

HSBC Private Banking's Insurance Head on Building a Proposition Founded on Diversification and Robust Wealth Planning

An aerial photograph of Hong Kong, showing the dense urban skyline with numerous skyscrapers and buildings. The harbor is visible in the foreground, with several boats and ships moving through the water. The sky is a mix of blue and orange, suggesting a sunset or sunrise. The text is overlaid on the left side of the image.

Simon Cheng is Regional Head of Money Markets & Insurance Collaboration, Asia as well as Head of FX, North Asia, Investments and Wealth Solutions at HSBC Private Banking in Asia. Based in Hong Kong, he has gathered 15 years of invaluable experience across private banking and management consulting in Asia. He offered his considerable experience and his wide-angle perspective to contribute as a key member of our panel of experts at the Hubbis Digital Dialogue event of October 21, a discussion that sought to analyse the state of the HNWI insurance market in Asia. We have summarised some of his valuable insights in this short report.

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SIMON CHENG
HSBC Private Banking

Simon opened his comments by noting how important a part of the overall HSBC wealth management offering insurance had long been.

"We see this from two major perspectives," he explained. "First, insurance is central to traditional wealth planning objectives, offering an ideal tool to pass on wealth to next generations, which is not simply about protection particularly in the HNW space. Secondly, this can be viewed as a tool for asset class and jurisdiction diversification missions. Many of our clients are mostly invested in Hong Kong, China or the near region due to home bias, but insurance is a vehicle that can diversify both asset class and geographies."

Working with the providers

He explained that the solutions are available to satisfy both sets of needs within each of these two perspectives, through external broker and manufacturing partners such as Quilter and Lombard who can provide insurance policies that suit various jurisdictions and tax regimes.

Diversifying exposures and insurance as an asset class

He explained that the bank is continually advising clients that they should be diversifying in terms of their assets. "For example, the China property high yield bond situation in recent months reinforces our view that it is well worth diversifying into different asset classes and

advisors to be able to delve into these subjects as much as possible with the help of both internal and external partners. By engaging into these deeper level conversations, usually we find we are able to cement the client relationships better."

New product trends

Simon rounded off his observations by adding that the

"This is an interesting topic to our clients and we in HSBC Private Banking are trying to equip our client advisors to be able to delve into these subjects as much as possible with the help of both internal and external partners. By engaging into these deeper level conversations, usually we find we are able to cement the client relationships better."

geographies," he told delegates. "Insurance comes in very handy as a tool to diversify and at the same time plays a very important part in terms of wealth planning."

Boosting the engagement, elevating the conversations

Simon explained that a key mission is to encourage the RMs and advisors at the bank to not forget about insurance, even though they are generally much more knowledgeable in typical investment asset classes.

"There are more and more wealthy people and as they look into these matters, especially proper, robust wealth planning, they see more and more that insurance offers an excellent solution," he said. "This is an interesting topic to our clients and we in HSBC Private Banking are trying to equip our client

industry has been launching new products to suit latest market environment and targeting the HNW segment. For example, Savings products have been particularly popular due again to investment diversification and the by-passing of the need for medical examinations. Whilst for protection products, clients increasingly prefer Whole of Life policies where the protection is guaranteed.

He also noted that with the yield curve basically at historical trough, and various new risk based capital requirements on insurance companies, the return from insurance policies have shifted lower, and traditional Universal Life products have become less popular in the HNW space.

And his final word was that the Private Placement Life Insurance

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product also fits neatly into the broader wealth planning theme, especially for those clients who wish to be more mobile. “The PPLI product fits very nicely into

the migration and mobility theme, particularly for local clients who are more accustomed to a much simpler kind of tax regime in Hong Kong and planning for emigration.”

he explained.

There is little doubt that Simon is passionate about the topic of life insurance and a strong believer to its importance in cementing a private bank’s relationship with its clients. And with the might of HSBC’s growing private bank network and brand across the region, the outlook is indeed rather positive. ■

