

Staying Fit for the Long-Haul to Win a Growing Share of Asia's HNW Insurance Market

In her spare time, Cho Peng Lim, CEO of the Singapore office of high-net-worth insurance brokerage IPG Howden, likes to stay fit. She certainly needs her stamina, as her Singapore operations cover seven major economies in Asia including China, Taiwan, Thailand and Indonesia, as well as the entire Middle East region. She met with Hubbis to discuss the proliferation of insurance providers and products, to explain the evolving approach of HNW clients to wealth planning and insurance solutions and to delineate how her firm is positioning itself, not just to survive amidst the intensifying competition, but to excel.

IN THE ROUGHLY 13 YEARS SINCE LIM JOINED HNW INSURANCE

broker IPG in 2006, she has witnessed a remarkable growth of providers and products in the insurance space. "It is beneficial for our clients as they now have a lot more options," she reports. "Clients are looking beyond simple legacy planning and diversifying into key areas such as how to address longevity risk via insurance solutions, different means of passing on wealth to multiple generations without giving as lump sums, and so forth. There are actually many different needs that have arisen, all of which create a myriad of opportunities for us."

Lim today presides over IPG Financial Services Pte Ltd, the Singapore office of IPG Howden, which was formed in mid-2018 when Howden, part of the Hyperion Insurance Group (Hyperion), bought a controlling interest in IPG's Asian and EMEA businesses. The deal was designed to create a business that would offer grander international scale and breadth of specialisation to clients and partners. [See box article below on IPG Howden]

Huge markets to cover

Lim explains that from the Singapore office, she and her teams cover Singapore, Malaysia, Thailand, the Philippines, Indonesia, Taiwan, China, as well as the Middle East.

"We have a vast market to cover," she comments, "but across all the markets the wealth planning needs of the clients are rather similar and actually have not really changed in recent years. The challenge is to bring these wealth planning conversations to the clients, and as we have more than 20 years of experience here, we are experts at these types of broad-based conversations. Of course, we often work with partners such as the pri-

vate banks, who might initiate the conversation with their clients and subsequently introduce us to them to help build out the proposition."

A rich history

IPG's history boasts credentials as a leader in the development of customised life insurance-based wealth structuring and transfer

planning solutions for affluent individuals, families and companies. IPG's brochure explains how its global platform provides clients access to the world's leading product, service and planning capabilities, delivered through a team of highly qualified professionals with backgrounds in banking, law, tax, insurance and fiduciary services.

Key Priorities

Asian markets are evolving rapidly, with new regulations and tax directives emerging continually. "We need to be constantly aware and mindful of such changes," she reports, "for example, China has recently completed their income tax reform and Indonesia is a moving situation. Being on top of our markets is therefore vital. Over the years, IPG has invested significantly in research to provide up to date information about markets and tax, and we plan to continue to spend in this way, supported by our Boston research team to help us further build this expertise."

Secondly, sourcing and delivering products that are relevant to the clients is a key area of focus. "We don't approach this as promoting the latest products, but the most suitable for our clients," she reports.

And her third priority is to build ever closer ties to partners such as private banks and other wealth intermediaries and to further understand their clients' needs. "The situation in Asia is evolving," she comments. "Traditionally, the older generations culturally did not want to openly talk about death, so it has been difficult to help them plan as we would want them to. However, the second or third generations are more open to wealth planning, they are more transparent in their concerns and more receptive to life insurance as part of their overall wealth planning discussions."

Nowadays, for example, Lim and colleagues see the younger business owners who are in their 40s actively encouraging such conversations. "They think it is necessary and important to be on top of these things," she explains. "In short, we need to be ever closer with our partners to understand and know what is happening with their clients, in order for us to stay relevant for this business."



CHO PENG LIM
IPG Howden

“Clients place their trust in IPG because of our expertise, global perspective and in-depth knowledge of more than 70 markets,” Lim reports. “IPG as a brand has over 40 years of industry experience, and today IPG is the preferred wealth planning partner to the world’s most respected private banks, family offices, independent financial advisors, law firms and tax professionals. Here in Asia, we operate out of both Singapore and Hong Kong to cover this region.”

Multi-faceted needs

The typical HNW client has family members who are resident or citizens or domiciled in a different jurisdiction, for example, they might live in Malaysia, and some of their family members might reside in the UK or the US, or elsewhere.

Many of these HNW clients control assets or earn income in multiple countries. Many have closely held businesses that might later require succession planning. Many often have associated debt but want to then leave their assets to heirs unencumbered by a debt obligation. Other regular concerns that Lim and her teams can address for such clients include mitigating

Getting Personal

Lim Cho Peng is CEO of IPG Howden. She has more than 25 years of experience in the financial services industry with a core focus on advising HNW families in South East Asia. She joined IPG in Singapore in early 2006 as a Senior Consultant advising on wealth transfer planning objectives with internationally sourced life insurance solutions.

In July 2011, she assumed the role of Chief Operating Officer, and then in January 2018 became CEO of the Singapore office, which covers seven countries in Asia and the Middle East.

Lim was born and raised in Singapore, later studying at the National University of Singapore, majoring in Economics. After several years working at UOB early in her career, in consumer banking, she ventured into private banking with ANZ Private Bank in 1997; the firm was later bought over by RBS Group and is today part of DBS.

"On the strength of my interesting experience, I then moved to BNP Paribas, covering the Indonesia market as a senior RM for the next six years before joining IPG in 2006."

Married with one young daughter who is nine years old, Lim enjoys an active lifestyle that involves running several times a week up to 15km at a single session on weekends coupled with a few sessions to the gym each week for high-intensity interval training.

"My life is both active and full of interest at home and work," she remarks. "Ours is a people business, and I have enjoyed that aspect throughout my career, it is good to be in this industry and in this place."

the potential loss of family wealth due to divorce or re-marriage. Asset and portfolio diversification are also critical factors for such clients and their families.

“All our HNW clients have wealth planning needs,” Lim comments. “Whether the focus is on preserving a family enterprise or ensuring the existence of sufficient liquidity in the event of someone’s

illness or demise, we are uniquely positioned to advise on these needs and design and implement efficient, customised solutions.”

The virtue of planning ahead

To develop practical and innovative long-term strategies, IPG designs wealth planning solutions focused on client objectives that include several critical characteris-

tics. Flexibility is vital as solutions are tailored to meet multiple short and long-term needs and to ensure suitability. Transparency in terms of a clear and easily understood solution supported by contractual agreements is critical. Efficiency is also important, as correctly structured solutions can provide favourable tax and cost benefits.

Additionally, IPG offers open architecture. “As an independent firm,” Lim reports, “we offer access to dozens of product providers and over USD200 million of capacity per client. And we are perennially a top distributor with leading international insurers, working in partnership and with great focus on innovation. We place roughly USD1.5 billion in new premium each year.”

“The adviser needs to understand who they are, truly appreciate their needs and their motivations and advise on a suitable solution. If they do not approach them in the right way, they might be shown the door quickly. Our consultants have the experience and the emotional intelligence to properly handle such clients.”

Experience counts

Lim believes the experience and knowledge of her teams and the history of the firm offer considerable differentiation from the competition. She explains that it is vital to continually elevate the firm’s offerings and skills.

“Experience is key in this business,” she says, “so to hire, we seek out professionals with a minimum of eight or more years of experience in the financial or related sector. We also have our own IPG ‘University’ in Boston, where we conduct our

training, as this is vital to hone the expertise and finesse of our advisers in dealing with savvy high-level clients. IPG would perhaps not have survived and prospered as we have done if we had not built such an experienced team of professionals. In fact, we often find that many of the private banks refer their most sophisticated, most demanding client to us.”

This type of client will usually have various cross-jurisdictional planning needs, they are likely to be knowledgeable on the markets, and may have been introduced to various life insurance solutions previously.

Don’t push it

“The client is not somebody you can simply push a product to,” Lim

comments. “The adviser needs to understand who they are, truly appreciate their needs and their motivations and advise on a suitable solution. If they do not approach them in the right way, they might be shown the door quickly. Our consultants have the experience and the emotional intelligence to properly handle such clients.”

Aside from the traditional route of sourcing clients through the private banks, IPG Howden is broadening its reach through the Hyperion and Howden networks.

“This is great for us because we now have an even wider outreach,” Lim explains. “Through its Howden network, Hyperion can offer us their own expertise in terms of alternative solutions, and at the same time they are also able to partner with us, to introduce us to their own clients, to work together with us, and to collaborate.”

Mining deeper and wider

Lim reports, for example, that Howden has been referring its HNW clients in Thailand to the firm, and that IPG is then also referring those clients to their private bank partners if such clients do not yet work with an offshore private bank. “This is not on a fee basis,” Lim explains, “it is actually all about partnering and collaboration, which is a two-way street; this approach bolsters our differentiation and is a win-win for all of us.”

Lim also notes that in Dubai, the firm works closely with RKH, a specialist brokerage to corporate clients which is part of Hyperion. “We work in collaboration with them, and we are also now in the process of obtaining our DIFC license, and after that we can move into the same office space as RKH, thereby improving collaboration with their corporate clients.”

Premium financing available

She reports that the firm can also now offer independent premium financing. “This is single asset-class financing generally set at 1.5% above USD Libor, while it is higher than the prices offered by the Private banks, which are usually linked to the client’s AUM with that bank and their overall portfolio structure, the loan will not be co-mingled with his other leveraged positions” she reports.

IPG partnered Gracie Point, a US company operating out of Wall Street, to provide this premium financing. “After the last global financial crisis, clients often want to obtain the type of funding separately from their bank financing in order to keep their assets with those banks less leveraged,” Lim explains, “thereby helping the scenarios with their beneficiaries when they pass their wealth on.”

Lim also notes that HNW clients today have a broader array of products to choose from, such as Universal Life (UL), indexed UL, Variable UL, whole of life, income plans, saving plans, and others.

Evolving the interest

When asked about PPLI, Lim affirms that the firm does not tend to work on PPLI, as Asian clients, in particular, are still generally looking for protection. “But the savings and income plans are growing in importance and provide alternative ways for passing money to the next generations.

She elucidates, explaining that in a whole of life income plan, instead of having a high death benefit the insurance company invests the funds, and allows the clients to withdraw cash after as few as four or five years.

“It is rather like a bond,” she clarifies, “but the purchaser of the policy does not need to worry about what bond they are buying, or the reinvestment risk as they are instead allowing the insurance company to help them generate the income. It works well for clients who do not want to pass a huge lump sum to their next generation, who prefer to pass them an income stream, which is easier for them to manage. Many HNWI’s are looking at this option.”

Another popular product is Variable Universal Life (VUL). Although this has been on offer for a decade or more, the real take-up has been in the last two years due to Automatic Exchange of Information, Lim reports. “It becomes such a burden for them to report on a per transaction, per asset class basis, so they like

to use VUL to segregate a portfolio of financial assets, bonds, equities and funds, which are slated for next generations. The CRS reporting is simplified and represented by the cash surrender value; which is totally compliant, reported and reduces their regulatory burdens.”

Lim closes the discussion with a brief comment on the world of digitalisation. While important for the firm, she concedes that the HNW market’s insurance processes are still very non-digital today.

“The underwriting process is still driven by human control, as the files need to be assessed, therefore I do not see that the HNWI life insurance segment at this moment is using a lot of digital technology for an underwriting and processing perspective. However, that will change as and when the insurance companies put more investment into that area and the same goes for us. If the insurers ask brokers such as us for less paper and more digital delivery, then things are likely to change.” ■



IPG Howden: Sized to Fit the Evolving Needs of a High-Growth Market

IPG Howden was formed in mid-2018 when insurance broker Hyperion bought over the Asian and EMEA operations of IPG. Initially established in the UK, Hyperion is currently the world's largest employee-owned insurance intermediary group with 3,800 employees servicing clients from offices in 38 countries. It is backed by US investment firm General Atlantic and the Canadian institutional investor, Caisse depot et placement du Quebec (CDPQ).

David Howden, CEO of Howden and Hyperion, said at the time: "This is an exciting partnership with the clear industry leader in the high net worth life insurance space. It will allow us to respond to the continued emergence of significant wealth planning needs across Asia and EMEA by delivering high-quality life insurance products to clients through our extensive international network. IPG and Howden are extremely complementary businesses with a common culture of empowerment, underpinned by employee-ownership. This allows both businesses to have the agility to respond to changing client needs by developing innovative, market-leading solutions."

Goh Chye Huat, CEO of Howden Asia, also added at the time of the announcement: "IPG will bring to Howden Asia experience in an area that we have long-held ambitions to enter. We will be able to expand the reach of the Howden brand in Asia to a completely new audience." He also noted that the deal represented a key step on Howden Asia's path to become the standout independent alternative to the traditional bigger players.

Jon Baker, founder, Chairman and CEO of IPG commented: "IPG Howden will leverage 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."

The business continues to be operated by the incumbent IPG management team, including Peter Tsih, CEO of International Planning Group Asia & EMEA, Cho Peng Lim, CEO of IPG Singapore, and Benjamin Cheng, CEO of IPG Hong Kong, while Steve Lamb, CFO of International Planning Group took on an additional role as CFO, IPG Howden.

