

The 'How' of Insurance Solutions for Asia's HNWI Clients

How do insurers increase their sales to the high-net-worth individuals (HNWIs) in Asia? How do insurers fully understand the needs of their clients and ensure that they provide the optimal solutions? Hubbis assembled a panel of experts at the recent Hubbis Insurance Summit in Hong Kong to mull over precisely these and other concepts.



Executive summary

The delicate art of insurance solutions sales for Asia's growing ranks of high-net-worth individuals (HNWIs) was debated in a panel discussion at a recent Hubbis Insurance Summit in Hong Kong. If there was one overriding lesson that was learned by the audience of private bankers, insurance brokers and wealth management professionals in attendance, it was that the client's needs must first be thoroughly understood through gentle and careful discussion. Only later, when the client has communicated their objectives and hopes and has grasped the concepts can the detail and pricing be discussed.

There are numerous HNWIs and ultra-HNWIs in the Asia region in their 60s, or older, who are facing up to the transition of their estates to other family members and younger generations; many of them do not have appropriate succession strategies in place and many might not yet have fully grasped the inherent value of insurance solutions.

There are also rapidly increasing numbers of younger HNWIs that need to plan more astutely for their futures and that will benefit from structured insurance solutions tailored to their more precise needs and hopes.

The delicate relationship between private banker and client should be enhanced, not disrupted, by the introduction of that client to the insurance broker. The banker-broker axis must be built for optimal effectiveness on a sound relationship and open communication. The two should work in partnership, seamlessly and professionally, in order for the client to trust the conceptual messages and to trust the detail and value proposition that will follow later, if the sales process goes well.

Careful planning, astute and proactive assessment of the sales discussions, of the client's potential objections, and of the flow of the sales process, are all essential ingredients for success.

Pricing is a discussion that must not be avoided and should be carefully, as well as boldly, managed but value is the more appropriate starting point. The focus on value, on the benefits of the solution the banker-broker axis is trying to sell to the customer, is a vital catalyst in any successful transition to sale completion. To achieve any of these objectives, the art of listening to the client and fully understanding their needs and their concerns are essential as the platform for the entire effort.

Bankers should not assume that they are the only person who their client will talk to on these matters, even if they enjoy a most-trusted-adviser type relationship. There are many competitors out there who will penetrate the client base if the door is ajar. Moreover, the bankers should be careful not to promote certain favourite products; instead, they need to tailor solutions for the clients and to do so must make every effort to understand the full array of solutions available in the market.

At the end of the process, a successful sale will be of a product that provides a solution that the client and their family consider valuable for protection, for estate planning and for liquidity.

THE DISCUSSION BEGAN WITH a wealth management leader commenting that many of Asia's entrepreneurs, business creators and corporate leaders who founded companies and then became HNWI's or ultra-HNWI's are now in their 60s and older.

"The first thing, therefore," he noted, "is that wealth transfer seems to be on most such people's minds, but all too often they do not have a clear plan or structure for transferring either their businesses or their assets, or for the family's liquidity in the event of their demise. Estate transition is clearly a complex topic, as families are complicated and have different characters and varied needs and there are many important elements, for example, who could run the businesses, what will happen to the original family home or other treasured asset? In short, whatever the issues to be faced, liquidity at these key moments is a vital factor to consider."

Protection and liquidity

He then observed that, very often, HNWI's tend to think of insurance as an investment product, whereas it should really be considered a planning solution with inbuilt investment elements. "Accordingly," he said, "we must ensure that the clients understand that planning and liquidity are the two core facets of insurance relevant to transferring wealth; they are buying protection with liquidity built-in."

The discussion soon turned to the links between the brokers and the private banking community and the very often failed process towards a successful conclusion, or transmission. "The bankers,"

observed one expert, "need to find brokers with whom they can work and communicate well, so chemistry is essential. Then you need to choose the specialist products and services for the client and make sure that the technical elements of the solutions can be properly conveyed, but by someone with a strong human connection, as these are often emotive matters under consideration."

Price discussions? No, better to focus on value first

An expert on pricing structures highlighted five factors to incorporate. "The first one," he said, "is about inner strength, so do not avoid the pricing discussion, in fact, try to enjoy it because it is unavoidable. Secondly, as a salesperson you should be in the driver's seat, so you have to structure the conversation and not allow the client to do so. The third factor is not to argue when discussing price; instead, focus on value, on the benefits of the solution you are trying to sell to the customer, highlighting that a product with a cheap price very often has no real value. The fourth factor is if you offer a concession to the client, do so in exchange for something in return. And finally, it comes down to process, preparing your arguments in advance, planning concessions, managing the objections, working out your walk-away price."

And beyond all these factors, the same expert advised the audience to listen to the customer. "You must work out why he might confront you on certain points, and whether as a result, you can even achieve a higher price in order to offer

more value, to satisfy the exact needs of that client."

Another panellist concurred, adding that insurance is a people business first and foremost, but one that can only be managed effectively with the appropriate planning and process.

"The banker needs to think about his or her relationship with the broker, but also about the connection between the banker's client and the broker," he elucidated. "The banker must oversee that relationship as well. Detailed planning in advance of client meetings is essential too in order to build a teamwork ethic and professionalism; if I can summarise, the client needs to see the banker-broker relationship almost as one person. The demonstration of unity is vital as clients are not buying products here, they are buying solutions for their lives, so by extension, they are buying into the competence and confidence that the broker-banker axis must bring to the table."

"Yes," added another attendee, "never forget that this is a people business with real issues affecting real lives. Anecdotes of real-life situations are valuable in such discussions, as are the questions that we ask that help the client become more future-focused and see this from a personal perspective."

Avoid complexity and detail until much later...

A panellist questioned at what level to pitch the complexity of discussions on what can often be seen by clients as a very technical subject. "Should we simply focus the conversations on the ordinary concerns that the client might have and avoid technical discussions completely?" he asked.

"The early discussion needs



to be simple and focus on basic concepts,” replied one banker. “The concept of insurance as a protection and as a wealth transfer tool is very understandable, so the initial discussions must be to ensure that we understand the client and the client grasps the key concepts.”

He also warned bankers against believing that they are the only relationship their client values. “Too many times we hear relationship managers say their client is not interested in insurance, only then to see a funds transfer request for a chunky insurance premium payment. Never assume that you are the only trusted provider of products and services, there is a lot of competition out there trying to get in the door and realistically how well does anyone really know their client?”

The discussion turned to whether the private banks are adept, in comparison to other

industries, in the way they think about the economics, pricing, and their conversations with clients.

Don't wait, get out there

“In the past,” replied one panellist, “the image of the private banker is one of someone waiting in his office for the client to come in and that has definitely impacted the sales process and pricing proficiency of the banks compared for example with industries such as the airlines, automotive sector and so forth. Moreover, we see a clear gap in the marketing efficiency and how they sell their products; they are not really value focussed, banks, they are overly benchmark focussed. In short, they do not tend to articulate value either well or properly.”

The inevitable question was then raised, as a panellist asked this expert for guidance on improving these areas. “For

example,” came the reply, “international banks might roll out global solutions that make a lot of sense, but they might also lack the local fundamentals, in other words, they need to investigate the local needs of clients and provide products and solutions that accurately fit these local needs and the local pricing environment.”

Confidence in the deliverer essential

The discussion then focused on the art of selling. “There has been some progress in this region, but there is much further to go,” said one attendee. “It is critical that the starting point is not the product, or even the solution, as the starting point is to develop a strong relationship with the client. They are buying into you before they buy anything else. Try to be the first to raise these matters and do not just assume that there are other bankers out

there talking about succession planning and insurance solutions. Build this dialogue and as a result, your relationships will be stronger. And remember to always focus on the human elements, to create an open dialogue that engenders trust.”

There was then a call to arms from one of the wealth management professionals in attendance. “I hope all of you will look into your portfolio of clients and think about what you might not have had discussions with your clients on, then plan when

proactive, keep an open mind on solutions, as well as working with your brokers and partners to help educate yourselves in those solutions so you are more capable and efficient.”

A fellow panellist added that the insurance carriers and brokers are there to enable sales. “Preparation meetings to strategise about the client and the forthcoming meeting with that client are literally mandatory,” he insisted.

The discussion closed with the panel focusing on what the

that you have come to understand.”

“Do not talk about price,” advised another expert, “but instead talk about value and values.

“The banker should not delve too deeply into the detail of these products, only the effect of the solutions,” said another panellist. “Do not talk about the product in detail, that is the broker’s job. You as the banker manage the relationship, so keep referring back to the needs and benefits and that will help the clients buy into the concepts. The detail will follow but the needs and benefits must drive the process.”

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you will begin those dialogues. We can focus on the big product, Universal Life, but there are several other highly relevant and valuable solutions, so we must all ensure that we understand those and are able to communicate them well. Make a plan, be

banker should avoid in the sales process. “Don’t scare the client away by being too ‘salesy’,” said one attendee. “You might scare the client away or not come up with the right solution. Listen, don’t present. Speak to them in a language that addresses the needs

Remember - value is in the eye of the beholder

“Value,” added another attendee, “is like beauty in the eye of the beholder. So rather than impressing on clients the value we see, we need to find out first and foremost what they actually value, what is important to them and what is a priority to them. Then we use simple terms, easy language, general conversation, and we must be wary to not push too far too soon.” ■

