Liechtenstein Dialogue:  
The growing importance of life insurance in global wealth and estate planning  

Bruno Pfister, CEO Swiss Life Group, Vaduz, 2 October 2008
Overview – key messages

- Growing global wealth planning market with
  - Increasing demand for specialised products
  - Needs-based solutions for High Net Worth Individuals

- Private Placement Life Insurance (PPLI)
  - Recognised as a worldwide legal format
  - Gaining momentum in today’s global wealth planning

- Key success factors
  - Optimal locations combine multiple success criteria
  - Flexible regulatory regimes are required
Wealth planning tools: Life insurance is gaining momentum

- Number of households with bankable wealth of > USD 1 Mio is growing year by year – by 2017, 12 countries will have more than one million USD millionaires (Barclays Wealth Insights, 2008)
- Generation after-baby-boomers has different needs; want to work with and benefit from accumulated wealth
- New flexible services are required
- Solutions that allow multi-jurisdictional planning are needed
- Life insurance is a well recognised instrument with growing demand globally

Strong demand for needs-based solutions based on life insurance (PPLI)
- estate planning
- liquidity & flexibility
- higher performance after tax & asset protection
## Life insurance as a substitute or complement to traditional wealth planning tools

<table>
<thead>
<tr>
<th></th>
<th>Foundation</th>
<th>Trust</th>
<th>Life Insurance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accepted Wealth Management Tool</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>Legal / tax framework</td>
<td>civil law</td>
<td>common law</td>
<td>all major systems (legally recognised worldwide)</td>
</tr>
<tr>
<td>Governance / body requirement</td>
<td>board of foundation</td>
<td>trustee</td>
<td>life insurer</td>
</tr>
<tr>
<td>Legal ownership of assets</td>
<td>foundation</td>
<td>trustee</td>
<td>life insurer (on balance sheet)</td>
</tr>
<tr>
<td>Asset admissibility</td>
<td>unlimited</td>
<td>unlimited</td>
<td>very broad</td>
</tr>
<tr>
<td>Estate planning solutions</td>
<td>complex</td>
<td>complex</td>
<td>straight forward</td>
</tr>
</tbody>
</table>
Life insurance providing needs-based solutions for stakeholders

Private Placement Life insurance (PPLI)
Integrated wealth management with high-end life insurance

End-clients (HNWIs)
- Compliant with law of domicile
- Changing tax residencies
- Asset protection
- Estate planning needs

Business partners
- Client retention
- Access to next generation
- New assets and additional fee income

Life insurer
- Fee business
- Higher growth
- Long-term aspect
- Low balance sheet risk

Public entities (regulators, tax authorities)
- Focus on private retirement solutions
- Security
- Long-term aspect

Win-win for stakeholders...
- No change in asset manager, custodian bank and investment strategy required
- Growing importance of global wealth & estate planning via life insurance
Swiss Life’s PPLI solutions

Industry Trends

Balancing risk/return profile of relevant stakeholders

End-clients (HNWIs)
- Flexible and innovative solution offering
- Unified and harmonised customer experience irrespective of point of sale chosen

Business partners
- Global reach
- Hassle-free service offering
- Continuity based on long-standing tradition and long-term perspective

Private Placement
Life Insurance
Integrating wealth management with high-end life insurance require a holistic value proposition:
- Flexibility, variety of global solutions & strong innovation capabilities
- Compliance with respective tax laws and regulations
- Multiple locations (sales and booking centres)
Multiple locations competing for future of PPLI business

<table>
<thead>
<tr>
<th>Typical issuing locations</th>
<th>Only a few will succeed, covering:</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Bermuda</td>
<td>1. Recognised financial centre; by clients, companies and official bodies</td>
</tr>
<tr>
<td>- Ireland</td>
<td>2. Supporting legal, political and jurisdictional framework conditions</td>
</tr>
<tr>
<td>- Liechtenstein</td>
<td>3. Principal based regulation</td>
</tr>
<tr>
<td>- Luxembourg</td>
<td>4. Availability of double-taxation treaties and information exchange</td>
</tr>
<tr>
<td>- Singapore</td>
<td>5. Legal base for asset protection, data protection and winding-up procedures</td>
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<td></td>
<td>6. Flexibility to solicit business</td>
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<td></td>
<td>7. Access to talents</td>
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</tbody>
</table>
## Conclusion

- Life insurance has made its inroads into global wealth management
  - Worldwide recognised instrument, being tax and legal compliant
  - Distinct advantages over the more traditional solutions
- Growth in PPLI really only started in 2002-2003; still a lot of untapped potential
- Multiple financial centres are competing for life insurers to establish operations
  - Only a very few meet key criteria for success
  - Liechtenstein is well positioned, but needs to continue its reforms
Thank you