

# Helping Wealthy Individuals Protect Themselves & their Families

*Panellists met to discuss the market trends and dynamics in the high-net-worth (HNW) insurance space. While simpler products such as Universal Life (UL) have seen a downturn in sales, bespoke options that cater to the increasingly complex needs of customers are becoming highly sought-after.*

*These were the topics discussed:*

- *What trends and innovations are we seeing in the HNW insurance space?*
- *What are the opportunities and challenges, for the insurers and for the wealth management intermediaries and private banks?*
- *What is the role of insurance in tax optimisation and legacy planning?*
- *How can you better understand the insurance needs of HNW clients?*
- *How can you discover the right opportunities and have a needs-based conversation with clients?*
- *How can you increase the likelihood of success after introducing a client to a broker?*
- *Is it UL, VUL, whole life or another structure currently in most demand? Why?*

## PANEL SPEAKERS

- Richard Vargo, Managing Director, Bancassurance, Consumer Investment & Insurance Products, DBS Bank
- Rohit Kumar Ganguli, Senior Wealth Planner, EFG Bank
- James Tan, Chief Executive Officer, Tokio Marine Life Insurance
- Walter de Oude, Founder & Chief Executive Officer, Singapore Life
- Ian Kloss, Head of Region, South-east Asia & Chief Executive Officer, Singapore, Old Mutual International
- Craig Ellis, Global Head of Products, Charles Monet



## EXECUTIVE SUMMARY

### **Complex products must be explained simply**

Customers are less interested in the well-established insurance products such as Universal Life (UL) than they have been as their needs become more complex. However, they wish to be increasingly involved in decision-making, which requires skilled simplification when explaining products, so customers can be confident in the choices they make.

### **Omnichannel experience is key for customers**

Digitalisation is the key to offering an omnichannel experience for customers. The more digital-savvy can then access information and buy products online with minimal hassle, while the more anxious clients can retain that personal experience.

### **Collaboration can mitigate complexity**

As the sphere of insurance and indeed wealth management becomes more complex, collaboration between fields of expertise can help keep advice and products transparent, effective and relevant.

### **Private banks still not hitting their weight**

Responding to a comment that the penetration of private banks into insurance remains low, possibly as little as 2%, a panel member replied that relationship managers (RMs) are making a conscious decision to ignore it because it might take up to a year before they see results, so they usually prefer to focus on areas of wealth management that will yield quicker results.

### **Insurance market not yet saturated**

If those in the insurance sector are willing to go the extra mile for sales, the deals are out there for the taking. Most wealthy clients in Singapore are underinsured, which translates to great opportunities for those wishing to increase their penetration. Better sales techniques and client management will yield results.



**T**HE SECOND PANEL DISCUSSION of the day at the Hubbis Asian Wealth Solutions event held in Singapore focussed on some of the fundamental shifts occurring in the financial industry, and what this means for wealth management, particularly the protection space.

“There is an expression that insurance is never bought, it is sold,” a delegate quipped, referring to the need for constant reinvention to suit prevailing trends.

Panellists agreed that clients are becoming increasingly concerned about the challenges within the market place. “This enables us to focus more upon protection, succession and legacy in our discussions, as these are reassuring for clients to have in place,” one guest elucidated.

### **A universal choice, or is it?**

So, what are customers interested in currently? “Our go-to product used to be Universal Life,” an expert began, “but recent market dynamics have made it a less appealing option to customers. Customers are becoming more knowledgeable about the kind of products and insurance solutions available, they can participate more interactively in discussions about what they want and need, and their requirements are becoming more complex.”

Indeed, panel members explained that customers are increasingly interested in bespoke solutions. “We are seeing boutique private banks increasing market participation and share based on specialisation,” an insurance specialist commented. “In the bespoke insurance space, clients do not wish to rely upon off-the-shelf products, but instead want individualised cover that must function in synergy with factors such as private company shares, investment holdings, intergenerational transfers and planning.”

However, not all panellists agreed that the basic products are losing ground. “While it is true that interest rates are rising and there are some concerns around financing,” responded another attendee, “we are finding that the UL products still dominate sales in the HNW and ultra-HNW space.”

A useful hybrid option is the Variable Universal Life (VUL), which essentially monetises assets upon death. However, when designing such products, it is tempting for designers to put in so many extra features and unique selling points that it becomes prohibitively complicated to



IAN KLOSS  
Old Mutual International



JAMES TAN  
Tokio Marine Life Insurance



CRAIG ELLIS  
Charles Monat

explain, leading to customers ultimately choosing a simpler product, even if not the most suitable. “This is often the reason UL products are seen as a one-size-fits-all solution,” an expert elucidated.

**Keep it simple, even if it is not**

There is a conundrum that those in the insurance space are facing, with clients becoming more interested in educating themselves about the wealth management options available to them and wishing to be more involved in discussions with their wealth management team, while at the same time their needs are becoming increasingly complicated.

“If a client buys a Ferrari, they do not need to know how the engine works, they just want to drive it,” a panellist quipped. “Products must be made simple for these clients to understand, even if the underlying mechanics are complex. They should be easy to buy, and they should be transparent to allow customers peace of mind in these increasingly regulated times.”

Panellists then reported the difficulties they often face when attempting to guide customers towards the most suitable products. “Some clients will be partially informed, and sometimes a little bit of knowledge is a dangerous thing,” an expert explained. “They believe they know what they want and need without fully understanding the mechanics. If their advisers are willing to put in some extra effort to make things clear for them, it can pay off with clients being able to make fully-informed choices.”

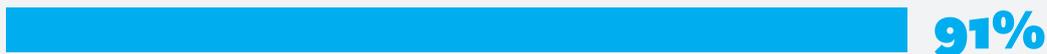
To aid in the simplification process, digitalisation continues to be of interest to those



ROHIT KUMAR GANGULI  
EFG Bank

**DO YOU WISH THE REGULATORS WERE MORE PROACTIVE IN HELPING BUILD THE WEALTH MANAGEMENT MARKET?**

Yes



No



Source: Asian Wealth Solutions Forum 2018 - Singapore

in wealth management as a tool to provide an omnichannel experience for customers. Ultimately, the goal is to make everything as easy as possible.

“We must all become digital players,” urged one panel member. “If they desire, customers can now buy an insurance product in around five minutes online without speaking to anybody, while others would still rather talk it over with a human adviser. We can appeal to both types of potential customers if we offer many options. Digitalisation is therefore not disruptive in a chaotic sense - rather it is precipitating a much-needed shake-up of the financial industry.”

**Strength in partnership**

Panellists then moved on to discuss the benefits of collaboration in the wealth management sphere. “The lines of distinction between financial services entities are blurring,” an expert explained, “and we can all be stronger if we leverage relationships with other experts in the market place and can therefore better satisfy the unique requirements of our HNW clients.”

As transparency and regulatory compliance become ever-more important, clients should be meeting routinely with lawyers and tax consultants. “Insurance plays a significant role in wealth transference and tax optimisation,” observed one panellist. “In every client consultation, there should be a wealth manager and a licensed expert in the field required, be it tax, insurance or international regulations.”

**Every sale counts**

Responding to a comment that the penetration



RICHARD VARGO  
DBS Bank

**“INSURANCE PLAYS A SIGNIFICANT ROLE IN WEALTH TRANSFERENCE AND TAX OPTIMISATION,”**

of private banks into insurance remains low, possibly as little as 2%, a panel member replied that relationship managers (RMs) are making a conscious decision to ignore it. “When selling insurance,” he explained, “RMs must have an in-depth conversation with their client to understand their unique situation and requirements. It might

**IS INSURANCE A GROWING OPPORTUNITY FOR YOU?**

Yes



No



Source: Asian Wealth Solutions Forum 2018 - Singapore

take up to a year before RMs see a pay-off for the time invested, so understandably most prefer to focus on areas of wealth management that will yield quicker results.”

There are many more opportunities to sell insurance products than are currently being taken advantage of. “Research indicates that for every 10 customers flying to Singapore to buy UL, the closure is a mere 40%,” reported one expert. “This means that the other 60% represents extra sales opportunities which we must work hard to win, whether this is through better products or more skilful sales techniques.”

**Specialisation, communication, education**

“What should those wishing to increase their sales of insurance focus upon?” enquired an expert. “For brokers,” the answer came, “there is always a risk of disintermediation as a way to cut costs and to combat this my advice is that we must look to the retail model and integrate technology to access customers directly.”

Panellists summed up that the most important factors in increasing insurance sales were product diversification and individualisation to suit the increasingly complex needs of their clients, as well as simplifying the descriptions of those products when explaining them to their clients. “Remember that they want to understand and make informed choices, but they are not highly trained professionals in the insurance sphere,” an expert clarified. “Keep it simple and transparent.”

The discussion closed with a general agreement that there is a protection gap in Singapore where



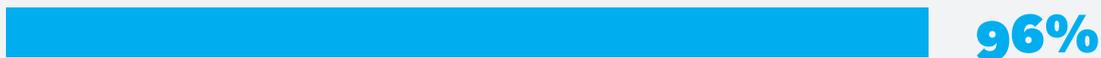
WALTER DE OUDE  
Singapore Life

**“REMEMBER THAT THEY WANT TO UNDERSTAND AND MAKE INFORMED CHOICES, BUT THEY ARE NOT HIGHLY TRAINED PROFESSIONALS IN THE INSURANCE SPHERE,”**

clients are typically underinsured. Coupled with this, there is an increase in wealth inflow to Singapore, as Hong Kong slowly loses its lustre. These factors provide great opportunities for players in the insurance industry, especially in the bespoke space as clients become more discerning, knowledgeable and specific in their needs. ■

**SHOULD WE CHANGE THE ECONOMIC MODEL FOR THE INSURANCE INDUSTRY?**

Yes



No



Source: Asian Wealth Solutions Forum 2018 - Singapore