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Wealth influx, succession planning to drive demand for insurance solutions in Singapore

With the Republic’s clear legal framework, political stability and tax incentive schemes, Singapore is likely well-positioned to attract more wealth ahead

AMID an influx of wealth into Singapore in recent years, insurance and wealth solutions group Sun Life expects a rising focus on succession planning will help spur demand for insurance solutions.

According to the Monetary Authority of Singapore (MAS), around 400 single family offices were set up in Singapore as at end 2020, and by end 2021, the number had since jumped to 700.

With the Republic’s clear legal framework, political stability and tax incentive schemes, Singapore is likely well-positioned to attract more wealth ahead, Sun Life Singapore says.

“We’ve seen increasingly more ultra-high net worth families setting up family offices in Singapore, and there has also been an increasing number of enquiries from our business partners on our insurance solutions. This is a key growing market for us to better serve the needs of HNW and UHNW families in Singapore,” says Michael Wei, chief partnership and marketing officer at Sun Life Singapore.

Many high net worth (HNW) and ultra-high net worth (UHNW) individuals are prioritising wealth preservation and intergenerational wealth transition post-pandemic, which should lead to strong demand for a variety of wealth planning solutions, Sun Life Singapore notes.

Thus Sun Life Singapore expects to provide its insurance products to a larger client pool, amid rising demand for insurance solutions as wealth planning tools.

Sun Life Singapore is a branch of Sun Life Assurance Company of Canada – a global asset management, wealth and insurance organisation that provides wealth planning solutions for individuals and corporate clients backed by a strong AA financial rating from S&P. As at Jun 30, 2022, the group had total assets under management of C\$1.26 trillion (S\$1.3 trillion) and over 70 million clients worldwide.

Sun Life Singapore was set up in 2020 to cater insurance solutions to high net worth individuals (HNWIs) and family offices in Singapore. Sun Life Singapore is also focused on expanding its insurance solutions as part of its product strategy to leverage on growing interest in wealth accumulation and more transparent product solutions.

Growth drivers

Sun Life Singapore noted that whole life, savings and indexed universal life solutions – as wealth planning tools – have seen a significant rise in take-up since 2021, compared to traditional universal life products.

The different types of insurance solutions available in the local market include whole life plans, indexed, variable or traditional universal life plans, term life plans, savings plans and private placement plans.

During the pandemic, more HNW and UHNW individuals were focused on succession and wealth planning needs for future generations, which resulted in them increasing insurance coverage for themselves and their families.

Families also spent more time together during the lockdowns, which led to them to rediscover in-



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Michael Wei, chief partnership and marketing officer at Sun Life Singapore

terpersonal relationships and create opportunities for self-reflection around purpose and values, Sun Life Singapore says.

Furthermore, insurance solutions can mitigate one of the biggest risks to clients, which is wealth erosion due to the volatility in investments and the stock market.

“This risk can be addressed with utilising insurance solutions as a form of portfolio diversification and protection in the event of unexpected eventualities,” Sun Life Singapore notes.

These factors led to Sun Life Singapore receiving over 600 enquiries worth US\$1 billion for its Future - S life insurance plan during the pandemic, says Wei.

As part of its product strategy, Sun Life Singapore is looking to provide solutions for clients at different stages of life, adding that it is confident of being able to meet the evolving needs.

It expects HNW patriarchs will continue to prioritise family unity and continuity post pandemic, while a longer life span also extends the time needed for wealth accumulation and preservation.

Changes in tax reforms will also drive demand for

future resilient and tax optimised wealth transition plans for HNWIs who are mobile and having a global footprint.

Meanwhile, wealth planning conversations and products also need to cater to the new generation of HNWIs who are younger, digitally savvy, more focused on environmental, social, and governance (ESG) factors and with growing interest in philanthropic giving.

Catering to growing demand

As such, Sun Life Singapore is looking to be an advocate for philanthropy and charitable giving, to create a lasting legacy for HNW and UHNW families.

“Insurance solutions are increasing used as a philanthropy giving tool, considering that it is not correlated to market volatility and provides high payouts to the charity causes when the HNWI passes on,” Wei says.

Sun Life Singapore is collaborating with Community Chest to support charities and philanthropic giving in the Singapore community. Through this collaboration, its clients and business partners will have the

opportunity to be guided by Community Chest through a structured process to start, manage and track their philanthropy journey.

Sun Life also plans to donate S\$500,000 over the next five years to support various local non-profit and social causes as part of its corporate social responsibility strategy.

Wei says: “Through this tri-sector collaboration, we hope to champion the awareness of philanthropic giving in the HNW and UHNW community that we serve in Singapore, to generate more support for the at risk and underserved families and individuals.”

Expanding options

Affirming its commitment to Singapore, Sun Life Singapore intends to provide additional insurance options for Singapore resident clients.

Ben Root, chief actuary of Sun Life Singapore, says: “We always ask ourselves, ‘*What are we trying to solve?*’” At the same time, we consistently scan the markets to find gaps that are yet to be addressed, find areas to leverage our unique global and local capabilities, and constantly consider how to bring innovative ideas to life.”

Building on its existing strengths, Sun Life Singapore is also reaching out to different client segments. This includes partnering with local financial advisory firms to target affluent clients, working with banks to offer insurance solutions to their clients, and expanding through distributors that are established internationally.

Looking ahead, Sun Life Singapore is confident it can tap on the rising demand of the wealthy segment of Singapore, as it adapts its insurance products to suit their ever-evolving needs.

Wei says: “With wealth creation at an accelerated pace and the world economy seeing one of the largest generational wealth transfers of all time, we believe that insurance solutions will continue to remain an essential component for legacy and wealth planning strategies for HNW families.”

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* As of 30 June 2022.

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