

AAM Advisory's Macdonald on the Delicate Art of Selling Insurance Solutions

David MacDonald, the recently appointed Head of Business Development for financial planning experts AAM Advisory, presented a lively and engaging Workshop at the Asian Wealth Solutions Forum highlighting how insurance solutions are all about the client and must be designed and sold with a deep understanding of the needs, expectations and missions of the client.

MACDONALD BEGAN BY REMARKING THAT FROM THE DISCUSSIONS TAKING PLACE AT THE FORUM, it appears that there is still some inertia over working with wealthy clients on areas such as succession and estate planning, but that this area represents a great opportunity.

“It seems far more immediate, and dare I say it ‘sexy’, to find the right investments for clients, rather than talking to them about succession, so perhaps it is inertia, or perhaps the lack of a structure and process to tackle these areas, to develop the right kind of dialogue to move these discussions forward.”

Insurance for life...

With that, MacDonald explained that discussions around life insurance solutions can help significantly. “Life insurance is used for provisioning for retirement, to provide assurance of funds for your old age perhaps and in some way potentially to defer or to mitigate taxation. And let me tell you, there is nobody, not even very wealthy clients, who has got every single aspect of his or her finances and planning taken care of.”

He told delegates about an ex-colleague of his who took a year off from private banking to write a book titled ‘Help, I’m Rich’.



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AAM Advisory

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Do not make false assumptions

“The book is full of anecdotal but real-life stories about meeting rich people who are completely oblivious to some of the challenges that they face because of their wealth,” Macdonald explained. “My point is that we should not simply assume we really know our clients, and don’t wait for people to rush to your door asking for help, the onus is on us to be responsible for bringing these topics to the discussion table. The client is not going to magically suddenly wake up and realise ‘oh, I must sort out my estate, my succession, all my wealth solutions’. No, it is we who must find the courage, plus the process and the skills and technique to move these topics forward with our clients.”

He explained that wealth transfer is increasingly on people’s minds in Asia, perhaps according to one expert in the audience most ostensibly in China these days, but there are very few in the region with a clear strategy and plan to take care of this, transferring assets, business assets, or investible assets in the event of their demise.

“For the rest of the clients, they are mostly reactive, not proactive,” he remarked. “And remember that within families there is too often a considerable degree of dysfunctionality, and often a real lack of communication.”

Lock and load...

MacDonald then implored delegates to ensure that they, therefore, engage in the required discussions with their clients, that they fully understand them, and that they build their expertise in solutions for them, including of course insurance solutions. He also advised them to partner with other experts, for example lawyers, tax advisers or others, to offer the client more holistic views on these solutions.

He explained the relationship managers could consider things such as their own expertise in insurance solutions, or when they last carried out a detailed and strategic review of a client portfolio. They might consider if they are broaching the right subjects with the right clients and asking the right questions.

“They can think about how their clients might think if they never raised these subjects with

them,” MacDonald added, “or perhaps about how they can engage with more or better partners to help their clients in these and other areas.”

See the upside

“Have you ever considered how much additional income you could generate,” he then wondered, “if you actually dared to approach this subject and your clients listened and followed your advice? It would be significant.

In the case of using life insurance as a part of the solution, this can be tailored to the individual’s needs and the family situation. It is like a Swiss army knife for the wealthy, one really useful tool and with lots of different solutions.”

He also debunked the theory that wealth management advisers will lose the client if they introduce them to insurance experts.

Don’t be fearful

“Actually,” he said, “you can still control the client assets, but offer your clients an insurance solution that addresses some complex areas, including when the succession event takes place, thereby mitigating your client’s

risk exposure, and helping them manage their tax exposures. For clients who have assets dotted all around the world in many different jurisdictions, that client can enjoy an expedient single line of reporting for CRS purposes, so there are lots of ancillary and practical benefits for your wealthy clients.”

With that, MacDonald opened the Workshop to some group discussions designed to mine out some interesting questions an adviser might pose to a client on engaging in such discussions.

Appeal to the emotional side

“Whatever the questions,” he observed, “remember that the psychology of selling and buying decisions is based on emotions. So, avoid questions that require factual answers, and engage the client instead with emotional content, that help the clients consider their desired outcomes, their futures, their goals and aspirations. Accordingly, your questions should be future-focused and emotionally engaging. What-if type scenarios work well, such as what if their situation changes, how would they or their families cope. And you can also engage the clients with real-life experience stories to make them consider their current and future situations.”

Listener point of view

He then encouraged delegates to remember that what they might consider important, is not necessarily what the client will think is critical. “If your client does not see value in what you say, what you offer, then you can pitch the idea all day, and I would almost guarantee there will be no traction. Remember, value is in the eye of the beholder.”

His closing comments related to the RM and partner relationship. “You need to know your partners are competent, experienced people that know what they are talking about,” MacDonald observed. “Not only do they need to be experts, but you need to have unity and alignment with whichever firm or individual you select as a partner, you need to represent similar values about how you treat the client, and how you are remunerated.”

At the end of the process, the outcome that the adviser delivers to the client, and to his or her family, should be considered by everyone in that family to be of value, either because it provides much needed protection, or it helps ensure that estate and succession issues are taken care of seamlessly, or both of course.

An immutable solution

“Remember,” MacDonald commented, “as we heard today, a Will could be contested but an insurance policy cannot and can, therefore, provide vital liquidity in times of family stress. The result of all this is that you build stronger relationships with your clients, and indeed arguably you create more opportunity because you also start to expand those relationships across the broader family. With the beneficiaries for example who will be potential future clients, and of course with your external partnerships, who can help you expand your range of business.”

His final comment was that this process should be fast-forwarded now and that there is immense upside in thinking strategically how to begin this process, organise it, engage clients with it and then execute it.” ■



AAM Advisory: Building its Network in Asia

Singapore-based AAM Advisory, which since 2016 has been part of UK-listed wealth management firm Quilter plc, has been intently diversifying its revenues in recent years away from the former reliance on the expatriate market in Singapore and is currently building more external relationships with actual and potential partner firms, such as lawyers, accountants and external asset managers. AAM is now expanding further into the high-net-worth space, and into the surrounding ASEAN region.

AAM was set up in 2009 with the vision of helping people plan for a better financial future while protecting them and any loved ones, according to the firm's literature. The website details how the firm has grown significantly in the past decade, helping more than 5,000 clients across 80 nationalities.

In 2016, AAM was acquired by Quilter plc, a leading London-listed wealth management business in the UK and with several international offices. Quilter managed £114.9 billion of investments on behalf of over 900,000 customers as of 31 March this year.

A core strength of AAM historically was the expatriate client base, but since Lee joined in 2017, he has been directing the firm in a variety of new directions, as well. The space AAM occupies has therefore historically been well below the roughly USD5 million of investible assets that a client needs to become fully engaged with a private bank. The firm has since been pushing into the mass-affluent space from the well-to-do individuals all the way up to that roughly five-million-dollar assets threshold.

While the core of the business is Singapore residents, including of course the numerous well-to-do expatriates working or living there, the firm's drive is now to therefore broaden this historical client base significantly, both in terms of types of clients, and geographically.

To help achieve this, Eryk Lee, CEO of AAM since 2017, told Hubbis in an interview recently that AAM is building its partner relationships in the region with accountancy firms, law firms, tax advisers and other service providers, to help leverage its broad expertise through their client bases as well as around the region.

The AAM Investment Service makes recommendations for the investment portfolios, monitors them, provides feedback and makes suggestions for adapting the portfolio in the future. And the firm's AAM Advisory Wealth Solutions Team help clients organise their financial planning, to pre-empt key milestones in their lives, including moving to a new country, education, home purchases and property investment, and planning for retirement.

The firm also offers its AAM Wealth Solutions Seminar Series to help clients keep abreast of the latest regulatory and financial developments at home and abroad.