To :

The Serious Fraud Office
PO Box 7124
Welesly Street
Auckland 1141

The Financial Markets Authority
PO Box 106 672
Auckland 1143

The Commerce Commission
Private Bag 18 041
Parliament Buildings
Wellington 6160

The Ministry of Business
Manager of Insurance Contract Law Review
15 Stout Street
Wellington

RE Life Insurance

Dear Sir,

[redacted]

Five years have now passed since I tried to cash my guaranteed bonuses. I ended up not cashing my bonuses because the Insurer would not tell me what the shortfall of bonuses was for and how they worked it out. I had similar issues when converting my Whole of Life Policies to an Endowment Policy. They absolutely refuse to tell me what the shortfall of bonuses , when cashing them, is for or how it is worked out. To unravel what they do and how they do it has taken five years , with [redacted] of legal fees from three different legal firms. I now have three legal opinions. It is policy , it isn't policy and , it doesn't matter what it is the Insurer cannot be held to account because of the six year Statute of Limitations.

After corresponding with all the Life Insurance Agents in the yellow pages , these are people who sell Life Insurance , very few could shed any light on the question, (when cashing bonuses, what is the shortfall of bonuses for and how is it worked out ?) or avoided answering it. But together with a reply from an Insurance Actuary I was able to determine that: The shortfall of bonuses is for the compound interest at 9 % that the bonuses would have accrued had they not been withdrawn. This would be taken from your existing accumulated bonuses. It's not difficult when you know what it is. [redacted]
It is never declared. That there would be a shortfall of bonuses when you cash them is not in my contract, not in my policy, not in the annual bonus certificate and not in the sample office copy of the policy and not disclosed at the point of sale. It's not declared anywhere. It appears that , what was labeled , promoted and sold as being attached is not legally attached. We are all sold something that doesn't exist The Insurer is hell bent on keeping it secret from everyone.. It wouldn't sell policies if people knew how it worked. As a lay person I see this as fraudulently selling the policy. No one is ever going to get what they were sold. Sold a policy without debt or expenses. **If the debt in cashing bonuses had been declared when selling the policy , everyone would know what it was and there would be no reason for the Insurer to absolutely refuse to tell you what the shortfall was for or how it was worked out.**
If all expenses had been declared there would be no fees without service taken from policy holders at the time of converting their policy from Whole of Life to Endowment. What is sold as being Valuable , Rights and Privileges that attach to your policy are not legally attached. This allows the Insurer to administer the Attachment as a variation to a contract, where anything goes so long as they get a signature on a quote.
Policy holders are fraudulently sold a policy they are never going to get. Against all individuals it must be a scam.
If Insurers feel that my Valuable Rights and Privileges that attach to my policy are not legally attached to my policy that is fraud too as we are sold something that is part of our policy when legally it is not.

The policy ,labels, promotes and sells the **benefit** of a valuable right and privilege **attached** to your policy to cash your bonuses **without declaring the cost to do so.** This misleading stratagem for gain, false representation, appears to be a common stratagem for gain used to sell policies.

As an overview : Sold the benefits without declaring expenses and debts.

* A Whole of Life Policy Contract should have a maturity / premium term expiry date of the policy holders age 95 when sold. Any other date indicates the policy holder has been double crossed by a point of sale rehearsed line that, eg. the maturity date doesn't matter because it can be changed .Let's say your age 85. The premiums would remain the same. This fraudulent point of sale trick is made unfraudulent by tricking the policy holder into signing for a quote to convert your policy to endowment. Without any declaration or itemized and justified expenses outstanding to maturity the policy holder is fraudulently duped for fees without service and a debt they never knew they had when converting their policy..

What is labeled promoted and sold as annexures and policy attachments as part of the policy, are not as they are administered as variations to a contract. These documents are not labeled, promoted or sold as being variations to a contract.

* The sales presentation promotes and sells the benefits of the policy. There is no explanation / declaration of debts liabilities and expenses before the policy is signed for. A rehearsed line like , there maybe some minor expenses associated with your policy but you can't be ripped off as they have to be mutually agreed, avoids the specifics that there are expenses, what they are and how much they are for. You cannot mutually agree to things if you don't know what they are. The Insurer knows what they are and how much they are to work out your premiums, they just don't want the policy holder to know what they are. It wouldn't help sell policies would it, and the Insurers wouldn't get away with taking fees without service, nor selling debt that people don't even know they have. (premiums include all expenses. If you convert your policy to endowment ,maturing at your age 65 for example you have 30 years of premiums that the Insurer takes away from your existing accumulated bonuses; you should not be paying for 30 years of office admin, 30 years of office overheads, 30 years of investment fees , 30 years of insurance fees, renewal commission as you only have one policy not two.. Policy holders are sold a policy with an understanding that the premium liability ends at their selected maturity date. There is no revelation that, although the maturity date can be changed the debt to the Insurer for premiums to the policy holders age 95 years cannot.
There is no revelation that compounding interest on bonuses through to maturity is treated as a debt you owe the Insurer.)

* The policy is administered without declaring what expenses and debts there are , how much they were for nor how much is left to pay to maturity.

The Annual Bonus Certificate is the Insurers declaration. It is deliberately misleading.

It shows the bonuses growing the policy every year. This is misleading as annual bonus allotments reduce the debt, they don't grow the policy

The Total Sum assured is false The Insurer is using the gross figure . Only the net figure can be the Total Sum Assured at the date of the declaration

The term Guaranteed Bonuses cannot be used as they are taken away from you if you convert your policy or if you cash your bonuses . they may also be taken away from you if you die . It's totally ambiguous if you read the note on the reverse of the bonus certificate, at the bottom of the page under the heading of all amounts paid out under this plan will be reduced by any outstanding loans or debts. This unguarantees the guarantee at the top of the page where guaranteed bonuses are guaranteed to be paid in full on death.
The Annual Bonus Certificate declaration only has any relevance to policies without annexures and without attachments. [redacted] To be accurate the annual bonus certificate should be scraped and replaced by an Annual Policy Certificate declaration of honest information, to protect the public from the fraudulent behavior of the Life Insurance Industry.

In the conversion option annexure the word adjusted (a small change) cannot be used. Its use misleads as the adjustments will almost certainly not be a small change. The misleading gobblegook description avoids using the facts which could be easily used , that : On conversion all the unpaid premiums, less fees without service, from your selected maturity date of your endowment policy to your age 95 will be subtracted from your existing accumulated bonuses.

How many deliberate misleadings do you need to find, to establish a deliberate stratagem for gain

Fraud : deliberate deception, trickery, cheating to gain advantage.

Scam : a stratagem for gain, a swindle.

I will draft what I think a <u>mandatory</u> Annual **Policy** Certificate Declaration should contain. For all, **past present and future** Life Insurance Policies. No Insurer will have a problem with this unless they are a practicing scammer.

Investment Statement and Product Disclosure Statements are ineffective.

The Investment Statement for the purposes of the securities Act of 1978 and the Product Disclosure Statement which replaces it are both ineffective pieces of legislation at stopping the scam of Life Insurance. Policy documentation legal deficiencies, selling the benefits without the costs to do so, non declaration of all expenses and debts before and after the contract is signed, total sum assured as a gross figure instead of a net figure, guaranteed protection from being held to account by the six year statute of limitations for white collar criminals and an indemnity clauses before the Insurer will pay out at maturity.

The Serious Fraud Office, The Financial Markets Authority' the Ministry of Commerce and the legislators have been sleeping at the desk while sending out computer generated letters instead of being proactive and getting out and investigating the complaints put forward by policy holders . **You have all been duped, on our behalf,** by putting your trust in the Life Insurance Industry.

The Australian Royal Commission into AMP , found the " Fees without service scam "
This scam must have been running for five decades if not back to 1908. If you were doing your job to protect the public how could you not have understood what was happening. How much time do you need?

To get to the bottom of the scam, which is what you all should be doing, [redacted] spent [redacted] on legal fees to understand what is happening and how can this happen. All you have to do is unravel the Stratagem for Gain.

The Insurer and the commission agent work together to promote and sell all the benefits of the life Insurance Policy. The sales person gesticulates with a raising of the arms , a closing of the eyes, a clenching of the fists then thumping the table while saying that "the maturity date of the policy doesn't matter as you can change it by giving notice ; Lets say your age 85." They really, really want you to have the belief, that the maturity date doesn't matter. The age 85 is used to enforce how much the maturity date doesn't matter. They may also say " There maybe some minor expenses associated with your policy ,but you can't be ripped off as they have to be mutually agreed." You are then asked , Do you understand how the policy works or do you need to see a lawyer," without declaring debts and expenses of the policy.

No itemized justification of debts nor expenses is declared when you convert your policy or cash your bonuses.

The sales person can say pretty much any thing they want, to sell the policy as there is no declaration of debts or expenses to prevent them from doing so. :

"The maturity date doesn't matter because it can be changed." (Although the maturity date can be changed but the debt to the Insurer cannot.)

" Lets say a maturity date of your age 85". (whole of policies are your age 95)

" There maybe some minor expenses." (No maybe about it , they are just never declared. Minor? Deliberately misleading as they are never declared.)

" You can't be ripped off. (Fees without service is a scam, so never declared.)

" adjustment "(a small change -- is used to trivialize large debts

" Expenses have to be mutually agreed." (but no one knows what they are or how much they are for. Never declared. Never itemized or justified

All of the above lines used to sell you a policy are untrue. The Insurers and commission agents can get away with this because only the benefits have been sold to you without declaring the expenses or debts.. It's the Policy Holder who pays for the expenses and debt. They should be legally entitled to know what they are and how much they are for.

The life insurance Company can tell policy holders, if asked at the time of conversion, that "the shortfall of bonuses at conversion is for expenses, that's just how your policy works. "Everyone signing a quote for their conversion option have been double crossed into signing for a debt and for fees without service that they never knew they had. Twelve years after signing for this [redacted] of expenses I now have a letter [redacted] saying , " there are no expenses on converting your policy.
Without a declaration of itemized expenses and debts before you sign for your policy there is no way a prospective policy holder (young people buy Life Insurance.) can tell that what they have just signed for is untrue. Policy holders have been double crossed into signing for debts and expenses they never even knew they had.

The first Investment Statement for the Purposes of the securities Act of 1978 was like a prospectus. No declaration of expenses or debts and was only issued after the policy was signed for.
The second Investment Statement for the purposes of the Securities Act of 1978 was issued in 2014. That is more than 20 years latter. Disguised as junk mail with a leading page about choosing an honest agent and checking their credentials. Wow . life insurance companies engage dodgy agents to sell dodgy policies but it is the responsibility of the prospective policy holder to do criminal and character checks on both. It was of no interest to me as I was not wanting another insurance agent nor another policy . Expenses are revealed on page 3/6 of this document, if any policy holder ever got past reading the first page junk mail leader. No amounts were declared. They don't want you to know,

No itemized expenses and their amount is ever given, before the policy is sold, after the policy is sold in the annual bonus certificate declaration , in the conversion option when you use it or in your cashing bonus option when you go to use it. They don't want you to know.

To address the failings of previous inadequate legislation could I put forward a proposal that there needs to be :

A sales and Purchase Agreement for Life Insurance Policies – similar to the S& P agreement for real estate, by the Auckland Law Society, in duplicate and countersigned by a commercial lawyer.
-Annexures… Conversion option
….Early policy termination
Attachments …Valuable rights and Privileges
…Product Disclosure Statement
… Expenses , debts and Liabilities Declaration
(This could be the first Annual Policy Certificate)
… Declaration of honest behavior.

An annual **Policy** Certificate Declaration
A declaration of honest behaviors for Life Insurers , an anti scam annexure.
Scrapping of the six year statute of limitations for life insurers and their agents, for the duration of the policy.
Failure by Insurers and their agents to have all policy documents signed and dated by both

parties, or all pages initialed by both parties as a minimum, and all in duplicate will be **deemed to be fraud under the crimes Act and the Law of Commerce.** At the very least, all commissions should be forfeited as being proceeds from crime, for non compliance.

Policy holders will not be able work out the scam until they try using the policy as it was sold to them. This can be twenty or thirty years after signing for their policy. Too late. The first time they find something wrong , the Insurer will assure you, your shortfall of bonuses is for expenses, when it is not. No itemized or justified account for the shortfall of bonuses is given. The second time you have a shortfall of bonuses they absolutely refuse to tell you what it is for or how it is worked out.

It took me five years of correspondence and [redacted] of legal fees from three separate legal firms to get to the bottom of and understand the scam . You need to understand it too.

The observation.

Life Insurance is misleadingly portrayed as growing in value due to annual bonuses from company profits a bit like a savings bank account would grow to a total sum invested. Although the Annual Bonus Certificate for life Insurance shows the bonuses growing the policy to a total life cover, the reality is annual bonuses from company profits help to reduce your total debt. The debts only reduces to zero at the maturity date. Most policy holders will not realize they are buying a debt to their age 95. which once signed for, can only be repaid, not changed.

Life Insurance is sold and administered declaring benefits only. Expenses and debts are not declared. See an annual bonus certificate for example. (declare – an explicit statement)

Policy holders with annexures or attachments to use their policy, must know their debts and expenses before they sign for their policy and annually thereafter, when converting their policy or cashing their bonuses, otherwise they get scammed for debt they never knew they had or fees without services that are never declared.

Estimated Value at the maturity date is debt you owe the insurer. at the signing of your policy contract. Not that it would ever be explained as such. It wouldn't help in selling policies.

The Insurer pays the Insured value at death or maturity. Although the maturity date can be changed , your debt to the Insurer cannot. It can only be repaid.

The effect on Policy Holders.

Duped into the belief their policy will provide certainty and security. I have spent five years and [redacted] in legal fees to find out how my policy works. The Insurer refuses to tell you. When I needed money the most, it wasn't there. It has cost me plenty. Legally deficient policy documents and non declaration tricks.

Duped into buying a premium debt they never knew they had. (all the premiums from your endowment policy maturity date to your age 95 years. " The maturity date doesn't matter, trick, at the point of sale. ")

Duped into paying for Fees With Out Service at the time of conversion. Fees with there values are never declared trick. A n itemized and justified account of debts and expenses is not given for the shortfalls of bonuses when you convert your policy or cash your bonuses trick.

Duped into buying an accruing compound interest debt they never knew they had when cashing bonuses. Sold the benefits without the cost to do so trick.

Duped into believing that the Total Sum Assured as declared in their Annual Bonus Certificate declaration is true when it is not. Only the net value can be the Total Sum Assured. No declaration of debts and liabilities trick.

Duped into believing guaranteed bonuses as declared are guaranteed. Omission of the words unless you use your policy , from the Insurers declared definition, in their annual bonus certificate declaration, trick.

How many misleadings does it take to form a Stratagem for Gain?

I have a hundred pages of the paper trail if you request a copy as a case study..

I see this as something wrong in our society . Citizens need protection from such practices.
I feel I have done my bit by bringing it to your attention.

What are you going to do about it?
Who is putting up their hand to look into what?
Please confirm.

[redacted]

Proposed Declaration of Honest Behavior
For Life Insurers.

This is not happening for my policy, probably everyone else's as well.

1. Your Whole of Life Insurance Policy will have its maturity date / premium term expiry date stated as your age 95 years
2. A contract clause that there shall be no misleading nor omission will be worded to apply to both parties to the contract.
3. Annexures and attachments will be signed and dated by both parties, to show they are part of the policy and not a variation to it.
4. The copy of your contract, taken by the Insurer, will be used by the Insurer to administer your policy by as was agreed. Annexures and attachments will be recorded on the contract.
5. Expenses, are paid for by the policy holder, and as such, their amounts will be itemized and declared before you sign for your policy. This allows for an informed decision as to wether or not to buy the policy and prevents the fraudulent deception of fees without service. Expenses not declared before you sign for your policy cannot be claimed by the Insurer after you have signed your contract. Expenses are built into premiums.

   Policy administration fee..................$
   Cost of Insurance fee.................. $
   Investment Fee ....$
   Commission. ....$.
   Overhead costs for sales ....$
   Overhead costs for business expenses $.
6. Debt : Debt is paid for by the policy holder and as such will be declared before the contract can be signed. This allows for an informed decision to be made as to wether or not the policy should be purchased. It also gives certainty to what the total sum assured is in an annual Policy Certificate.
7. **Premium debt ,** after expenses have been subtracted, is a debt
   you owe the insurer . This debt cannot be **changed,** it can only be **repaid** once you sign your contract.
   When you convert to an earlier selected maturity date for the endowment policy all the premiums from the maturity date of the endowment policy to your age 95 years are taken from your existing accumulated bonuses
8. **Yet to be accrued compound interest on accumulating bonuses** is a debt you owe the Insurer. Normally this is repaid by the maturity date. However if you cash bonuses , all the compounding interest, that would have accrued to the maturity date, had you not withdrawn them , is subtracted from your existing accumulated bonuses.
9. **Yet to be accrued compound interest on the balance of premiums after expenses,** is a debt you owe the Insurer. It reduces to zero by the maturity date.

9\. There will be no " quoting " when you use your policy, as an itemized and justified account, of both expenses and debts will be given to show no " fees without service " have been taken and the shortfall of bonuses is the correct amount taken

10\. Independent legal advise must be given before you sign a Life Insurance Contract to ensure any :
   - Legal deficiencies in documentation is remedied.
   - The costs of benefits have been declared

- Debts and expenses have been declared.
  - The misleading word " adjusted " has been remedied, by a factual statement
  - T misleading phrase - " guaranteed bonuses " has been remedied

11. In your conversion option The word " adjustment " (a small change) cannot be used to describe your debt to the insurer of all the premiums from your selected endowment maturity date to your age 95 years when you convert your policy as this amount will probably be substantial. To be not misleading a factual statement will be used
12. The words Guaranteed Bonuses will not be used in the Annual Bonus certificate declaration , as they become unguaranteed bonuses if you convert your policy, unguaranteed if you cash your bonuses and unguaranteed if you have any debts when all amounts on your policy are paid out.
13. To promote honesty and integrity, funds to be paid out at maturity will not be with held until an indemnity clause is signed, as no indemnity clause is called for in the contract.

14 To promote further honesty and integrity, the six year Statute of Limitations will not apply to Life Insurers and their agents throughout the duration of the policy (the policy being the Whole of Life Policy and its conversion option to Endowment being treated as one policy)

14. The net Total Life cover will be declared in the Annual Policy Certificate declaration . For Policy holders with conversion options and or valuable rights and privileges as attachments will have, declared in their Annual Policy Certificate :

    All itemized expenses outstanding to maturity declared.
    All premiums outstanding to maturity declared.
    All yet to be accrued compound interest on accumulated bonuses to maturity declared.
    All yet to be accrued compound interest on premiums paid ,less expenses declared
    Any other debts or loans to maturity declared.

* A Proposed Annual **Policy** Certificate Declaration format to replace all Annual Bonus Certificates for all current and future Life Insurance Policies.

Annual Policy Certificate Declaration

Name	policy number.
Address	policy type
	Maturity date
	Premium term expiry date

Declaration :

The maturity / premium term expiry date for whole of life policies is your age 95
Your total debt is the estimated sum assured at the maturity date at your age 95.This debt can not be changed. It can only be repaid. Your debt reduces to zero at the maturity date.
Annexures must have been signed and dated by both parties and documented on the contract
Attachments must have been signed and dated by both parties and documented on the contract.
Your contract will be used to administer your policy
There will be no quoting to convert your policy as an itemized and justified account will be given.
There will be no quoting to cash your bonuses as an itemized and justified account will be given.
There will be no fees without service charged.
Policy holders pay for their expenses and debt and are entitled to know what they are.
Fees not declared before you sign your contract ,will not be claimed afterwards.
* The first Policy Certificate will be issued before the contract can be signed and will declare (an explicit statement) all expenses and debts.

Estimated sum assured at maturity (expenses included) is your total debt until repaid

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Insured value (paid by insurer at death or maturity)	$
Total premiums	$
Total compound interest on premiums (expenses excluded)	$
Total compound interest on accumulating bonuses.	$
Total Expenses.	$.
Estimated sum assured at maturity	**$.**

Liabilities yet to be paid

Less expenses outstanding to maturity.	
1. Commission. You have one policy, therefore no renewal commission	$
2. Policy administration fee	$
3. Cost of insurance	$
4. Investment fee	$
* 5. Overhead costs for sales	$
6. Overhead costs for business expenses	$
Less premiums yet to be paid to maturity	$
Less compound interest on net premiums yet to be accrued to maturity	$
Less compound interest on accumulated bonuses yet to be accrued to maturity.	$
Less loans left to pay	$
Less interest on loans yet to pay	$.
Debt to the insurer yet to be paid	$.
Your total current sum assured	$.