

# Meeting HNW expectations with insurance

*To provide wealthy individuals with the protection and investment solutions that certain types of insurance can offer, Nicholas Kourteff of UBS Wealth Management says the key is knowing these clients' expectations, and then matching these with professional advice and correct product selection.*

The ultimate goal most people have, irrespective of their level of wealth, is protection against life's risks. In seeking to achieve and maintain financial security in this way for themselves and their loved ones, now and in the future, various insurance solutions can help.

But for HNW clients, they need products which do a bit more to reflect their often more complex and multi-dimensional needs.

Business owners, for example, are typically heavily invested into their company. Plus, Asian HNW individuals generally have multiple bank accounts, with investments often spread across different jurisdictions too.

Most of these clients are, however, unaware of the need to create an independent portfolio for lifestyle preservation upon retirement, that is separate from their business assets, and independent of their family's assets. Or, they

simply don't think they need protection via the various forms of policies such as Universal Life and others.

As a result, this is the segment where a client adviser (CA) can – and should – make the biggest contribution.

“Their role is to not only know their client but to also review their potential financial needs and discuss the value of seeking expert advice tailored to their selected financial priorities,” says Nicholas Kourteff, executive director, wealth planning, product management and distribution at UBS Wealth Management in Asia Pacific.

## CLIENT ADVISER AS THE CATALYST

CAs play a key role in helping the client to understand their financial medium- to long-term needs, and assisting to refer the client to the appropriate advice channels. “The client adviser is the key motivator,” says Kourteff, who points



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to the future role of individuals at his own bank in encouraging their clients to think about concepts such as risk mitigation, lifestyle preservation, and

segmenting their assets to create a pool to provide a lifestyle income which is separate from their legacy plan, and clearly delineates business assets from their retirement assets pool.

“At the end of the day, the client needs to feel the tangible benefits of both the planning service and also implementation of their holistic financial plan,” explains Kourteff.

Another important role of a CA in this type of conversation, is helping the client understand the need to have a longer term investment horizon when they consider their options.

“Generally speaking, clients are too short-term oriented when it comes to planning for retirement,” adds Kourteff. “It has historically been seen that most people live longer than they anticipate, so they must plan for it.”

UBS Wealth Management has a fresh approach to providing its clients with an ongoing, advice-driven service to manage their portfolio around lifestyle preservation and, in turn, give them peace of mind.

Kourteff explains how this is done.

“The way we focus on lifestyle preservation, is understanding when the client is going to retire over the medium to long term, and whether he or she wants to continue controlling the underlying portfolio and their business assets, or to focus on other things.”

### **CREATING THE RIGHT CLIENT EXPERIENCE**

According to Kourteff, the typical HNW client wants a solution that creates an experience warranted by the wealth bracket or segment they belong to.

“It’s a combination of an effective process, in terms of sales, medical and financial underwriting, documentation and servicing.”

What HNW clients don’t want, he adds, is to wait three months for an underwriting decision or to have to provide tax returns dating back several years.

The client also seeks transparency in the product they’re buying plus a certain pedigree in the product provider.

For instance, clients need to know if the product provides any guarantees and, if so, what specifically those guarantees are. For example, is it a life cover guarantee? Is it a guarantee on the cost of insurance? Or is it a guarantee on the policy administration fees? Also, how do those guarantees work?

“This is all very important in the HNW space,” says Kourteff.

Further, clients want to know about aspects such as if the product can be financed, and whether it is what Kourteff calls ‘structuring friendly’, based on if it can be held within a trust.

For UBS Wealth Management, the focus on due diligence is key to the bank delivering on all of this.

For example, UBS reviews all life insurance carriers and products approved for policy collateralisation and monitors the Cash Surrender Value of each policy.

HNW clients, after all, seek fast, efficient, professional turnaround in terms of the service offering.

They want comfort at the end of the day; to be able to review their plan when a life event happens, and be reassured

### **Due diligence check-list**

*Before presenting any product or solution to a client, UBS Wealth Management runs through a rigorous check-list.*

*This includes, for example:*

- *Whether the product comes from a jurisdiction that is transparent and has strong regulatory requirements in relation to protecting the client*
- *Whether the provider has been rated by a credit rating institution and if that rating is acceptable*
- *How long a product and provider has been in existence*
- *Where the product provider invests the funds it is entrusted*

the plan they put in place five or ten years ago, for instance, is still going to continue to serve their stated purpose.

“This is where the effort that goes in to the review process can pay off in improving the overall client experience,” explains Kourteff.

Meeting client expectations, in delivery and service of best-practice protection and lifestyle preservation solutions, is fundamental for private banks.

This is especially important, so that clients know that their holistic financial plan connects with their values, needs and goals. ■