

Catching the wave – alternative life insurance solutions for Asia’s HNW

Choice, control, flexibility, these are the three words that dominated the presentation from Stephen Hickman, CEO for Swiss Life Global Solutions for Singapore and Southeast Asia. His premise is that the life insurance industry in Asia – in which Universal Life policies dominate to the tune of 95% of the market – needs to be more flexible and more creative to tailor products to the actual needs and preferences of clients.

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PERCEPTION VERSUS REALITY,” says Hickman, “this is a concept we like to talk about with our clients. Universal Life, for example, is it a bad policy? No, I have sold vast amounts of it, even to my mother in the past. But, then we must think about why only 20% of customers buy UL while eight of them walk away. The perception - people have identified the need for life insurance - and the reality - the clear majority walk away as we, the life industry, is not meeting customers’ needs.”

Huge room for improvement

Hickman of course acknowledges that these are broad generalisations. But he knows instinctively and from



[STEPHEN HICKMAN](#)
Swiss Life

data that there is huge room for improvement, and therefore a wonderful opportunity. “The industry needs to understand why people do not buy Universal Life,” he said. “Why do they walk away? What are their objections? Once this is understood more clearly we can see the scale of the opportunities here in Asia.”

There are many, often simple, reasons, he noted, such as crediting rates that are too low, clients preferring not to leverage the product and so forth. “These are basic reasons that customers walk away and what are we doing?” he asked the audience. “Very little,” was his answer. “But we are working on a wider variety of solutions that suits both the needs of our clients, and also their preferences for how they want those policies managed and the degree of involvement they have over asset allocation and so forth.”

Changing generations

Hickman’s insight is that the in-

surance market has changed and is further evolving from the type of founder entrepreneur of former generations in Asia to the younger generations who have a broader education and a greater understanding of the financial world.

Hickman touched on the products of Variable Universal Life (VUL). Some benefits he highlighted include a high death benefit - very similar to Universal Life and up to \$100 million if the client requires.

Another product he mentioned is PPLI, private placement life insurance; this he says has a very small death benefit, very small fees and very high commission. Another is a new Swiss Life product, Gemstone, in the middle, which is hybrid, providing flexible insurance coverage while meeting wealth structuring needs.

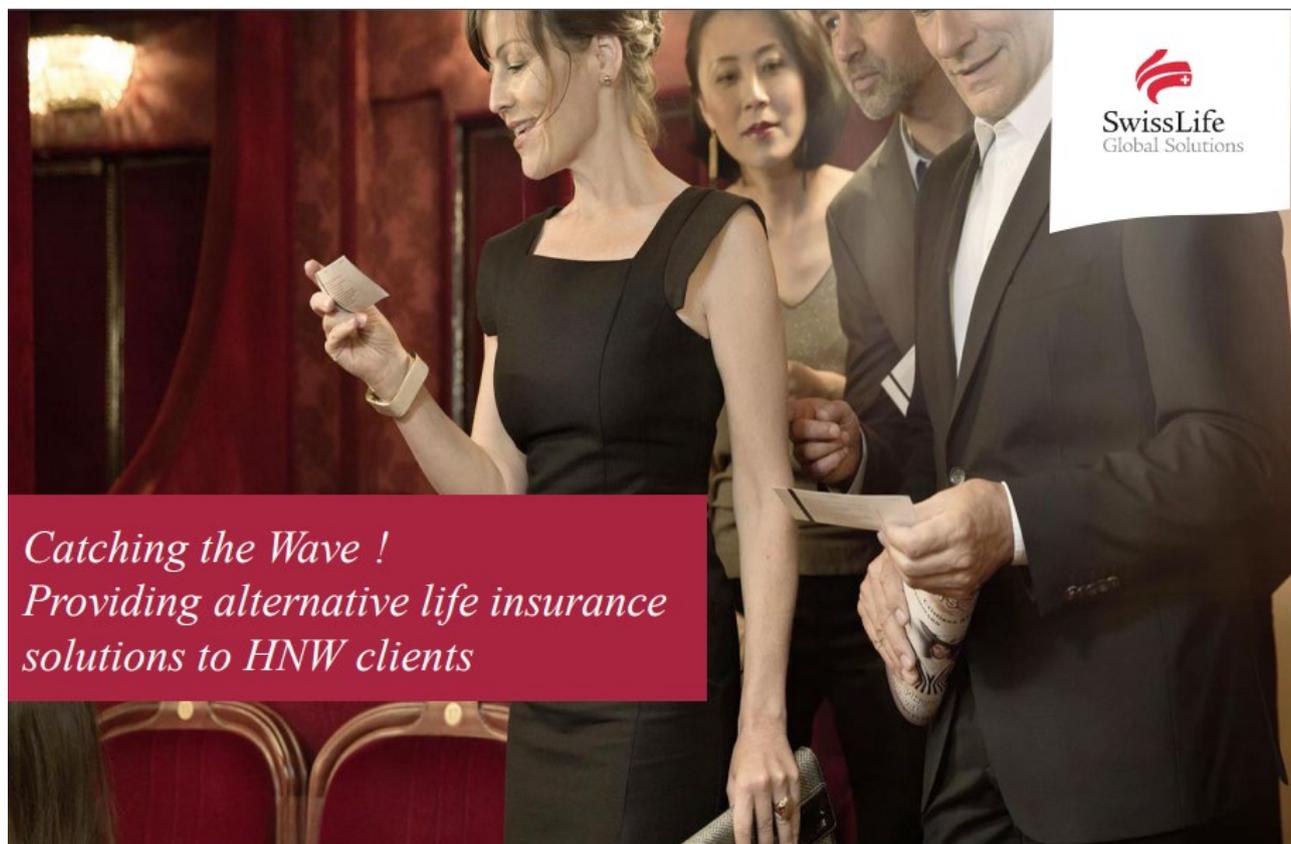
Customers want flexibility and choice

“How are all these products differ-

ent from Universal Life in the market place?” he asks. “Answer - the customer has flexibility and choice. They choose the investment component. They choose who does it, for example themselves, an asset manager, the banks, or DPMs. They choose the custody of where that money goes. They have choice.”

In summary, Hickman explained the clients are no longer so comfortable leaving their futures in the hands of an insurance company, they increasingly prefer to determine things themselves. This, he noted, is typically applicable especially to the second and third generations of Asia’s wealthy families.

“They want more flexibility, more control. These are investment savvy people who want choice. And when we do not have the right products to sell the clients, we need to be honest, we need to find them other solutions. Customers deserve and demand choice, flexibility and control.” ■



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Providing alternative life insurance
solutions to HNW clients*