

# Joseph Low, Group CEO of Insurance Broker PCS on Agility, Digital Facilitation and Going Onshore in China

Private Client Services by Mercer (PCS) is a global market leader in integrated life insurance solutions for HNW and UHNW clients. The firm ramped up its digital transformation amidst the pandemic to meet the exigencies of clients wanting to complete new policies remotely. This agility to rapidly address the changing needs of clients in today's world allowed the firm to keep writing business through 2020. The firm's new digital capabilities should stand it in good stead for resumed and possibly rapid growth in 2021, given the pent-up demand amongst private clients for estate and liquidity planning. With a licence to operate a 100% wholly-owned domestic insurance brokerage for mainland China, PCS has also been busy expanding its footprint there. Hubbis met up with Joseph Low, Group CEO of PCS who drives the overall strategy of the group in the region and leads the expansion of the North Asia business in China and other markets. We learned how the firm is evolving its products and services amidst the ongoing pandemic and delved into his plans for the business for 2021 and beyond. PCS is part of the global business network of Mercer, a wholly owned subsidiary of Marsh & McLennan Companies (MMC).

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**Since MMC's acquisition** of Jardine Lloyd Thompson Group plc (JLT) in April 2019, PCS (formerly known as Jardine Lloyd Thompson PCS), has been successfully leveraging the breadth and depth of MMC's global broking and advisory network of 75,000 colleagues across 130 countries to serve its clients with broader expertise, richer insights and greater innovation. The integration also saw the successful transition of the former JLT entity in Shanghai, China to Private Client Services by Mercer China Limited in 2020.

A global consulting leader in talent, health, retirement, and investments, Mercer operates in over 130 countries with more than 25,000 employees based in 44 countries. Parent group MMC is a leading global professional services firm in the areas of risk, strategy and people, with 75,000 colleagues and annualised revenues approaching USD17 billion.

### Part of the family

Low opens the conversation by sharing that since the acquisition by MMC in April 2019, there has been significant progress in integrating PCS into Mercer and that all was going very well until the pandemic hit.

"Then the devastating Covid-19 pandemic hit, and we had to react very fast," Low reports. "Naturally, the lockdowns, social distancing and lack of travel limited face-to-face interactions. Very quickly, we had to think and go digital - leveraging Mercer's technology infrastructure and capabilities and our own - to ensure continuity of service. We implemented virtual consultations, coupled with an automated documentation process

not only to reduce paperwork, but also to offer greater convenience and accessibility for clients, and greater peace of mind for all parties. We also facilitated in-country medical check-ups."

### Digital resolve

He explains that the evolution of digital solutions has opened new opportunities for the industry, which has historically leaned very heavily on personal interactions. "The pandemic meant we had to

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innovate at speed and with the flexibility to adapt to a rapidly changing situation to ensure we continue to provide our clients with high quality and reliable solutions, without losing that personal touch that is so central to private banking and wealth management for richer clients, especially in Asia," says Low.

### Life insurance in focus

Low offers a snapshot of the key trends in the HNW and UHNW life insurance industry across Asia. "The pandemic," he reports, "has brought into focus the importance of wealth planning for Asia's HNWIs with more time to think about succession planning, legacy planning and liquidity planning needs. Against the backdrop of low interest rates, financing is also cheaper, therefore they're more open to embracing insurance

policies for their business and family protection needs."

The result is that many clients are keen to consider life protection with premium financing. At the same time, the private banks are able to offer attractive and often very sizable premium financing. "We expect this trend to play out clearly for the next year or two," Low says, "propelling the business forward significantly."

### Product trends

As to broader product trends, Low explains that PCS, working closely with private banks, is focused on integrated life insurance solutions that help HNWIs preserve and protect their wealth. He explains that some 20 years ago, when the industry first started, universal life was the main offering to provide jumbo protection to clients, coupled neatly with the premium financing available from the private banks.

### Three key solutions

He reports UL has seen growing competition from other products including Whole of Life, Variable UL (VUL), Indexed UL and Private Placement Life Insurance (PPLI) in recent years, with Whole of Life and VUL in particular, offering life protection and wealth and succession planning, to create a



**JOSEPH LOW**

Mercer

safety net for liquidity and the next generations should something happen to the client.

“We have seen Indexed UL, VUL, and Whole of Life gather a lot more interest in the past several years, primarily because of the very attractive pricing versus UL,” he comments, “and also, as the Whole of Life product, offers a guarantee element not available with UL. We see these trends continuing, especially with crediting rates for UL under pressure.”

He offers more insight into each of the products, explaining that VUL targets more sophisticated clients who are able to understand the concept of wrapping their investment portfolio into an insurance policy; and using that investment portfolio as a premium in kind to give them protection.

And PPLI, he reports, is perhaps the most complex product, aimed at sophisticated clients who have sizable assets for tax and wealth planning with very customised and bespoke solutions in an environment of global cross border tax transparency.

**Getting Personal with Joseph Low**

Low is originally from Singapore where he graduated with an Accountancy degree from NTU. He moved to Hong Kong in 2007 to set up the PCS business, at that time within JLT. “I got into the insurance brokerage business in 2003 in Singapore and was then asked to head to Hong Kong a few years later,” he explains. “I was employee number one in the then JLT Hong Kong and was fortunate to be given opportunities along the way, eventually heading the business in 2019.”

“And then the global financial crisis hit,” he recalls, “It was really challenging but by 2012, business started to really pick up.”

Married with two sons aged 10 and nine, much of Low’s time at home is spent chasing them around, for example playing soccer with the boys, which Low says offers him plenty of fun and relaxation, as well as helping his fitness.

Lockdown in Hong Kong has been good from a family perspective and productive from a work viewpoint, but Low misses the extended family, most of whom are in Singapore. “Due to the restrictions, we could not go back to Singapore for Christmas, and it seems unlikely that we will be able to join any family gathering at Chinese New Year back home.”

**And the Savings Plan...**

He adds that another product - the Savings Plan - has generated strong interest, especially in a low-interest rate environment where clients are hunting for yield. “At the same

examinations during the pandemic. The Savings Plan is another useful tool for wealth transfer as it’s after all an insurance policy that offers death coverage and allows clients to name beneficiaries.”

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**Going big in China**

Low also highlights current and future distribution plans, noting that the offshore business

coverage is from Hong Kong, Singapore and Switzerland, and that the firm is also developing its onshore business in China, having been fortunate to secure its life insurance broking license in China.

He explains that PCS is now permitted under the license to trade as a foreign broker and cover all lines of insurance brokerage in mainland China. "Leveraging this licence from the China Banking Insurance Regulatory Commission, we can now expand the suite of risk advisory and insurance broking services to the full spectrum of Chinese onshore businesses and onshore clients across the Mainland, whereas before we could only operate offshore. We are now rapidly and sensibly extending our footprint in the country."

PCS currently operates in three cities – Shanghai, Beijing and Guangzhou with plans for expansion. He notes that China's domestic travel is currently unrestricted, so it resembles more of the former global normal. "We are building our sales team in China and have formed distribution partnerships with major insurance issuers such as AIA China, Manulife Sinochem, Taikang, HSBC Life China, Generali China, Citic Prudential, etc. As a first mover, we believe we're in a strong position for growth."

### Pragmatic approach

Low rounds off the discussion by observing for many HNW clients, pragmatism comes first, basing their decisions primarily on the

variety of products and pricing on offer. "As an international broker, we can offer flexibility for products through Singapore, Switzerland where we have offices in Zurich and Geneva and, of course, onshore in China."

### Keeping an eye on solvency

He also adds that the selection of the insurers PCS partners with remains based on reputation, commitment to the region and also on the solvency ratio rating from Standards & Pools.

"And naturally," he explains, "it also comes down to the products they offer – whether they are relevant for clients. With the pandemic disrupting the industry, there's a growing focus how insurers can provide digital access to their products. And finally, we keep a close eye on their abilities to navigate the changes in regulation and extremely low interest rate environment to keep their solvency ratios stable."

### Key Priorities for 2021

Low's first mission is to ramp up PCS's digital transformation and business. "We are, however, still stuck in this pandemic, and for example, Hong Kong demands 21 days quarantine for any arrival, so we will continue to face many challenges. But we got a head start last year in digitalising our processes to help clients get the protection they need virtually, completing some 100 policies. Now that we have this process well under control, we're looking

to double or triple those numbers and are pretty confident we can."

The second priority is to expand the range of product types. "The Savings Plan is currently a good alternative for clients who do not wish to do medical checks, so we are increasing the marketing of the Savings Plan as an alternative, for example," he reports.

And his third goal is to continue to beef up PCS' sales team. "We are hiring a new global head of sales to drive our sales team across our regions of Singapore, Hong Kong, and Switzerland."

### Resilience and agility

He draws the discussion towards a close by remarking that he is proud of how PCS has weathered the storms with agility and resilience. "At PCS, we have always looked to go the extra mile for clients, and I am proud that the team has not only risen to the challenge but proved that a traditional business could redefine its model rapidly to deliver relevant and effective digital experiences in the most critical moments."

His final word is to reiterate that PCS has emerged stronger through the challenges of 2020 and is now faced with a market replete with pent-up demand and the right tools and solutions to address those needs. "Combined with our Mainland onshore operations, we are energised by some great opportunities ahead," he concludes. ■

