Global Private Wealth eNewsletter

International Perspectives

Your insight into the Private Wealth Industry

SwissLife
Global Solutions

Becoming smarter with more relevant insurance solutions

An interview with Stephen Hickman, CEO Swiss Life (Singapore) Pte. Ltd

How can insurers meet the wealth structuring needs of HNW and UHNW clients today?

SH: Insurers need to develop their product offerings. In an environment buffeted by tougher regulations and sweeping changes, led by automatic exchange of information (AEOI) between tax authorities globally, as well as the prevailing negative interest rates, providers of wealth structuring solutions, whatever their nature, are being forced to rethink their product range and become more specialised.

How does Swiss Life adapt?

SH: The first signs of change can already be seen in our product portfolio. Since entering Asia in 2008, we have concentrated on serving HNW and UHNW clients through our insurance solutions. That focus has now become even sharper.

This forms part of the group's wider initiative to review the relevance of its wealth structuring tools, in particular to ensure that they are compliant in our clients' jurisdictions.

Most of Swiss Life's products are investment-focused and highly flexible, enabling them to fall into one of two categories: either those geared towards providing liquidity by incorporating a high component of death cover, or those addressing basic insurance needs like succession planning, investor and asset protection. We have made certain investments on the product side, but have also expanded our business development team and are looking to invest further in our operations. The aim is to ensure the firm stays relevant as changes take place in terms of the distribution model.

What do you see as the main advantages of your solution offering?

SH: We are well positioned with our products as they allow for a high degree of flexibility but have a very small capital requirement. Variable Universal Life (VUL) is one example. Although VUL does not offer a fixed return, we have seen growing interest in this product, boosted by the fact that both credit rates and returns are dwindling on policies with guaranteed returns. More specifically, VUL allows the policyholder to invest assets into bonds and shares but, at the same time, makes an additional provision of liquidity that is paid out if the client dies earlier than expected. The client could be looking at an investment horizon of, say, 20, 30 or 40 years. In the event they die early, there is a certain liquidity gap that we cover and provide for.

Another product built around a similar concept, and which has become popular among wealthy individuals and families, is aimed at those clients who want to structure their wealth for future generations and, in parallel, want to optimise their tax situation.

Swiss Life has already created a niche for itself when it comes to working within the parameters of the local regulatory frameworks. We have invested a lot of time in clarifying the rules so that we are in a position to demonstrate the potential impact of certain solutions to both our partners and clients.