKay Financial Planning	W			✓
92.	Chris Pope & Associates	C			
93.	Cleland Hancox Ltd	WK			
94.	Clapham & Associates Ltd	A			
95.	Cliffe Consulting Limited	A			✓
96.	Cocker & Associates Ltd	C			
97.	Cole Murray Group Ltd	HB		✓ (AXA)	
98.	Cooney Financial Services Ltd	WK			
99.	Coltman Investment Services	A			
100.	Combined Financial Services	C			
101.	Commonsense Concepts Ltd	HB			
102.	Consult Heather Ltd	C			
103.	Coralie Yorke Financial Services Ltd	M			
104.	Core Wealth Solutions	M		✓ (BDO Spicers)	
105.	Cornwall Capital Management	BP			
106.	Craigs Investment Partners	A, HB, C, O			✓
107.	Cranfield Insurance & Investments Ltd	W			✓
108.	Crest Financial Brokers	W			
109.	Crombie Lockwood (NZ) Ltd	A			
110.	David Ogg & Associates	S			
111.	David Yates Financial Services	A			
112.	DCW	A			✓
113.	Direct Insurance & Financial Services Ltd	WK			
114.	Decision Makers Ltd	A, W, BP, M, WK			✓
115.	Dean Morgan Financial Services Ltd	WK			
116.	Dennis Green & Associates Ltd	A			
117.	Diamond Insurance Services	A			
118.	Dickens & Associates	A			
119.	Diversified Investment Strategies	A			✓
120.	Doug Smith & Associates	M			
121.	DP Menzies & Associates	A			
122.	Duncan Cotterill Asset Management	C			
123.	Duncan Cotterill Investment Advisers	TS			
124.	Dunlop Insurance & Investment Ltd	TN			
125.	Dynamics Financial Services NZ Ltd	A, N		✓ (AMP)	
126.	Eastern Asset Management	HB			
127.	Elkington Associates	W			
128.	Employee Benefits Consulting Limited Studio 1	A			✓
129.	Endeavour Financial Planning	A			
130.	Equity Insurance Brokers	A			
131.	Evoke Strategic Business Coaching and Financial Planning	N			✓
132.	Excel Financial Services Ltd	A			
133.	Fairway Insurance Services	M			
134.	Farmers Mutual Group	C			
135.	Fidelity Life Assurance Company Ltd	A, W, C			
136.	Financial Edge Planning & Implementation Ltd	C		✓	
137.	Finance & Investment 4 U	H			✓
138.	Financial Fitness	W, WR			
139.	Financial Frontier Ltd	W			
140.	Financial Gain NZ	A			
141.	Financial Growth Centre Ltd	A			

Provider	Region	Owned	Aligned	Non-aligned
142. Financial Independence	BP			
143. Financial Lifestyle	A			✓
144. Financial Management NZ Ltd	C			
145. Financial Prosperity Partners	W			
146. Financial Strategies	C			
147. Financial Strategies Nelson Ltd	TS			
148. Financial Success Group (2008) Ltd	A			
149. Financial Wellbeing Ltd t/a Key Vision Hamilton	WK			
150. First Capital Financial Services Ltd	C			
151. First New Zealand Capital	W		✓ (Credit Susie Group)	
152. Fiona Judd – Investment Fiduciary	WK			✓
153. Forsyth Barr Ltd	A, W, WK, O, TN	✓		
154. Forte Group	A			✓
155. FSB4 Financial	W			
156. Funds Administration New Zealand Ltd	C, S		✓ (SBS)	
157. Future Financial Solutions	O		✓ (AMP)	
158. Future Life Solutions Ltd	C			
159. G3 Financial Freedom	BP			
160. G5 Financial Services Limited	C		✓ (AMP)	
161. Gaynor Parker Ltd	C			
162. Generation Insurance	A			✓
163. Genesis Financial Planning and Insurance	A			
164. George Harris Associates	A			
165. Gerald Gates & Associates Ltd	C			
166. Get Smart Financial Solutions Ltd	A			
167. GEM Solutions Limited	S			
168. Graeme Menzies & Associates	WK			
169. GH Professional Financial Solutions Ltd	A			✓
170. GHM Consulting (2002) Ltd	A			✓
171. Gillian Mather – Legal Financial Services Ltd	C			
172. Gladstone Cycles	S			
173. Global Financial Services Ltd	A			
174. Goldridge Wealth Management	A, W, BP, HB, C, M, TS			✓
175. Goldsworthy Financial Services	WK			✓
176. Gould Wealth Management	S		✓ (AXA)	
177. GR & Condliffe & Associates	C			
178. Grant Taylor Insurances	W			
179. Grant Thornton Wealth Management	A			✓
180. Gunson McLean Financial Advisory Services	A			✓
181. Hamiton Steele Ltd	TN			
182. Hannan & Dodd Tower Financial Advisory Services	WK		✓ (Tower)	
183. Hannifin Financial Services Ltd	A			
184. Harbour Capital Financial Services	W			
185. Hallam Jones Insurance & Superannuation Ltd	WK		✓	
186. Hardy & Hiscoke (2008) Ltd	C			✓
187. Hart Financial Services	C			
188. Hassan & Associates	A			✓
189. Health Professional Services Ltd	C			
190. Health & Income Brokers Ltd	WK			✓

Provider	Region	Owned	Aligned	Non-aligned
191. Health Wealth Preservation Ltd	A			
192. Heartland AMP	TN		✓ (AMP)	
193. Heartland Insurance & Investment	TN		✓ (AMP)	
194. Henderson Advisory Services	C			
195. Ian H Clark Insurance Broker	O			
196. Ian Handisides Insurances Ltd	A			✓
197. Imperial Investment Services Limited	TN		✓ (Lodestar)	
198. Independent Investment Brokers 1993 Ltd	A			
199. ING Life	A	✓		
200. Insurance and Investment Professionals Ltd	A			
201. Insurance and Investment Services	HB			
202. Insurance and Lending Group	A		✓ (AMP)	
203. Insurance Brokers of NZ Ltd	WK			
204. Insurance Matters	A			
205. Insurance People	A			✓
206. Insurance Plus	WK			
207. Insure Secure	A			✓
208. Integrate Financial Services Ltd	A, M			✓
209. Investment Management Solutions	BP			
210. Investfirst Ltd	S			
211. Investment World Ltd	C			
212. Investor Link Securities	C, O			
213. Jarrett & Associates	M			
214. Jensen Five Ltd	W			
215. Johanna Pansier Insurance	A			
216. JGFP Ltd	WK			
217. John Cameron Insurance & Financial Services	A			
218. John Heritage-Associates	WK			
219. John Porter Financial Services Ltd	A			
220. John R Bunny Agencies Ltd	WR		✓ (AMP)	
221. John Richards Insurance & Financial Services	A			
222. John Walsh & Associates	C			
223. John Wood & Associates Ltd	C			✓
224. JRA Associates Ltd	A			
225. Juliet Pratt & Associates	A			
226. Jill Johnston Insurance Brokers Ltd	WK			✓
227. Kelly & Associates	M			
228. Kerry Kirk Financial Services Ltd	WK		✓ (AMP)	
229. Kerstin Bain Insurance Advisers Ltd	C			✓
230. Kevin McGavin & Associates Ltd	W			
231. KB Financial Solutions Ltd	WK			
232. KG Murtha & Associates	C			
233. Kilworth Financial Ltd	C			
234. Kirschberg Financial Services	A			
235. Kiwibank	W, C	✓		
236. Leech & Partners	C			✓
237. Lewis Limited	A			
238. Lexon Financial Planning	A			✓
239. Liberty Financial Solutions	N			
240. Life Risk Ltd	C			
241. Lifeguard Brokers	N			
242. Lifestyle Financials (BOP)	BP			
243. Lifestyle Planning	A			

	Provider	Region	Owned	Aligned	Non-aligned
244.	Life-Time Financial Group Ltd	A, BP			
245.	Lifetime Financial Security NZ Ltd	C, TS			
246.	Link Insurance Services	A			
247.	Living Solutions	A			
248.	Lyford Asset Management Limited	W			✓
249.	Macquarie Group Holdings NZ	A, W, C	✓		
250.	Mainland Financial Planning Ltd	C			
251.	Mainstay Financial Services Ltd	A			✓
252.	Manawatu Financial Services Ltd	M			
253.	McKenzie Financial Planning	WK			
254.	Marie Quinn Financial Services	A			
255.	Marlborough Financial Services	TS			
256.	Martin Hogan Financial Services Ltd	M			
257.	Maurice Woodham Ltd	C			
258.	Maxim Risk Limited	W			
259.	McCartney Woolford	M			
260.	McLay & Co	A			✓
261.	Medical Assurance Society	C	✓		
262.	Medical Financial Advisory Services	A			
263.	Meridian Brokers Ltd	W			
264.	Milestone Financial Services	M			
265.	Milestone Financial Services	BP, TN, WR			✓
266.	Milestone Financial Services Ltd	W			
267.	Milford Asset Management	A			✓F
268.	Milner Financial Limited	C			
269.	Mitre Wealth Management	S			
270.	Mobile Insurance & Financial Services	A			
271.	Momentum Risk Ltd	A			
272.	Momentum Wealthcare Ltd	TS			
273.	Moneta Financial Group	C			
274.	Money Concepts	W, CR			✓
275.	Money Management Strategies	A			
276.	Money Matters NZ	A			✓
277.	Moneybox	W			
278.	Money Managers	WK			
279.	Moneymax	W			
280.	Money Solutions	WK			
281.	Moneyworks	W, BP			✓
282.	Montage Financial Services Ltd	A			
283.	Morgan Taylor	A			
284.	Myles Wealth Management	C, O			✓
285.	Napier Financial Services	HB			
286.	Naylor Lawrence & Associates	M			
287.	Netwealth	A			
288.	Newton Ross Limited	A			✓
289.	Nigel Tate Financial Planning	WK			
290.	Next Financial	A			
291.	Nexus Financial Group	BP		✓ (AMP)	
292.	Nigel Sutherland	C			
293.	Northcott & Associates Masterton	WR			
294.	Northcrest Insurance Brokers	A			
295.	NZ Financial Planning Co	A, W, BP, C, O			✓
296.	NZ Funds Management Limited	A			

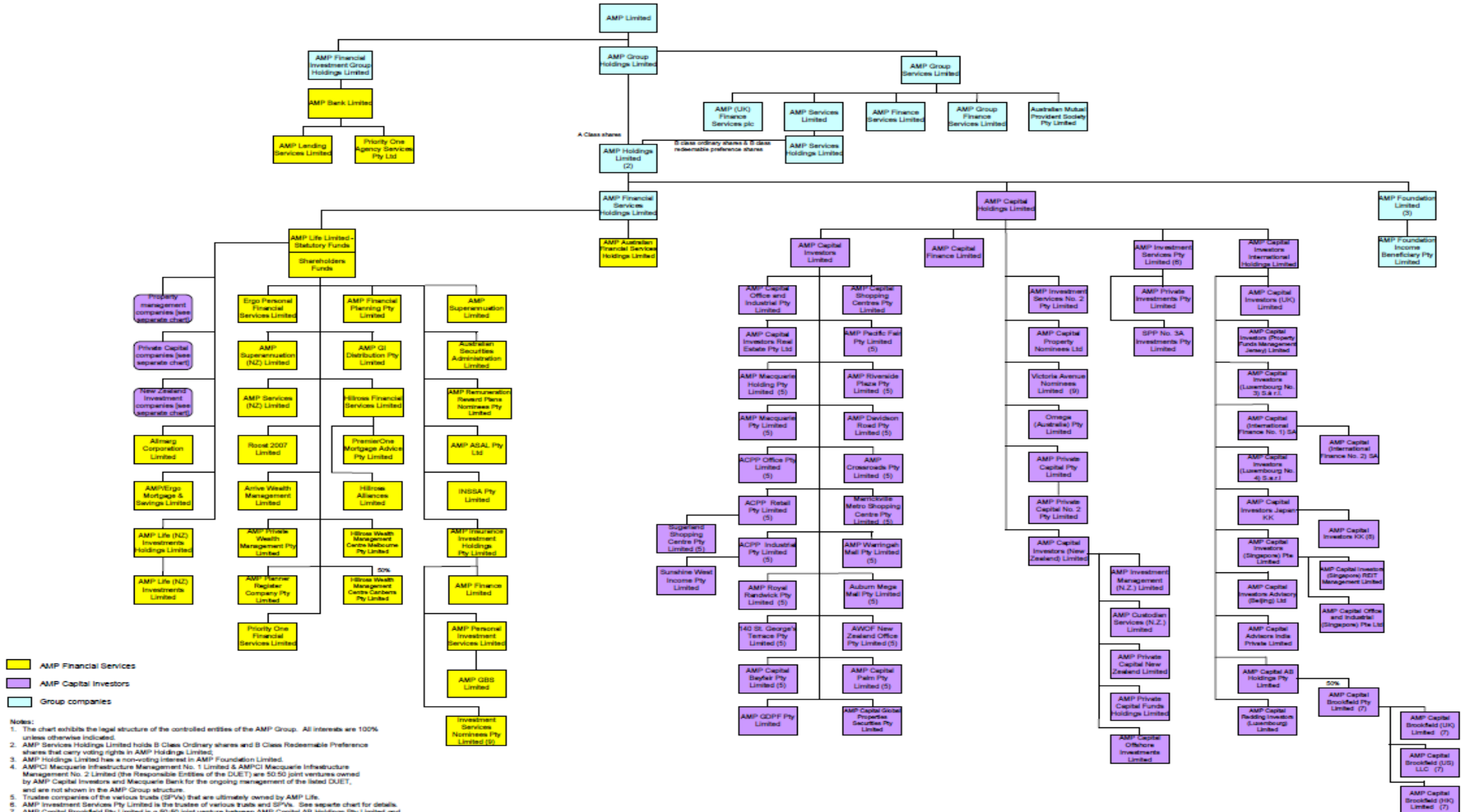
	Provider	Region	Owned	Aligned	Non-aligned
297.	NZ Guardian Trust Ltd	A, W, BP, HB, WK, TS	✓ (Suncorp)		
298.	NZDIS	A			
299.	One to One Group	C, S			
300.	Optimum Professional Services Ltd	TN			
301.	Orientation New Zealand Ltd	C			✓
302.	Osborne's Financial Services	WK			
303.	Otago Financial Services	O			
304.	Otago Financial Management	O			
305.	Owlfox Ltd	TS			
306.	Pascoe Barton	BP			✓
307.	Paul McEwan Associates	C			
308.	Peak Portfolio Management Ltd	HB			
309.	Peak Solutions Ltd	C			
310.	Perpetual Trust	A, W, C			✓
311.	Personal Investment Centre	M		✓ (ASB)	
312.	Peter Fray & Associates	A			
313.	Peter Hayes & Associates	C			
314.	Peter Smith Financial Services Ltd	O			
315.	PIC	A			
316.	Pine Financial Ltd	W			
317.	PIS (Waikato) Ltd	WK			
318.	PJ Wannan & Associates Ltd	W			
319.	Plan B Wealth Management	BP			✓
320.	Plus Four Insurance Solutions Ltd	TS			
321.	Polson Higgs Wealth Management	C, O		✓ (Plan B)	
322.	Portfolio Professionals	BP			
323.	Powerhouse Insurance Services Ltd	TS			
324.	Preferred Brokers	M			
325.	Premire Financial Group Ltd	C			✓
326.	Professional Consulting Group Ltd	A			
327.	Professional Financial Services Ltd	C			
328.	Professional Investment Services Ltd	A, HB, M, O		✓ (PIH)	
329.	PSP Consulting Ltd	W			
330.	Public Trust	A, W, BP	✓		
331.	Querida Smith Financial Services	A			
332.	R A Lester Insurance & Investments	C			
333.	Rainey & Associates	BP			
334.	Realsure Brokers	A			
335.	Red Risk	W			
336.	Resource Financial Planning Ltd	A			
337.	Richard Oliver Financial Care	A			
338.	Richard Harden Investment Services	O			✓
339.	Rise Financial Ltd	TS			
340.	Risk Management Taranaki Ltd	TN			
341.	Rival Group	WR			✓
342.	Rob Brawley Financial & Business Solutions Ltd	TS			
343.	Ron Graham Financial Services Limited	HB			
344.	Ron Flood & Associates	WK			
345.	Rothbury Financial Services Ltd	BP			✓
346.	Rutherford Rede	A, W, C			✓
347.	SBS	S			

Provider	Region	Owned	Aligned	Non-aligned
348. SBS Financial Advisers	O			
349. S W Morris & Associates	A			✓
350. Saturn Portfolio Management	A			
351. Searells Financial Services Ltd	C			
352. Secure Financial Services Ltd	C			
353. Security & Savings Ltd	WK			
354. Sentry Financial Services Ltd	C			✓
355. Shape Life & Financial Brokers Ltd	HB			
356. Simpson Financial Solutions Ltd	C			
357. Six Step Financial Services Ltd	TS			
358. SnaP Financial Services Ltd	HB		✓ (AMP)	
359. Solutions4Risk	M		✓ (AMP)	
360. Southland Real Estate	S		✓ (ING)	
361. Sound Finance	C			✓
362. Sovereign	C	✓ (ASB)		
363. Special Risk Insurance	W			✓
364. Spicers	S, O	✓ (AXA Asia Pacific Holdings)		
365. Spicers Portfolio Management	A, W, BP, HB, C, N, WK, O, TN, TS	✓ (AXA Asia Pacific Holdings)		
366. Spicers Wealth Management	A, M	✓ (AXA)		
367. Staples Rodway Asset Management	A			✓
368. Steadfast Investments Services Ltd	A			
369. Step Financial Services Limited	W			
370. Stewart & Associates	A			
371. Stewart Financial Group Ltd	HB			✓
372. Stone & Associates	A			
373. Strategic Financial Planning	C			✓
374. Strategic Planning Group Ltd	A			✓
375. Strategic Wealth Management Group	A			
376. Stratus Financial Services Ltd	W			
377. Sutton Financial Management Ltd	WK			
378. Stretton & Co Ltd	BP			✓
379. Steven Green & Associates	WK			
380. Stuart & Carlyon Limited	A			✓
381. Steve Deverson & Associates Ltd	WK			
382. Sumner Ryan Investment Advisers	HB			
383. Swainwoodham Group	C, S			✓
384. Synergy Financial Services	C			
385. Tactical Financial Advice Ltd	WK			
386. Tasman Broker Group Ltd	WK			
387. Tanami Financial Services	A			
388. Taupo Moana Group	BP			✓
389. Taurus Financial Services Ltd	C			
390. Tawa Financial Services Ltd	W			
391. TC Financial Planning Ltd	A			
392. Templeton Investment & Finance Ltd	A			
393. The Financial Advisers/Ruth Grant Financial Services Ltd	N			
394. The Money People	TN			
395. The Practical Planner Ltd	W			
396. The Practice Financial Services Ltd	A			
397. The Sterling Group Ltd	C			✓

Provider	Region	Owned	Aligned	Non-aligned
398. The Terrace Financial Group	W			
399. The Wealth Hub	W			
400. Thompson Financial Services Ltd	W			
401. Timaru Financial Services Ltd	C			
402. Time Vision Financial Services	A			
403. Tobin Insurance Services	A			✓
404. Tonkin Financial Services	A, O			
405. Tower Financial Advisory Services	A, W, BP, HB, C, M, S, WK, O, WR	✓		
406. Tracey Janine Botica	A			
407. Transact Wealth Management	BP			✓ (Lodestar Group)
408. Triplejump	A, HB, TN, TS, WR			✓
409. Turnbull Wood & Associates	S			
410. True North Investments	A			
411. Trustees Executors	A, W, C			
412. UK Pension Transfers Ltd	W			
413. Valley Financial Solutions	W			
414. Vault Financial Group	WK			
415. Vestar Investment Specialists	A			✓
416. VIP Financial Services Limited	C			
417. Vision Financial Management	A			✓
418. Wallace Insurance Brokers Ltd	A			✓
419. Waldron Financial Services Ltd	N			
420. Waikato Financial Services	WK			
421. Warren Borlase Insurance and Financial Planning Ltd	TS			
422. Warren Storm Lifebrokers Ltd	WK			
423. Walsh Financial Services	A			
424. Wayne Benton Insurance	TN			
425. Wayne Roberston Financial Services	TS			
426. Ways To Health Ltd	W			
427. Vazey Child	WK			✓
428. Wealth & Risk Management Ltd	W			
429. Wealth Strategies (2001) Limited	C		✓ (AMP)	
430. WealthDesign Ltd	M			
431. Wealthworks Ltd	A			✓
432. Wellington City Financial Services Ltd	W			
433. Westpac	A, W, BP, HB, C, M, S, WK, O, TS	✓		
434. WHK Cook Adam Ward Wilson	S			
435. Whitelaw Weber Financial Services Ltd	N			
436. Wilkinson Insurance Brokers	W			
437. Willis New Zealand Limited	A			
438. Wilo Financial Services Ltd	C			
439. Wisdom Management Ltd	A			✓
440. Wright Financial Limited	WK			
441. Wise Planning Ltd	C			
442. Your Financial Future Ltd	W			

Schedule 5
Structure Diagram of
AMP Limited in New
Zealand

AMP GROUP STRUCTURE - AS AT 31 DECEMBER 2009



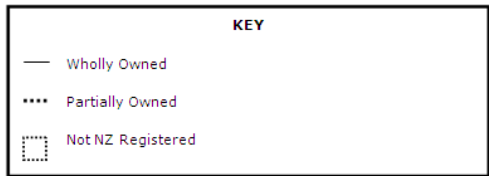
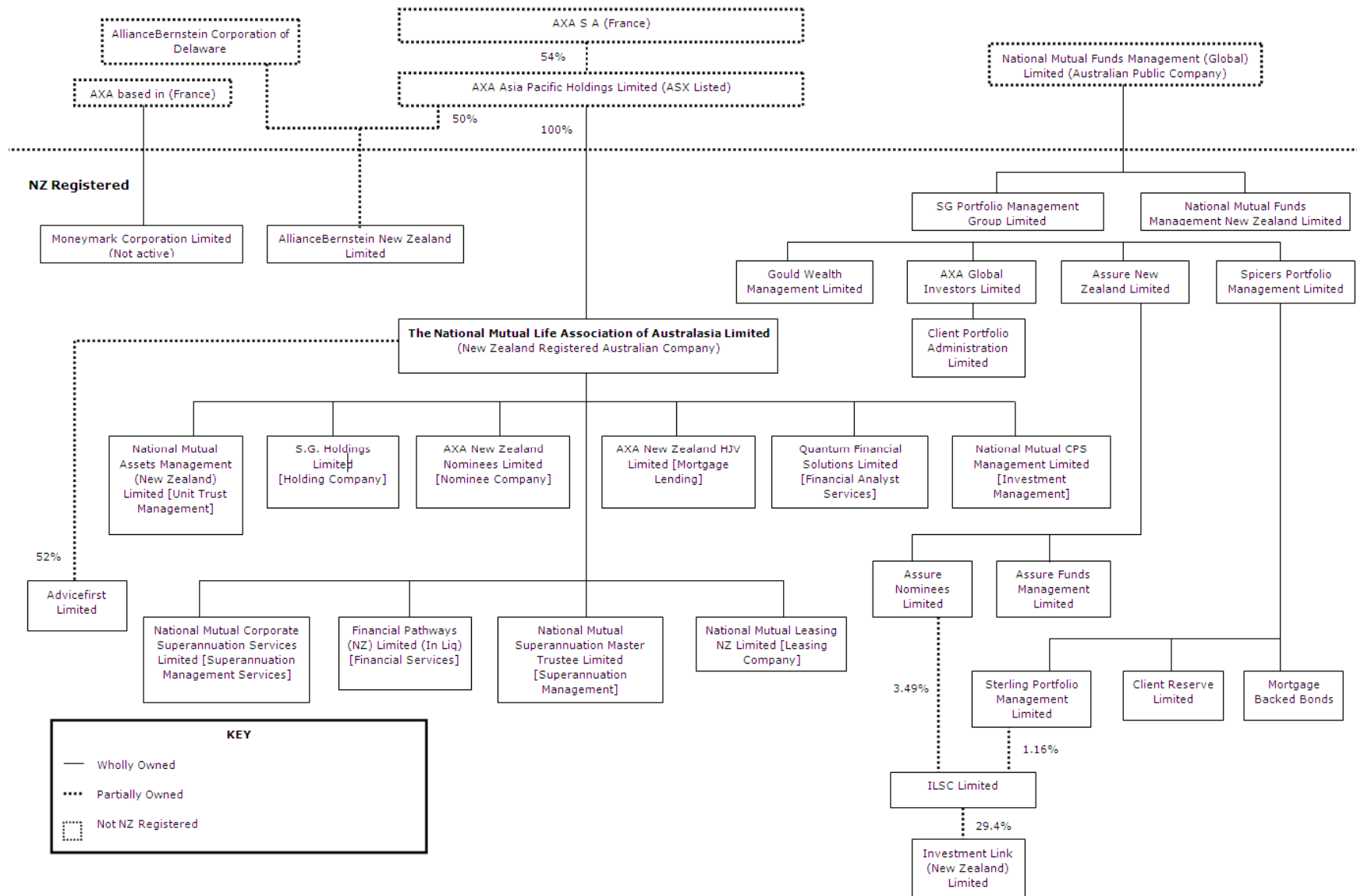
AMP Financial Services
 AMP Capital Investors
 Group companies

Notes:
 1. The chart exhibits the legal structure of the controlled entities of the AMP Group. All interests are 100% unless otherwise indicated.
 2. AMP Services Holdings Limited holds B Class Ordinary shares and B Class Redeemable Preference shares that carry voting rights in AMP Holdings Limited.
 3. AMP Holdings Limited has a non-voting interest in AMP Foundation Limited.
 4. AMP/CI Macquarie Infrastructure Management No. 1 Limited & AMP/CI Macquarie Infrastructure Management No. 2 Limited (the Responsible Entities of the DUEIT) are 50/50 joint ventures owned by AMP Capital Investors and Macquarie Bank for the ongoing management of the listed DUEIT, and are not shown in the AMP Group structure.
 5. Trustee companies of the various trusts (SPVs) that are ultimately owned by AMP Life.
 6. AMP Investment Services Pty Limited is the trustee of various trusts and SPVs. See separate chart for details.
 7. AMP Capital Brookfield Pty Limited is a 50/50 joint venture between AMP Capital AB Holdings Pty Limited and BIM Global Holdings LP. The AMP Capital Brookfield group of companies are included in the structure for management purposes.
 8. AMP Capital Investors KK (formerly Genent Advisors Securities Investment Company KK) is 100% owned by AMP Capital Investors Japan KK as at 31 December 2009.
 9. Companies in the process of being delisted.

DISCLAIMER:
 The document was prepared by Group Secretariat for internal management purposes and is confidential. The document is not to be disclosed to any external parties without the prior consent of Group Secretariat. The information is current as at 31 December 2009 or otherwise specified. Changes may have occurred since the date. For further information, please contact Penny Chan at +61 2 9257 5453.

Schedule 6 Structure Diagram of AXA Asia Pacific Holdings Limited in New Zealand

Source of information: Publicly available documents



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**Schedule 7
Wealth Protection/Life
Insurance**

**Market share
estimates**

Source of information: Investment Savings And Insurance Association of NZ Inc

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**Schedule 8
Wealth Management**

**Market share
estimates**

Source of information: Fundsource - Retail Managed Funds Trends and Market Composition Report

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Schedule 9

Summary of Market share estimates

Table 16: Summary of combined market shares and concentration ratios

Relevant market/product	AMP NZ/AXA NZ	CR3
Wealth protection (or Life Insurance)		
Total life insurance – in force	[]	[]
Total life insurance – new business	[]	[]
Whole Life & Endowment – in force	[]	[]
Whole Life & Endowment – new business	[]	[]
Unbundled – in force	[]	[]
Unbundled – new business	[] ⁵⁵	[]
Term life insurance – in force	[]	[]
Term life insurance – new business	[]	[]
Trauma insurance – in force	[]	[]
Trauma insurance – new business	[]	[]
Replacement income – in force	[]	[]
Replacement income – new business	[]	[]
Wealth Management		
Total funds under management	[]	[]
Retail investments		
Retail funds under management	[]	[]
Unit Trusts	[]	[]
KiwiSaver	[]	[]
Superannuation	[]	[]
KiwiSaver & Superannuation	[]	[]
Wholesale investments		
Funds under management	[]	[]
Retail Investment Platforms		
Retail investment platforms	Unknown	Unknown
Financial Planning and Advisory		
Registered financial advisers by branch	Unknown	Unknown

⁵⁵ This figure is for sales by AXA NZ only. Neither AMP NZ nor any of the other life insurance providers sold unbundled policies in the quarter ending December 2009.