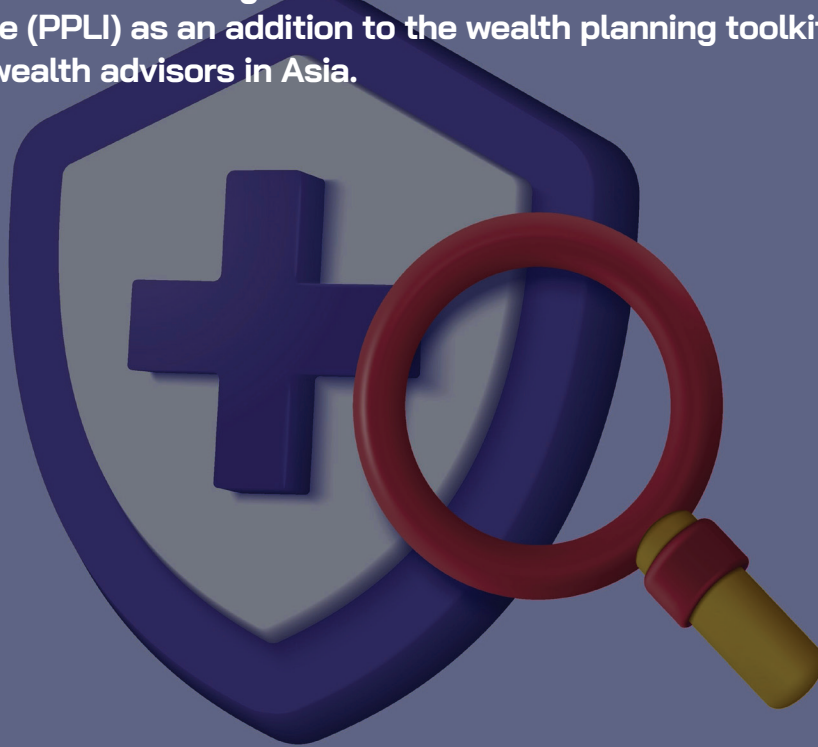


Rising Interest in Private Placement Life Insurance Amidst Wealth Preservation Trends

Lee Sleight is Head of Business Development Asia at Lombard International Assurance S.A. in Luxembourg. We recently met with Lee to discuss the increasing attraction of Private Placement Life Insurance (PPLI) as an addition to the wealth planning toolkit available to wealth advisors in Asia.



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Lee opens the conversation highlighting the interest towards solutions with a clear focus on wealth preservation and inter-generational wealth transfer.

wealth transfer in Asia, we are witnessing a clear shift towards wealth preservation.

Taking wealth that has been accumulated, preserving it and making sure this can be passed on smoothly is a key objective for any wealth advisor.

This is leading to another noteworthy trend, namely the evolution of the wealth planning ecosystem in Asia, which is further encouraging advisors to deliver the best advice and solutions available. This is increasing competition and considerably shaking up the advice market in Hong Kong, Singapore and beyond. One of the knock-on effects is the demand for greater choice as expectations and requirements are growing ever more sophisticated, from both clients and advisors.

Open Architecture

PPLI offers access to wider choice than may be offered via more traditional, in-house insurance solutions where the investment environment is limited to investing in the insurance companies over funds. Advisors are looking to design more bespoke solutions that are better suited to their clients' individual circumstances and investment requirements. PPLI has the ability to hold a broad range of asset classes, selected by the external asset manager, family office or private bank.

Client Retention

The ability to integrate trusted relationships into the structure ensure that clients may maintain relationships they are already happy with, making this solution highly relevant for i) both EAMs

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A changing advisory mindset

One of the interesting developments we are starting to see emerge is the use of the PPLI solution to transfer wealth from one generation to the next. This solution’s efficiency is proven, as it has been used actively in Europe. As we are on the cusp of significant

To stay at the forefront, continual development and enhanced services are a ‘must have’ as clients become more self-aware of what wealth planning options are available.

Lee explains that against this backdrop, there is growing interest in incorporating PPLI structures in holistic wealth planning.

as well as private bankers who perform a critical asset management role and are themselves focused on retaining AUM ii) trustees who have a fiduciary duty towards both the settlor and beneficiaries to maintain the wealth as well as iii) family offices who focus on the preservation of family wealth combined with a long-term view



on costs management. This is reflected in the 'stickiness' of the assets, with past experience showing that in general PPLI clients stay invested for upwards of 15 years.

Portability is key

Lee adds that the international recognition of PPLI, both in common and civil law jurisdictions, makes this solution appealing for internationally mobile clients. It is rare today to find a wealthy family that does not have at least one family member residing overseas (outside of the home country) and we frequently encounter families that are widely dispersed, with assets and interests in multiple

countries. The PPLI solution adapts to these types of circumstances, simplifying the client's situation whilst also reducing potential headaches for the wealth manager.

Combining PPLI with Other Structures

PPLI is also complimentary to other solutions such as trusts – they can be combined to future-proof current structures or enhance wealth planning strategies. We see the increasing appeal of this combination with options to retain the trust from a control perspective, with the trustee subscribing to a PPLI policy which then provides enhanced fiscal and

succession planning advantages. This allows trusted relationships and current structures to be maintained with minimal changes, whilst at the same time allowing the overall planning to be optimised and future-fit.

Equally the ability to incorporate established offshore financial holding companies as an underlying asset of the PPLI, can be beneficial. Due diligence combined with the requirement of a professional corporate services provider ensure that robust, future-proof succession planning can be put in place incorporating existing structures and preserving asset management and custody relationships. ■

