

DBS' Wealth Planning, Family Office & Insurance Leader Lee Woon Shiu on the Asia-wide Embrace of HNW Life Solutions

At a Hubbis Digital Dialogue discussion in March, our panel of experts explored the state of the HNW/UHNW life solutions industry today, reviewing the latest trends in products, identifying the optimal solutions for individual needs, and analysing where demand is on the rise from different segments of clients in the Asia region, and why. HNW Life Insurance Solutions are most definitely now centre stage in Asia's increasingly dynamic and expansive wealth market. Those advisors and intermediaries who fail to grasp the opportunity are missing out on significant potential for additional revenue generation and greater client loyalty as more and more clients seek initial guidance and direction from their private banking and wealth management specialists. One of our expert speakers was Lee Woon Shiu, Managing Director and Regional Head of Wealth Planning, Family Office & Insurance Solutions at DBS Private Bank, who is passionate about creating and delivering the most relevant wealth management solutions to meet the ever-expanding needs and expectations of the bank's HNW and UHNW clients in Singapore and across the region. We have consolidated his many fascinating and informative insights on HNW life solutions into this report.

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Lee Woon Shiu
DBS

Woon Shiu opened his commentary by reporting a lot more interest in income plan solutions amongst DBS clients, driven, he said, perhaps by necessity because of the lack of access to medical facilities for check-ups.

“Although rules and access to facilities are more relaxed now in some jurisdictions, there are many clients, for example in Indonesia, who prefer not to go into those medical facilities, even today,” he explained. “And in some markets like North Asia, getting access to facilities and obtaining the range of tests required remains incredibly difficult. This means that access to Universal Life (UL) plans has been restricted, leaving clients inclined to take up income plans for the time being whilst waiting for the situation to improve. UL will remain a key element of the life solutions market but for now, significant hurdles remain.”

He explained that income plans do not require any form of medical examination. “The income plan comes with an attractive income component where you get fixed or perhaps

a projected income distribution upon some events happening,” he elucidated. “Moreover, they are also available for premium financing through the banks.”

Money does not protect against everything

Woon Shiu observed that the pandemic has significantly dented the protective shield that wealthy clients felt was cloaking them from some of the major insecurities in this world.

“Many clients are naturally more sensitised and acutely aware of the fragilities of life, and are much more

across the globe, and even low-tax Singapore has increased top tier tax rate for high-income earners. “There is a heightened sense of unease for clients and one way to make sure that they’re able to neutralise some of the impacts of these tax liabilities is to put in place a very significant life insurance solution plan that will increase the pool of reserves for liquidity, for planning, and for various reasons, including taxes. In short, that’s the current narrative.”

Another factor is the increased willingness of families to engage the second and third generations in their thinking, including on life solutions, which in the past had been somewhat taboo in Asia.

“These are valid conversations that are valuable for all the key generations, as they plan for future events, future liquidity, tax liabilities and so forth, all in a more open manner. This has actually brought the whole level of engagement and discussion on insurance within the bank to a higher level for all of us, as it is more of a priority for the clients.”

proactive and open about seeking protection. I think there is a lot of pent-up demand to be unleashed once the pandemic retreats and more facilities are open again, and we will have more conversations on UL, IUL and so forth. We think private placement life insurance (PPLI) and variable universal life (VUL) will continue to be interesting for certain clients as well, but UL and IUL will rise to the fore again.”

The holistic approach to life solutions

He explained that DBS takes a very holistic approach in terms of the clients’ needs and objectives. Tax, he said, is certainly in the spotlight

Overcoming the taboos

“Family-wide solutions are more on the table for discussions these days,” he reported. “These are valid conversations that are valuable for all the key generations, as they plan for future events, future liquidity, tax liabilities and so forth, all in a more open manner. This has actually brought the whole level of engagement and discussion on insurance within the bank to a higher level for all of us, as it is more of a priority for the clients.”

As to the approach that intermediaries and advisors should take with clients, Woon Shiu observed that the first and best

step is always to engage them in a discussion of their situations and objectives. He explained that a deep dive into their personal and company positions, as well as their family situations, are invaluable in the determination of the final shape and scale of the solution to be created.

The 'soft' side of private banking

"This is not a science; it is more of an art, I would say," he elaborated. "Taking that approach, you have empathy and engagement, and you arrive at a product that is both compelling and convincing for the clients to consider. If the proposition is very logical and based on analytical thought, it is a personalised and highly valuable solution, and not simply a product pitched to earn fees."

He explained that clients are increasingly sophisticated these days, and faced with global uncertainties and rising rates, are especially concerned not to put themselves in awkward situations by taking on unnecessary leverage in relation to these policies.

"They have to make sure that they have a robust enough portfolio that will weather interest rate rises, that has the right balance of currencies, and that will work well alongside premium financing options they might consider," he observed.

Singapore shines bright

Singapore, he reported, is an ideal jurisdiction from which to secure policies due to the great vigilance and high level of scrutiny the MAS has over insurance carriers.

"The regulators here are really watching the insurance industry with hawk's eyes, which is

reassuring for the clients," he explained. "Secondly, more and more carriers are looking to Singapore as a core jurisdiction to inception their policies, so there is a rapidly expanding array of choices. In short, Singapore continues to grow in stature as a highly attractive option for HNWI and UHNW families that are considering long term solutions."

Raising the game

He expanded on his comments regarding the rising sophistication of clients today. "There was a time, not that long ago, when you might go into meetings with clients and realise that they were not well-informed about such areas, but now they ask pertinent questions and are on top of many regulations and concepts," he reported. "Advisors cannot simply talk their way through meetings without being on top of their subject and the details. You need to know the products, understand the concepts and solutions, and be able to communicate those to some very smart people. If not, you will lose credibility and look second rate in comparison to other bankers and advisors."

Greater inclusion, more flexibility

He also expanded on the inclusion of the second and third generations on family discussions and strategies. "They are often more societally conscious, and thus driven by a vision that goes beyond just making money," he explained. "A lot of them are driven by concerns about the communities where they live in, issues around climate impact and so on, so many of these conversations will veer into such areas," he reported.



“There are also families who are looking at passing other forms of capital to their successors, other than financial capital, as future generations are expected to be more driven, self-sufficient and independent in creating financial capital. As such, the patriarchs focus on the transfer of the family’s social and human capital. We try to turn conversations with these families around by clarifying that life solutions aren’t specifically for the purpose of leaving more to their children; rather, they can help create a community where their brand or family DNA can have a lasting impact,” he elucidated. “For example, by coupling insurance solutions with a philanthropy trust, they can direct charity to their preferred communities and express their family values in countries where they conduct their business, and make some really positive contributions by augmenting the family’s social capital in the community.”

And that, he said, will make some of the second and third generations sit up. “If you can combine venture philanthropy, insurance and trusts,

and align these with robust wealth planning, perhaps all coordinated through the family office, you can devise some really cohesive and complete solutions for clients. The family’s aspirations and values will all be nicely stitched together,” he said.

Expanding on this line of thought, Woon Shiu explained that a very powerful pitch is to bring a whole ecosystem of advisors from different fields together, to address the very specific pain points that the advisor might have identified for their clients.

Come prepared

“This of course entails having a thorough understanding of their objectives and leanings, which involves deep analysis and research,” he explained. “For example, if we go into a meeting with a potential UHNW client knowing that he or she has a huge appetite for philanthropy and art, this allows us to first build and bring a team of experts that can talk about relevant solutions, philanthropy, and art curation. In brief, it is essential to do as much research as you can, work out the right ideas and angles. Don’t

go into it alone as an advisor; rather, build your team of experts and ecosystem partners to arrive at the best outcomes for your clients.” And that brought him to his final observations on talent and expertise. “We see a major effort taking place for bankers and other advisors to learn more about the relevant laws and regulations and structures,” he reported.

He senses that the wealth industry as a whole is moving in the right direction, but there is more progress to be achieved and patience is a key element, as it is not only about closing the deal. “Yes, closing the transaction is important,” he concluded, “but it is not the only factor. Bankers and advisors need to be patient, to make sure they are putting the right solutions in front of clients. And there are benefits to this patience – you might be able to get a USD10 million deal over the line quickly, but with a more holistic approach and greater patience, you might be able to forge a USD60 million transaction over time. So, we need to be more client-centric, more patient, more careful, and time our approaches and pitches smartly.” ■

