

# Peter Tsih on Getting Ready for the Post-Covid World

Peter Tsih, Chief Executive Officer, Asia Pacific & EMEA, of IPG Howden, met with Hubbis in late 2020 to reflect on the year and look forward to 2021. The financial year – beginning for the firm on October 1, 2019 - had begun so well that it looked as if the business would break previous records. But, despite demand for life-insurance-based wealth planning solutions remaining, without the ability to meet with clients and for them to attend the medical assessments often required for such cover, the pandemic significantly restricted IPG Howden's ability to complete sales. However, with the confidence that they will be busier than ever when the virus is eventually brought under control, Tsih and team have taken the opportunity over recent months to further hone their skills, boost and diversify their proposition – both to clients and employees – and be fully prepared to hit the ground running as soon as the world opens back up.



**Over the past** four-plus decades, International Planning Group (IPG) has built a prominent market position in the development of life-insurance-based wealth structuring and transfer planning solutions for HNWIs and their families. Such was the success of the model that in mid-2018, leading international employee-owned insurance group Howden Group Holdings purchased a controlling interest in IPG's Asian and EMEA businesses, which have since rebranded as IPG Howden.

Howden Group Holdings is a leading international insurance group with over 8,500 employees across its broking and underwriting businesses, which span 40 countries, and handle a combined Gross Written Premium of over USD8 billion. Its broking arm, Howden, advises clients on specialist insurance, risk management and employee benefits solutions around the world. Together with Howden One, its global specialist insurance broking network, the firm boasts over 15,000 professionals, operating in more than 90 territories.

### Building for the future

Through its partnership with Howden, IPG Howden is able to offer greater depth and breadth of services to its clients by leveraging an enhanced infrastructure, increased scale, expanded capabilities, greater resources, and existing onshore licenses to pursue new opportunities, additional market segments and new life insurance carrier and product solutions.

Tsuh explains that IPG and Howden were complementary businesses with a common culture of empowerment, underpinned

### Key priorities

ESG principles are a key focus for IPG Howden. Tsuh reports, "We want to build a sustainable business. After all, we are in the legacy preservation business so it's important that IPG Howden is built around principles of sustainability. In practical terms, this means three things: make our business processes environmentally sound, empower colleagues to take on social impact activities individually, or as a team, and actively promote life insurance as a legacy giving tool." Some examples given by Tsuh include shifting marketing spend on festive gifts to local charitable donations, encouraging charitable giving during Chinese New Year with charity QR-coded red packet envelopes, and a partnership with the Community Foundation of Singapore to build awareness in legacy giving within the HNW communities.

And the other priority, he reports, is to expand its onshore presence and new markets globally. "We are optimistic about the demand for life insurance solutions and want to be ready for the market rebound when it occurs. We will expand our teams in growth areas like Dubai and Switzerland whilst looking for other onshore opportunities in Southeast Asia and China," he reports. "From a UHNW perspective, Africa and the GCC markets are on the verge of explosive growth. We want to be ready to serve these markets effectively when life returns to normal. I am optimistic that EMEA will become an important third hub, next to Singapore and Hong Kong."

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by employee-ownership. "We are both entrepreneurial and agile in nature. There is always the risk when you join a larger organisation that you lose part of your identity and become slowed down by bureaucracy and layers of hierarchy, but we've found quite the opposite. Being part of Howden has helped us develop further and faster in the wealth space,"

he comments. "By leveraging the unique capabilities, resources and strengths of both entities, we have the necessary critical mass to develop better solutions, reach more clients and further cement our position as a leader in the HNW life insurance space."

"Late in 2019, we brought our expertise closer to clients and partners in Malaysia and UAE when



**PETER TSIH**  
IPG Howden

we opened full-service offices in Kuala Lumpur and Dubai. In both instances, we were able to establish our presence with the help of our Howden colleagues. This serves as a model for us to explore the expansion of our footprint in other geographies around the world.”

Tsih notes that the two new offices in Kuala Lumpur and Dubai are licensed to conduct onshore business. “That is a positive and important change for us, as we have always previously focused on providing only offshore solutions,” he reports. “This move became very timely when Covid-19 restricted travel as it meant our onshore teams were able to still serve clients with insurance needs.”

He reports that for the first two years roughly, the firms continued to operate under separate brands, but in mid-2020 they decided it was time to re-brand as IPG Howden.

### Building the new brand

“By rebranding as IPG Howden, we’re telling the world that we’re proud to be part of one of the world’s largest employee-owned brokers,” he reports.

### Getting Personal with Peter Tsih

Born in Hong Kong, Tsih then moved to the San Francisco Bay area and later went to Golden Gate University to study marketing.

He has nearly 35 years of experience in the financial and insurance sectors in the US, Hong Kong and Singapore, with a major portion of his career with HSBC.

He started his career with Wells Fargo Bank in the US before working for HSBC in Hong Kong and Singapore.

By the time he left HSBC, he was head of distribution for the retail bank, and also head of agency for the insurance company, in other words combining two roles. He then spent 10 years at Charles Monat Associates in both Singapore and Hong Kong, before joining IPG.

Married with a daughter aged 17 and a son of 15, Tsih lives what he considers a contented home life in Hong Kong. “We do as much as we can together; it is what keeps me happy,” he says.

He also keeps fit, running five times a week and working his way up from half marathon capacity currently to the full marathon. “And I enjoy cooking for the family, they even sometimes say my food is pretty good,” he quips. “Breakfasts, either English or Chinese, are a bit of a speciality of mine. And quiet times in the evenings might be spent watching documentaries, in fact, last night I saw a rather interesting one on the Bee Gees.”

He explains how the employee-ownership model sets Howden apart from its competitors. “The employee ownership really does make for an entirely different kind of culture. As shareholders, employees care more because it’s their business. Because the shareholders we are answerable to are employees, we really, truly put our people first and this translates to a greater level of trust and empowerment. All of this ultimately results in better outcomes for our clients.”

### The best of both worlds

There are also three large institutional shareholders - CDPQ,

General Atlantic, and most recently Hg Capital. “What is special about these institutional investors is that they are not investing with a certain return in mind before they exit. Like our employee shareholders, they’re interested in long-term growth over quick returns. This allows us to focus on, and invest in, building a sustainable business with security in the knowledge that we have the backing of large partners well beyond the next several years.”

He concludes that all these elements make IPG Howden

unique for employees as well as for their external partners because they know that they're working with a broker that has that strength and stability of a large company behind it and also has the culture and nimbleness of an entrepreneurial, employee-owned, privately-held company. "It is the best of both worlds," he states.

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### **Embracing ESG principles and legacy giving**

Tsih explains that ESG principles are part of the fabric of the decision-making process, commenting that IPG Howden is committed to changing the narrative of life insurance to bring greater awareness to how it can support legacy giving, which, if directed properly, can make an immense impact to some of our most pressing social problems. "To further this objective," he reports, "we have partnered with the Community Foundation of Singapore to join forces in engaging the HNW community to enhance the appreciation and adoption of legacy giving."

He adds that building a sustainable business isn't just about generating profit for the long-term "we want to build

something that makes a difference to the world. While we're helping our clients with their legacy, we're also thinking about what do we want to leave behind? What will be IPG Howden's legacy? How can we use our position and platform to improve the lives of others, not just HNWI's but people from all walks of life?"

### **The year that could have been**

Tsih reports that the firm's fiscal year runs from October 1 to September 30 and that, based on the stellar first nine months of the fiscal year, they had been on track for their best year to date.

"We were heading to exceed our budget and produce the best year in the history of IPG, but by July, we finally felt the brunt of the travel restrictions as our business slowed considerably. The fourth quarter was very disheartening as the pandemic really took effect, and all we could do was to stop, take a breath, dust ourselves off, stop the pity party and move forward to a new way of doing business, looking for ways to continue to help our clients, because the demand for our services is as high as ever."

### **Relationship-driven confidence**

As to the actual impediments to writing new business, this has of course been impacted. "As much as we try to do things through virtual platforms, clients still want to talk to the person face to face. For Hong Kong, specifically, the rules are such that there needs to be some face-to-face interaction, particularly with PRC clients; without that, we can't follow the remote process even if the insurers are okay with it. So, there are clearly both regulatory and practical reasons for the business to slow."

The demand, however, is there. "Everyone has had cause to stop and reconsider their mortality and how they can best protect their families," he says, "including of course our teams, so those more emotional aspects of our job really came to life in our conversations with clients."

However, he reiterates that personal contact remains incredibly important for many deals to proceed. "And of course, medicals need to be done in many of these cases and clients still had some reservations about visiting a clinic," he adds, "and there were intermittent lockdowns throughout the year, so, at times, it just hasn't been possible to go to a medical facility. The result has been a struggle to gain any momentum, especially towards the second half of the year."

### **A changed financial environment**

Tsih comments that the massive and sudden drop in treasury yields in March have accelerated the inevitable changes in the product landscape. He notes

that insurers have, more or less, met the market demands of low premium/high guarantee products over the past several years, but after a small reprieve in US Treasury yields in 2018, the rates have now dropped to unprecedented levels, and most actuaries are predicting these will remain low for the foreseeable future.

He adds that the 2008 crisis left Treasury yields at historically low levels for 10 years, and there appears little doubt that based on the demand for central banks to continue, and in many cases expand, their stimulus plans, the low interest rate environment is likely to last for at least another ten or more years.

### A different ball game

“Insurers are finding it increasingly difficult to price their products at current levels,” he says, “particularly the guaranteed portions and, as a result, I believe the product landscape will change faster than originally expected, perhaps as soon as 2021/22, whereby crediting rates and PAR fund assumptions will be materially lower. Some insurance companies might be able to withstand this environment better than others, but certainly it’s going to be a challenge for many to keep a product whereby the premium is low, and the guarantees are high.”

### Glass half full

However, Tsih believes that none of these trends will decrease the demand for life insurance. “On the contrary, we believe the demand for life insurance solutions will increase in the next several months. And lending rates are also at historically low levels of 1.5% and below; the last time we

had lending rates at this level, it sparked a spike in demand that lasted for several years.”

Tsih hopes that the availability of vaccines should, all being well, be the beginning of the road to normalcy.

“We have been quietly strengthening our team in all locations in anticipation of the eventual uptick in activities and demand,” he says. “We’re focusing our efforts and investment on building a highly effective support infrastructure in training, marketing and product management to ensure our consultants remain best-in-class in terms of service and advice to our partners and clients.”

### Unleashing the demand

And, if indeed all does go well with the vaccines, he believes the rebound should see tremendous pent-up demand released. “We know of many clients wanting to use insurance as a way of diversifying their portfolios, as a way of protecting their families, as a way of leaving a legacy for the next generation, so if it all went to the best-case scenario, we should see some really impressive growth again.”

### United and prepared

Tsih closes the discussion with the comment that he is genuinely grateful that IPG Howden has a highly united and effective team, a powerful people-first culture, driven by the strong underlying factors in the business. “All these elements have allowed us to weather the challenges of the pandemic with our teams intact and ready to increase our numbers and strength strategically for the eventual rebound,” he concludes. ■

