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AMP completes sale of life insurance business to Resolution Life

AMP Limited today announces the completion of the sale of its life insurance business, AMP Life, to Resolution Life for A$3.0 billion delivering a key priority in AMP's transformation strategy.

The total sale proceeds are A$3.0 billion comprising:

- A$2.5 billion cash; and
- A$500 million equity interest in Resolution Life Australia[1], a new Australian-domiciled, Resolution Life-controlled holding company that is now the owner of AMP Life.

The final cash proceeds from the sale are subject to a number of post completion adjustments, however AMP expects the net proceeds to increase AMP's capital in excess of target surplus by approximately A$1.1 billion.

AMP anticipates that any capital in excess of target surplus post completion will first be used to fund delivery of the new AMP strategy. Beyond this, AMP will assess all capital management options with the intent of returning the excess above target surplus to shareholders, subject to unforeseen circumstances and current economic and business conditions.

AMP will provide an update on its future capital framework and strategy at its Interim Results on 13 August 2020.

The separation of AMP Life will significantly simplify AMP's group structure. The internal separation process included the transfer of approximately A$55 billion of client funds via several successor fund transfers. Collectively these transfers represented one of the largest fund transfers of this kind and enables AMP to focus on its strategic simplification of its wealth management platforms and products.

In addition to its residual 20 per cent holding in Resolution Life Australia, AMP will continue to provide technology and administrative services to AMP Life for a two-year period under a transitional services agreement. All customers' terms and conditions will remain unchanged through the separation.

AMP Chief Executive Francesco De Ferrari said:

"The sale of the Life business is a foundational step in our strategic transformation to become a simpler, client-led and growth-oriented organisation.

"The sale is a major milestone for AMP demonstrating our ability to execute complex projects including through the difficulties of COVID-19.

[1] Resolution Life NOHC Pty Ltd.

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"It is also a historic moment as AMP ceases to be a life insurer after 170 years. Our Life teams will move to Resolution Life and will continue to support clients who will see no changes in their policy terms or conditions.

"We are pleased to partner with an experienced operator in Resolution Life and deliver an outcome that is in the best interests of our clients, policy holders and shareholders."

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Approved for release by the Market Disclosure Committee.