

Hywin International's Head of Insurance Brokerage on Surging Demand from China's Ranks of HNWIs



On October 21, Hubbis held a virtual event focusing on life insurance solutions for high-net-worth clients in Asia, with a panel of experts to guide delegates, including Regan Shum, Head of Insurance Brokerage at Hywin International in Hong Kong. Regan was remarkably positive about the evolution of insurance for HNW clients in Greater China. He spoke enthusiastically about the Whole of Life policies and Savings Plans, which the firm calls the Power Plans, as well as about Private Placement Life Insurance and Variable Universal Life, the latter two structures especially for those clients who wish to be mobile across jurisdictions and residencies in the future. We have summarised his insights in this short report.

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It is never easy for private banks and wealth managers to start and then pursue conversations with private clients that focus on optimising estate and financial planning through the involvement of life insurance solutions. But such life insurance solutions clearly have a key role in helping HNW and UHNW clients protect their wealth, and also in providing client families with liquidity in the event of a death, as well as helping facilitate estate

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and succession planning. No more so than amongst the 120,000-plus HNW and UHNW clients in Greater China that Hywin today serves.

Deep involvement in China’s wealth market

By way of background, Hywin is a leading independent wealth manager from China, and fairly recently announced some stellar operating results for the 2021 fiscal year that ended on June 30, as net revenues increased by 42.8% year on year to RMB1.83 billion, while net income surged by 95.6% year on year to RMB208 million.

Hywin Wealth boasts more than 1,600 relationship managers in Greater China serving over 120,000 wealthy clients. As the Hong Kong subsidiary of Hywin Wealth, Hywin International is dedicated to serving HNW and UHNW families in Greater China and beyond.

Brand and charisma combined

Hywin Wealth itself was founded in Shanghai in 2006 and is today a leading independent wealth management institution in Greater China, with 174 business locations and more than 2,200 employees as of end March 2021. Hywin Wealth listed on Nasdaq in March 2021 and trades under “NASDAQ: HYW”. The firm is led by its charismatic CEO, Madame Wang Dian,

who is one of the leading figures shaping China’s wealth management industry. Her philanthropic passions and cultural pursuits also set the benchmark for China’s entrepreneurial classes, according to company sources.

Asset management has been a key growth area for Hywin in China and offshore, as the company is able to leverage insights from its wealth management franchise to build an asset management business that is differentiated by segmented propositions and cross-cycle resilience, while creating substantial returns for clients.

Onshore and offshore aligned

Hywin therefore offers expertise across asset classes and across onshore and offshore, and the firm reports it has sourced and

selected a full spectrum of investment products for its 120,000+ high-net-worth clients for more than 15 years, conducting due diligence on hundreds of asset managers and thousands of products.

Hywin International provides services that include an EAM offering, investment advisory, discretionary portfolio management, funds, insurance brokerage, and fiduciary advisory. In a recent interview that Hubbis conducted with Hywin International’s CEO Nick Xiao, he explained to us that Hywin Wealth is a partner of the Hong Kong SAR Government in its initiative to nurture Hong Kong as the hub for global family offices, and that the mission of Hywin International is to expand the firm’s reach offshore across Asia and beyond in the future.

He remarked that Chinese private wealth has been expanding at a phenomenal rate, and as Chinese HNWIs and the ultra-wealthy families globalise their investment portfolios, their footprint, and also their lifestyles, Hywin aims to be there to cater to their needs and expectations. China’s wealth is relatively young, and so many of these younger generation clients are leading the way to the future, from championing ESG initiatives to incubating frontier technologies, he had observed.

Insurance – a tidy fit with huge potential

It is into this holistic wealth management proposition that Hywin International offers today that Regan fits as Head of Insurance Brokerage for the firm, based in Hong Kong. Regan was on October 21 making his first appearance on a panel in a Hubbis event, but he rose to the challenge



REGAN SHUM
Hywin International

admirably. He told delegates how as a top tier wealth manager in Greater China, the firm promotes itself as providing holistic wealth solutions for its clients, and that insurance is very much a core element of the proposition in client's wealth portfolio.

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Strong credentials

Regan has been a leading personality in Greater China's wealth management for the past 20 years and is a trusted confidant and investment advisor for some renowned UHNW families. At Hywin, Regan leads a team dedicated to serving Hywin clients' full range of private banking needs (on EAM basis), including global custody, portfolio management, premium financing,

commercial and residential real estate financing, jet & yacht financing as well as small scale cross-border M&As. Further back in his past, Regan earned a Bachelor of Financial Services degree from the University of Bradford, and before returning to Hong Kong, served as a Certified Management Accountant in Leeds and Manchester; and was known for his professional excellence.

pursue a goal of what they termed 'common prosperity', whereby citizens share in the opportunity to be wealthy as the main objective for the next stage of national development. They stressed the need for the economy to offer a smoothing out of wealth, in other words that wealth distribution and redistribution needs to become more of a proactive agenda.

"They want to contribute to the society but on the other hand, they want to see if there are solutions that allow them to optimise in order to make it a long-term, sustainable contribution. It's too early for anyone to have a definitive answer yet, but I am sure insurance clearly has a positive role to play within this great initiative, as we can see from developed markets around the world."

Overcoming the hurdles

Regan reported that "due to travel restrictions, Hong Kong's insurance industry has been greatly affected, especially the providers that mainly serve foreigners and tourists. However, thanks to the foresight of Hywin's management, we improved our ability to serve UHNWI before the outbreak. The way we serve clients is no longer driven by product demand but has become a full life cycle wealth management solution created with our clients. Since then, we have expanded our prospects from the mass affluent/HNWIs to the UHNWIs, and from Greater China clients to global citizens."

"Clients are paying close attention to the potential imposition of the property tax, estate tax or even gift tax in the future," Regan reported. "They want to contribute to the society but on the other hand, they want to see if there are solutions that allow them to optimise in order to make it a long-term, sustainable contribution. It's too early for anyone to have a definitive answer yet, but I am sure insurance clearly has a positive role to play within this great initiative, as we can see from developed markets around the world."

After the panel discussion, Regan shared his thought about how insurance can be a key to the win-win-win situation within the common prosperity initiative. To make the initiative a long-term sustainable goal, Regan's idea is to make use of the "Policy

Thoughts on common prosperity?

At an economic leadership meeting in August, Chinese leaders agreed that China must

donation scheme". The concept of policy donation is very simple - Policyholders consider donating a certain percentage of the sum insured for the designated charities by making them policy beneficiaries. Regan personally has been participating in the donation scheme for years, his vision is that when everyone joins the scheme voluntarily, the world is going to be a better place to live.

The beauty of the policy donation is that insurance became the multiplier of the original input, everyone will be eventually having a larger cake to share happily. Secondly, the donation will only occur when the death benefit is triggered, meaning that the donor does not have to make compromise to his/her lifestyle during lifetime.

Savings Plans, Whole of Life, VUL and PPLI

He added that while savings plans have always been popular, critical illness and high-end medical plans are increasingly in favour for Greater China clients, even though it is much more difficult today to obtain the relevant medical certificates.

"Additionally, PPLI and VUL type structures are of interest to those clients who are considering a full or part-time move to another jurisdiction, since many higher tax destinations provide tax relief on certain types of insurance, PPLI and VUL happen to be the answer for such solution," he reported. "Personally, I used to be a fan of UL, but those days have passed. Thanks to the low interest rate situation, the policy value curve in a long run nowadays becomes

pretty unattractive. Accordingly, the providers themselves have switched to underwrite more whole of life products."

"While the high net worth clients we serve today tend to be based in Greater China, we are seeing a lot of their next generation scattered all over the world, for academic and professional pursuits, mostly in English speaking countries. A lot of them already have built up a significant pool of offshore assets and are planning to become a global citizen, travelling between the east and west. Therefore, it is not just the offshore wealth that we have to take care of; but also, to take every scenario into account when it comes to their succession planning and structure." ■

