

Insurance as a Wealth Planning Tool for HNW Families – Insights from Sun Life Singapore

Sun Life Singapore provides relevant insurance solutions for High Net Worth clients. Michael Wei, Chief Partnership & Marketing Officer at Sun Life Singapore, gave an insightful and informative presentation to delegates at the Hubbis HNW Insurance Forum in Singapore on September 29, highlighting the value of applying insurance solutions to wealth planning. He offered delegates a view on the key past, present and future trends among Asian HNW families as they start their wealth planning for generations to come.

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Michael Wei
Sun Life Singapore

Sun Life and its presence in Asia – a Snapshot

Sun Life Financial Inc., which is listed on the Toronto, New York and Philippine Stock Exchanges, is a global financial services organisation providing asset management, wealth and insurance solutions to individual and corporate clients. Sun Life Assurance Company of Canada (SLACC) has been operating business for more than 130 years.

Sun Life group of companies produced underlying net income of C\$949 million in Q3 2022, with C\$1.27 trillion worth of assets under management. Sun Life serves over 70 million of clients globally with 50,000 employees and over 118,000 advisors. In addition, Sun Life upholds a solid capital position and credit ratings that are amongst the strongest in the industry (AA rating from S&P and Aa3 rating from Moody's).

Having pioneered HNW insurance in Asia since the 1990s, Sun Life has established itself as a recognised market leader in the High Net Worth (HNW) / Ultra High Net

Worth (UHNW) insurance segment. Building on its success, Sun Life invested in building local HNW/ UHNW capabilities in Hong Kong in 2017 and extended its ambitions to Singapore in 2020.

Singapore – a natural step for Sun Life

SLACC established its Singapore branch ("Sun Life Singapore") in May 2020, with the mission to offer life insurance solutions to High-Net-Worth (HNW) and Ultra-HNW (UHNW) clients in Singapore. Sun Life also has a strong reputation and deep relationships with many of the private banks and international insurance brokers in Singapore that Sun Life Singapore can leverage on.

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With the opening of Sun Life Singapore, Sun Life's presence in Asia extends to eight markets: China, Philippines, Hong Kong, India, Indonesia, Malaysia, Singapore and Vietnam. The establishment of Sun Life Singapore also reinforced Sun Life's leading position in the international HNW life insurance market.

Sun Life Singapore was established because Singapore is a global financial hub attractive to many HNWs in Asia and beyond, due to its sound and well-established regulatory environment. Singapore's business environment, which encourages and cultivates entrepreneurialism,

is also a conducive place for Sun Life Singapore, which focus is primarily on the increasingly robust HNW and UHNW client segments.

Working across Asia

Michael shared that in Asia, Sun Life operates through many joint ventures and partnerships, and cover retail clients as well as wealth management clients. Currently, Sun Life leverages its HNW expertise and product offerings in Hong Kong, Singapore and Bermuda, which gives an edge to Sun Life, as this allows its HNW clients the advantage of being able to obtain insurance solutions in these jurisdictions."

As a branch of SLACC, Sun Life Singapore carries the same financial strength ratings, giving the much

needed assurance to clients in these ever-changing times.

Michael added: "I should highlight that we are the first insurer in Singapore to offer a variety of benefit options, up to 100% of the initial guaranteed death benefit, and one of the few insurers with the highest insurance risk capacity in the market, so we can underwrite risks of USD100 million and more if everything fits. We have the talent and experience in underwriting and risk management. Moreover, we partner with Munich Re, Swiss Re and Hannover, the top three reinsurers in the world."



Into the Future

Sun Life Singapore launched its first flagship life insurance product in April 2021, namely Future-S, which is a whole of life insurance plan designed to offer a lifetime of protection, which is an essential component for legacy and wealth planning strategy, targeted at HNW and UHNW clients.

Michael's role and expertise

Michael is the Chief Partnership & Marketing Officer of Sun Life Singapore leading the sales and distribution strategy, strategic partnerships, brand marketing and communications.

He has experience and depth of High Net Worth (HNW) & Ultra High Net Worth insights gleaned from 20 years within the life insurance and banking industry as well as personally working with HNW individuals, families and corporates for over a decade.

Before joining Sun Life Singapore, Michael was the Senior Vice President in Citibank Regional Insurance, overseeing 17 markets across APAC & EMEA, where he was responsible for strategic planning, business management and digital innovation. He is a graduate of the Stanford University Graduate School of Business, as well as holding a BSc (Finance) from the University College Dublin and a Diploma in Information Technology from Nanyang Polytechnic.

Key trends amongst HNWs and UHNWs

Michael offered delegates an overview of wealth and planning trends in Asia, citing the Knight Frank 2022 Wealth Report, which predicts that over the ten years to 2026 the

global UHNWI population will have more than doubled.

Growth in younger, self-made UHNWIs (21% of the total) will drive new investment themes and innovation, cross-border real estate investment is on the rise, and globalisation is in the ascendancy, he noted. "And all these trends bring into focus the need for compliant local and cross-border planning and structures that work for the modern world and can also reflect the aims of these clients in areas such as ESG, philanthropy, and so forth," he said.

Asia as a key driver of growth

He explained that the rise of such wealth spans over the US, Europe and globally, with Asia featuring as a driver for significant growth ahead.

With reference to Knight Frank 2022 Wealth Report, Michael shared that some of the top concerns among HNW clients include inflation, tax and regulation, worries about new COVID-19 variants as well as interest rates, climate change and wealth inequality.

Highlighting demographic changes, Michael noted several key facets. More HNW patriarchs involve their spouse and children in active conversations for intergenerational wealth planning. More women are planning for wealth protection and succession proactively. And more HNWIS are actively planning for wealth accumulation and transition at an earlier age.

As a result, he noted that conversations amongst bankers, advisors, wealth planners and others are taking place earlier, they are more inclusive in terms of family member involvement, and they involve more women as decision makers

for themselves and influencers of family-wide decisions.

Shifting priorities

Amongst HNWI and families there are several shifts taking place. There is a move in onshore/offshore equilibrium, the families are prioritising wealth preservation, succession and generational wealth transition, there is a heightened sense of purpose amongst them, a greater appreciation of regulations and transparency, a recognition of the need to be mobile, and for solutions to be adaptable and portable.

Meanwhile, in the wealth advisory business there are shifts taking place. There is the ongoing transition to client-centric advisor, and a shift toward recurring fees and value-add services. At the same time, there is more widespread adoption of digital tools and data analytics, more focus on ESG and a higher concentration on regulatory issues and pricing transparency.

Estate and legacy planning no sharper focus

"The pandemic triggered a lot more wealth and legacy planning conversations than ever before," he remarked. "Often, instead of advisors

calling up clients, the clients were calling up advisors, that shift took place from 2020 and 2021 onwards, as clients changed their views on planning and that of course had a significant positive impact on the life insurance solutions market."

Pointing then to key emerging trends for the future, Michael highlighted a number of key developments which include prioritisation of family unity and continuity post-pandemic, the revisiting of existing succession plans, a greater focus on regulation and compliance, and a recognition that longer life expectancy requires more robust and comprehensive planning. Thus there is a need to be more inclusive across generations.

At the same time, the newer generation of wealthy clients are more digital savvy, they are increasingly more purposeful in their objectives and investments, they value ESG and philanthropy more, and they are more sensitive in their approach to wealth and privilege.

Life solutions move centre stage

Michael concluded that the increasingly diverse life insurance solutions on offer from leading providers such as Sun Life are increasingly

ideal for many, probably for all of these objectives. Moreover, the right products can be devised and tailored to fit to the ebbs and flows of the financial world around us. In particular he highlighted Universal Life, Whole of Life and Indexed UL, as key solutions.

He reiterated the many advantages of life insurance solutions and reminding the delegates how Sun Life in Asia works as closely and collaboratively as possible with the wealth management industry.

In some markets in Asia, Sun Life has built its own agency distribution capability, but that is not the plan in Singapore, where the firm plans to keep distributing through its insurance brokers, financial advisors and similar distribution channels. The plan is also to build further on the product offering to provide more highly relevant and tailored solutions.

"We work as closely as possible with you experts in the wealth industry here," he concluded. "It is in all our interests and of course to the client's advantage if we can all encourage the development of knowledge, of client conversations and ultimately help devise and conclude the most optimal solutions." ■

