

**HNW LIFE INSURANCE**

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**TRENDS AND  
OPPORTUNITIES IN  
THE PRIVATE CLIENT  
MARKETS**



# SUMMARY

■ *The Hubbis Digital Dialogue on January 25, focusing on high-net-worth life insurance, brought together industry experts to discuss the evolving landscape of wealth management and high-end insurance. Moderated by Michael Stanhope, the dialogue was designed to shed light on current trends, opportunities, and challenges in the high-net-worth insurance market. The panel included Roger Chi, Philipp Piaz, Mark Smallwood, and Lee Sleight, each with distinct backgrounds and expertise in wealth management and insurance. The session aimed to explore various aspects of high-net-worth life insurance, from its role in protection, in investment, and also astute estate and wealth planning. The experts also ranged over issues such as the impact of regulatory changes and the current demand patters that have resulted in greater diversity of insurance products. The insights shared by these experts provided a comprehensive understanding of the strategies and considerations pivotal to help wealth managers cater to high-net-worth individuals' unique insurance needs.*

## SPEAKERS



**ROGER CHI**  
1291 Group



**PHILIPP PIAZ**  
Finaport



**LEE SLEIGHT**  
Lombard  
International Assurance



**MARK SMALLWOOD**  
Hubbis

## PARTNERS



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### Key Observations & Insights

#### TOPICS AND QUESTIONS ADDRESSED:

- » What is the current and expected life insurance market profile in Asia compared to other markets, such as Europe? And why?
- » How do advisors even start thinking about how to help promote life insurance solutions amongst their private clients?
- » Typically, and in very broad terms, how do advisors approach clients with very different levels of wealth, such as the USD8 million HNW client compared with the USD300 million UHNW client?
- » Is there any specific product or value proposition that resonates with Single-Family Offices?
- » How do these wealth managers garner sufficient knowledge the products to help clients start on the journey to choosing a plethora of different alternatives such as Whole Life, Term Life, Universal Life, Variable Universal Life, Indexed UL and Private Placement Life Insurance?
- » How can advisors link life solutions to smart estate and legacy planning, and which are the most appropriate or relevant structures?
- » Where does the wealth advisor stop and where do the specialist (and fully licensed) life insurance brokerages and specialists take over in order to advance these solutions for Asia's private clients?
- » Very importantly, how do the advisors participate compliantly and legally in the fee income/commissions?
- » Should the wealth advisors also engage the second and third generations in such discussions, and if so, how?
- » What are some of the critical errors advisors and clients might make in the process?
- » Does the average private banker or EAM RM/advisor understand enough about the life products and solutions, or what needs to happen to boost their knowledge, engagement and involvement? How can they sensibly impart that knowledge to their clients?
- » What sort of relevant case studies can help illustrate some of these points?
- » Does the engagement stop when the client purchases the solution, or should the advisors step in to help them if, for example, they move jurisdictions or their situations change in significant ways?



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## TAKE SIX (KEY TAKEAWAYS) FROM THE DISCUSSION

**Shift to Client-Centric Approach:** There is a significant evolution from a product-driven sales approach to a more holistic, client-centric strategy in high-net-worth life insurance. Advisors are focusing more on understanding clients' financial situation in depth and on their long-term goals rather than just pushing insurance products.

**Multiple Roles for Insurance in Wealth Management:** Insurance is recognised not only as a risk management tool but also as a means for wealth accumulation, and of course, as an integral part of astute estate & legacy planning. These various roles are particularly beneficial for high-net-worth individuals, providing security, a disciplined savings mechanism, and great value in legacy planning.

**Global Dynamics and Regulatory Changes:** The wealth management and insurance needs of high-net-worth individuals are increasingly influenced by global family dynamics and changing regulations across jurisdictions. This has led to a need for more adaptable and compliant wealth management strategies, and for a wider array of life solutions, especially ones that are more portable, such as PPLI.

**Diversity in Insurance Products:** The market offers quite a wide range of insurance products, including PPLI, ULI, VUL, and other solutions, each catering to different aspects of wealth management, such as estate planning, tax optimization, and liquidity needs. Understanding the suitability of each product for various client scenarios is crucial.

**Challenges in Private Banking Sector:** Private banks face challenges in integrating holistic insurance solutions into their service offerings. There is a need for a mindset shift from focusing mainly on asset accumulation to encompassing broader wealth planning needs.

**Future Trends and Market Evolution:** The high-net-worth insurance market is moving towards more sophisticated, flexible products tailored to the unique needs of ultra-high-net-worth individuals. Future developments are likely to be driven by technological advancements, shifts in global wealth distribution, and regulatory changes.

### The Evolution of High-Net-Worth Insurance

An expert opened proceedings with a brief analysis of the evolution in high-net-worth insurance, highlighting a significant shift from a product-centric to a client-centric approach. Historically, the industry focused on selling financial products without a deeper understanding of the client's broader financial picture.

The speaker, drawing from extensive experience, described how this approach often led to a mismatch between client needs and the products offered. However, over the years, there has been a paradigm shift. This change can be attributed to several factors, including increased competition, more sophisticated clients, and a broader range of financial solutions available. He emphasised the importance of understanding the client's entire

financial situation, goals, and family dynamics. This holistic approach enables advisors to offer solutions more aligned with the client's long-term objectives rather than simply selling a product for immediate financial gain.

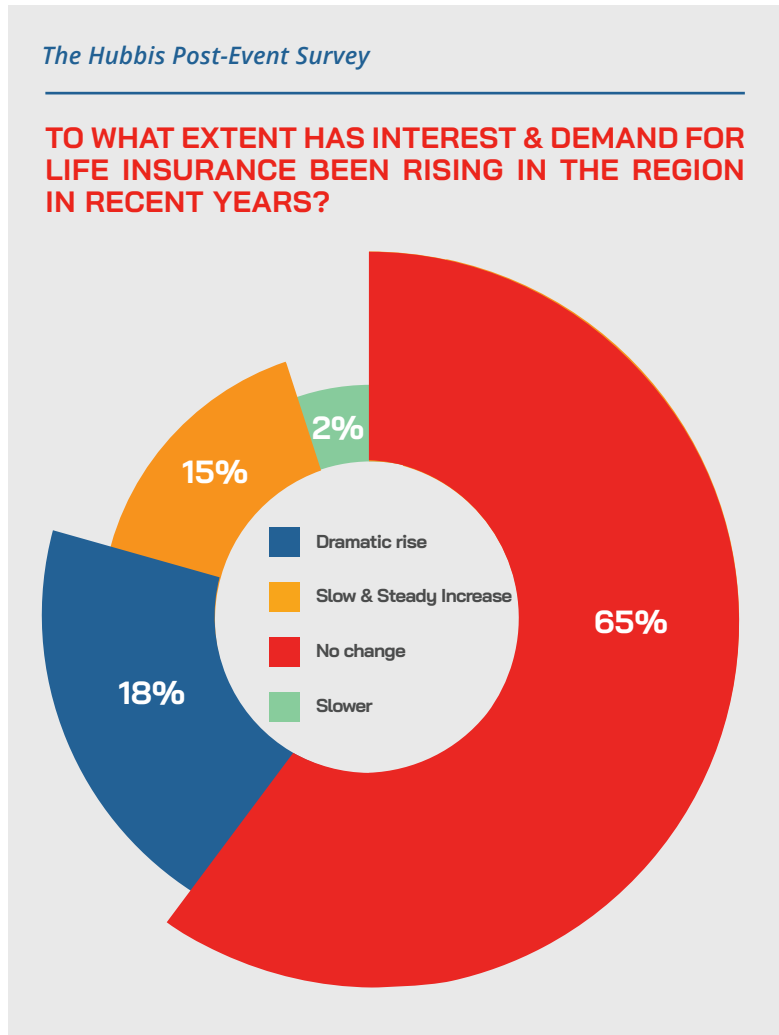
The same speaker also pointed out the increasing integration of wealth planning and management, where insurance is one of several tools used in crafting a comprehensive financial strategy.

This integration signifies a more mature market, where wealth management is not just about investment returns but also about protecting and transferring wealth. The insights highlighted how the industry's maturation is reflected in the evolving role of insurance in wealth planning, where it now plays a critical part in the larger picture of family wealth and legacy planning.

### The Multiple Roles of Insurance in Wealth Management

The discussion shifted towards an analysis of the dual role of insurance in wealth management, emphasising its significance beyond risk mitigation. Another expert speaker elaborated on this concept, explaining that while insurance is traditionally viewed as a risk management tool, it also serves as an effective mechanism for wealth accumulation. And if course it is used for smart estate and legacy structuring by the more astute individuals, often in combination with trusts and other vehicles and solutions. This multiplicity of roles is particularly pertinent in the context of high-net-worth individuals, who require sophisticated strategies both for protecting and growing their wealth.

This expert highlighted that insurance policies, especially those designed for high-net-worth clients, often include components that encourage wealth accumulation. For instance, certain life insurance products can be structured to offer investment opportunities, allowing the policyholder's capital to grow while still providing the security of life coverage. This approach not only safeguards



the client's financial interests in the event of unforeseen circumstances but also contributes to the growth of their estate over time.

Moreover, insurance in wealth management is about creating disciplined savings and investment habits. By regularly contributing to an insurance policy with an investment component, clients are, in effect, creating a forced savings mechanism. This aspect is particularly valuable for wealth preservation and intergenerational wealth transfer, ensuring that assets are not only

protected but also efficiently accumulated and passed down.

The panel also discussed how these insurance products could be tailored to meet specific needs, such as estate planning, tax optimisation, or catering to the unique lifestyle requirements of high-net-worth individuals. This customisation is a key aspect of modern insurance offerings, reflecting the industry's move towards a more client-centric approach. Overall, the speaker's insights shed light on the evolving perception of insurance in wealth management, portraying it as a versatile tool both for protecting

and enhancing high-net-worth clients’ financial well-being.

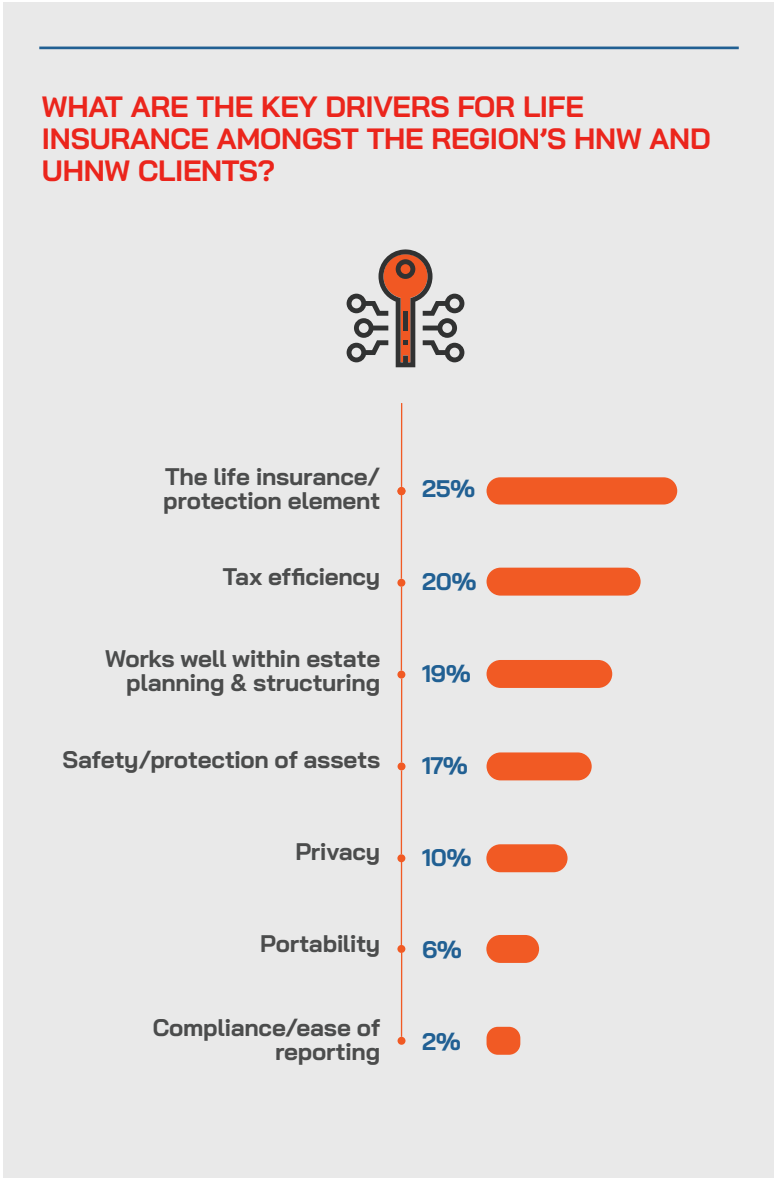
### The Role of Insurance in Astute Wealth Planning

The panellists unanimously agreed on the importance of a client-centric approach in wealth planning, particularly in the context of high-net-worth individuals. This approach involves a deep understanding of the client’s unique financial situation, goals, family structure, and long-term aspirations. The discussion emphasised that every high-net-worth individual’s situation is distinct, necessitating a personalised strategy that goes beyond standard financial products.

This part of the conversation highlighted the need for wealth managers and insurance advisors to engage in comprehensive discussions with their clients to understand their specific needs.

This might involve exploring their family dynamics, understanding the complexities of their asset portfolios, and considering their tax and legal circumstances across different jurisdictions. Such a thorough approach ensures that the financial solutions offered, including insurance, are not only aligned with the client’s immediate financial objectives but also with their long-term life goals and legacy plans.

The panellists also touched upon the significance of adapting to changing client needs but also anticipate future changes in their financial landscape. For example, if a client’s child is planning to study abroad, this might necessitate changes in the estate plan or insurance coverage. The advisor’s role is to foresee such changes and prepare the client accordingly.



Another crucial aspect underlined was the importance of ongoing communication and relationship-building. Unlike transactional interactions, wealth management for high-net-worth individuals is a long-term engagement. It involves building trust and understanding over time, enabling advisors to make more informed and empathetic decisions on behalf of their clients. This relationship-based approach is key to successfully managing the complex needs of high-net-worth clients.

### Regulatory Changes and Global Dynamics

A different speaker focused attention on the impact of regulatory changes and global dynamics on the insurance needs of high-net-worth individuals. Insights were provided into how changing tax laws and regulations in countries like Taiwan and China are reshaping wealth planning strategies. For instance, implementing Controlled Foreign Corporation (CFC) rules in Taiwan has prompted high-net-worth

individuals to reevaluate their offshore investments and seek compliant structuring options.

The speaker also discussed the challenges faced by individuals who relocate but still retain tax liabilities in their home country. The necessity for these individuals to adopt insurance solutions that offer tax efficiency and compliance with their home country's tax laws was highlighted. This situation exemplifies the complexities of managing wealth in a global context, where clients may have financial ties and obligations in multiple jurisdictions.

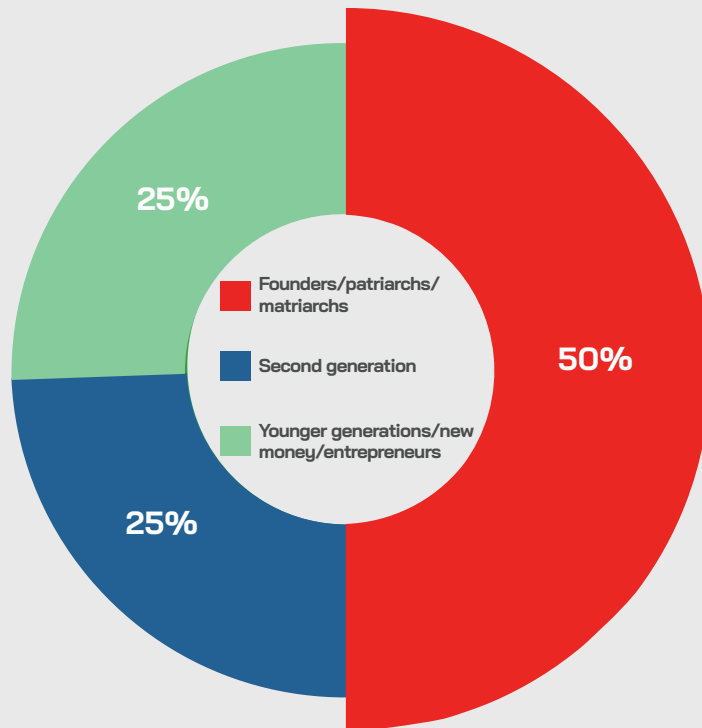
The panel discussed how global dynamics, such as migration trends and the movement of high-net-worth individuals across borders, have significant implications for wealth planning. For instance, a client moving from a low-tax to a high-tax jurisdiction may require a complete overhaul of their insurance and estate planning strategies to ensure tax efficiency and compliance in their new home country.

The discussion underscored the importance of staying abreast of regulatory changes and understanding their implications for high-net-worth clients. The need for wealth advisors and insurance professionals to be knowledgeable about international tax laws and regulatory environments to provide valuable guidance to their clients was emphasised. This expertise is crucial in navigating the increasingly complex and interconnected world of global finance.

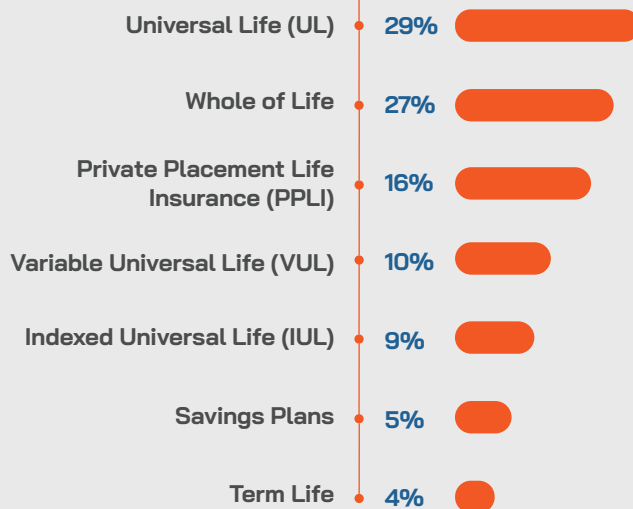
### Spoiled for Choice – the Diversity in Insurance Products

The dialogue highlighted the diversity of insurance products

#### WHERE IS MOST OF THE DEMAND COMING



#### WHICH LIFE INSURANCE PRODUCTS ARE MOST IN DEMAND IN THE REGION'S HNW AND UHNW WEALTH MARKET?



available to high-net-worth individuals and their relevance to various wealth management strategies. The panellists discussed products ranging from Private Placement Life Insurance (PPLI) to Universal Life Insurance (ULI) and Variable Universal Life (VUL), each serving different client objectives.

Case studies were briefly provided, illustrating how these products are used in practice. For example, the use of PPLI for clients who require a combination of tax efficiency, asset protection, and estate planning was mentioned. PPLI is particularly suitable for high-net-worth individuals with international exposure, as it offers a compliant way to manage assets across jurisdictions.

In contrast, ULI and VUL products are often used for their liquidity benefits, especially in estate planning scenarios where high-net-worth individuals seek to provide for their heirs tax-efficiently. The discussion touched upon the flexibility of these products in accommodating different types of assets, including cash, securities, and even business interests, making it a versatile tool for diverse portfolios.

This segment of the dialogue underscored the need for advisors to deeply understand these products and their suitability for different client scenarios. The panellists agreed that the product choice should be driven by the client's specific needs and objectives rather than the product's features alone. This approach ensures that the insurance solution aligns with the overall wealth management strategy and addresses the client's unique financial situation.

*Expert Opinion*

**LEE SLEIGHT, Head of Business Development, Asia, Lombard International Assurance on the strong case for PPLI**

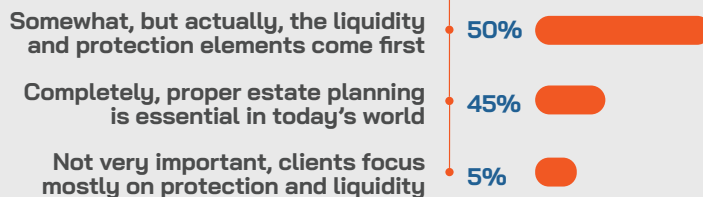
"By its very nature, Private Placement Life Insurance (PPLI) lends itself to estate and legacy planning – the ability to protect and preserve an existing portfolio and ensure a smooth transition of family wealth on to the next generations is key."

"The international recognition of PPLI is critical for advisers to UHNW mobile families. When looking to plan across borders they also need to keep up to date as family circumstances evolve. They want a solution that requires minimal maintenance, that doesn't need regular restructuring and that can enhance current plans."

"PPLI can enhance existing wealth planning structures such as Trusts, therefore ensuring an efficient and smooth transfer of wealth to the next generation. PPLI's open architecture allows trusted asset management and bank relationships to be maintained. For advisers, combining a family's existing arrangements with insurance can optimise planning whilst providing peace of mind."



**TO WHAT EXTENT IS LIFE INSURANCE NOW A MAINSTAY OF ORGANISED, SMART ESTATE AND LEGACY PLANNING AND STRUCTURING FOR YOUR WEALTHY CLIENTS?**





### Challenges within the Industry

The struggle to adopt a holistic approach in using insurance solutions was identified as a significant challenge within the private banking sector. It was observed that private banks often focus predominantly on asset collection and management, neglecting the broader wealth planning needs of their clients. This gap presents an opportunity for wealth advisors and insurance professionals to step in and offer more comprehensive solutions.

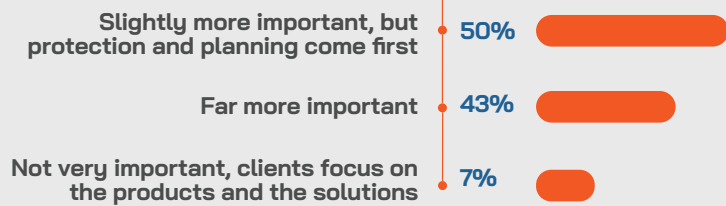
The need for a mindset shift among private bankers and relationship managers was emphasised. Instead of solely focusing on asset accumulation, they should aim to understand the client’s entire financial picture, including potential risks and long-term goals. This shift requires a move away from transactional relationships towards more consultative and advisory interactions with clients.

### Market Trends and Future Outlook

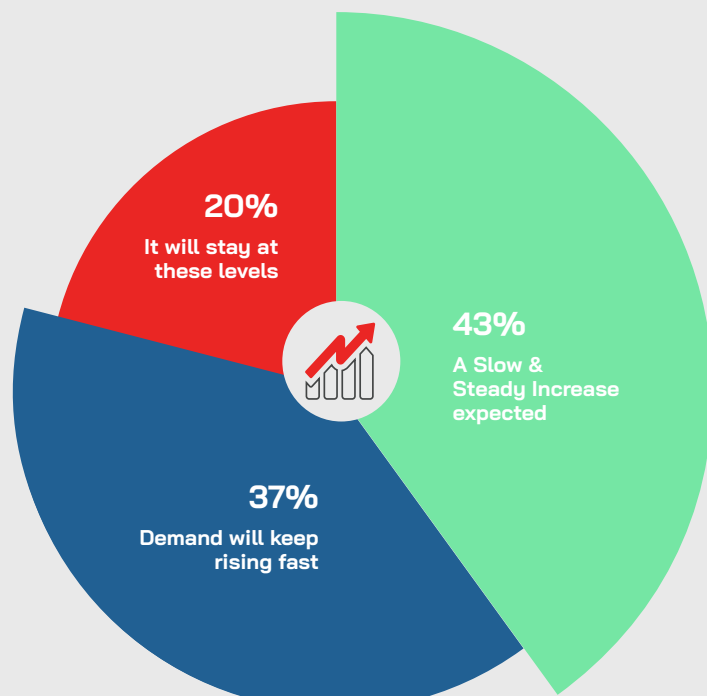
The panellists discussed current trends in the high-net-worth insurance space, highlighting a shift towards sophisticated, flexible products tailored to ultra-high-net-worth individuals’ unique needs. This trend reflects a growing demand for customised insurance solutions that align with specific wealth management strategies, such as estate planning and tax optimisation.

The discussion also pointed to an increased awareness among high-net-worth individuals about the benefits of insurance in wealth management. This awareness is driving the demand for more advanced products that can cater

### TO WHAT EXTENT IS TAX BECOMING A MORE IMPORTANT DRIVER WHEN CLIENTS ARE CONSIDERING INSURANCE?



### WHAT DO YOU EXPECT IN THE LIFE INSURANCE MARKET IN YOUR MARKETS AND REGION?



to these increasingly complex needs. Looking towards the future, the industry is likely to continue evolving, with a greater focus on providing holistic, integrated solutions that encompass not just insurance but a wide array of financial planning services. This evolution is expected to be driven by further advancements in financial technology, changes in global wealth distribution, and shifting regulatory landscapes.

### Final Thoughts

In conclusion, the discussion provided a number of invaluable insights into the high-net-worth life insurance market. The panellists underscored the importance of a nuanced, client-centric approach in this sector, emphasising the need to understand and adapt to each client's unique circumstances, including as a vital element for their estate and

legacy planning. The evolution of the industry from product-centric to solution-oriented strategies reflects a broader shift in wealth management, highlighting the need for flexibility, customisation, and a deep understanding of regulatory complexities. As the market continues to evolve, these factors will play a crucial role in shaping the future of high-net-worth life insurance and wealth management at large. ■

