

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

Bruno Pfister, CEO Swiss Life Group, Vaduz, 2 October 2008



SwissLife

Overview – key messages

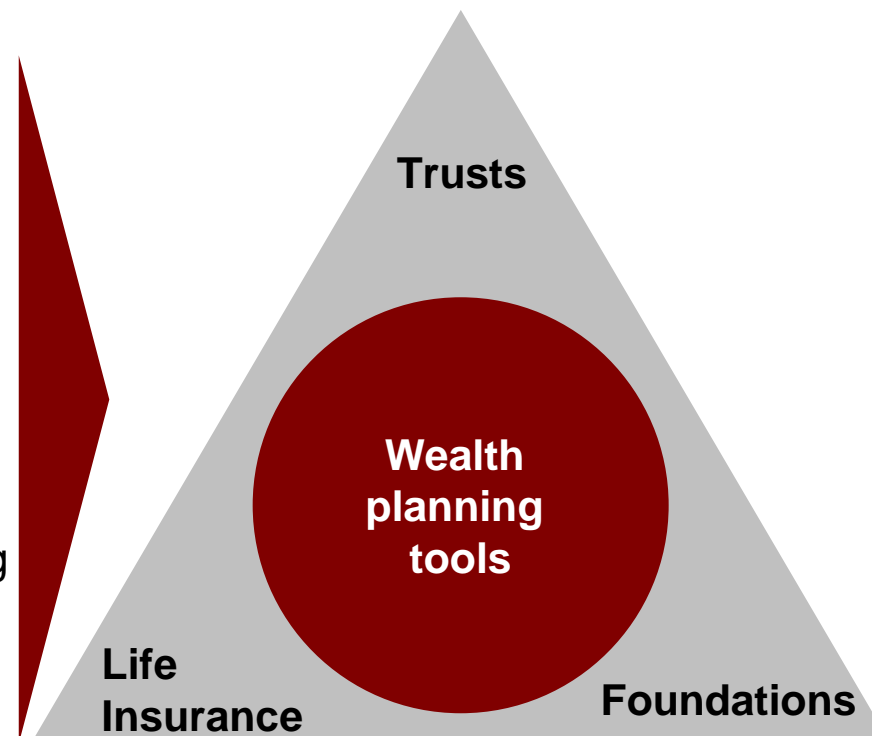
- | | |
|---|---|
| <ul style="list-style-type: none">• Growing global wealth planning market with<ul style="list-style-type: none">- Increasing demand for specialised products- Needs-based solutions for High Net Worth Individuals | ✓ |
| <ul style="list-style-type: none">• Private Placement Life Insurance (PPLI)<ul style="list-style-type: none">- Recognised as a worldwide legal format- Gaining momentum in today's global wealth planning | ✓ |
| <ul style="list-style-type: none">• Key success factors<ul style="list-style-type: none">- Optimal locations combine multiple success criteria- Flexible regulatory regimes are required | ✓ |



SwissLife

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



	Foundation	Trust	Life Insurance
Accepted Wealth Management Tool	yes	yes	yes
Legal / tax framework	civil law	common law	all major systems (legally recognised worldwide)
Governance / body requirement	board of foundation	trustee	life insurer
Legal ownership of assets	foundation	trustee	life insurer (on balance sheet)
Asset admissibility	unlimited	unlimited	very broad
Estate planning solutions	complex	complex	straight forward

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

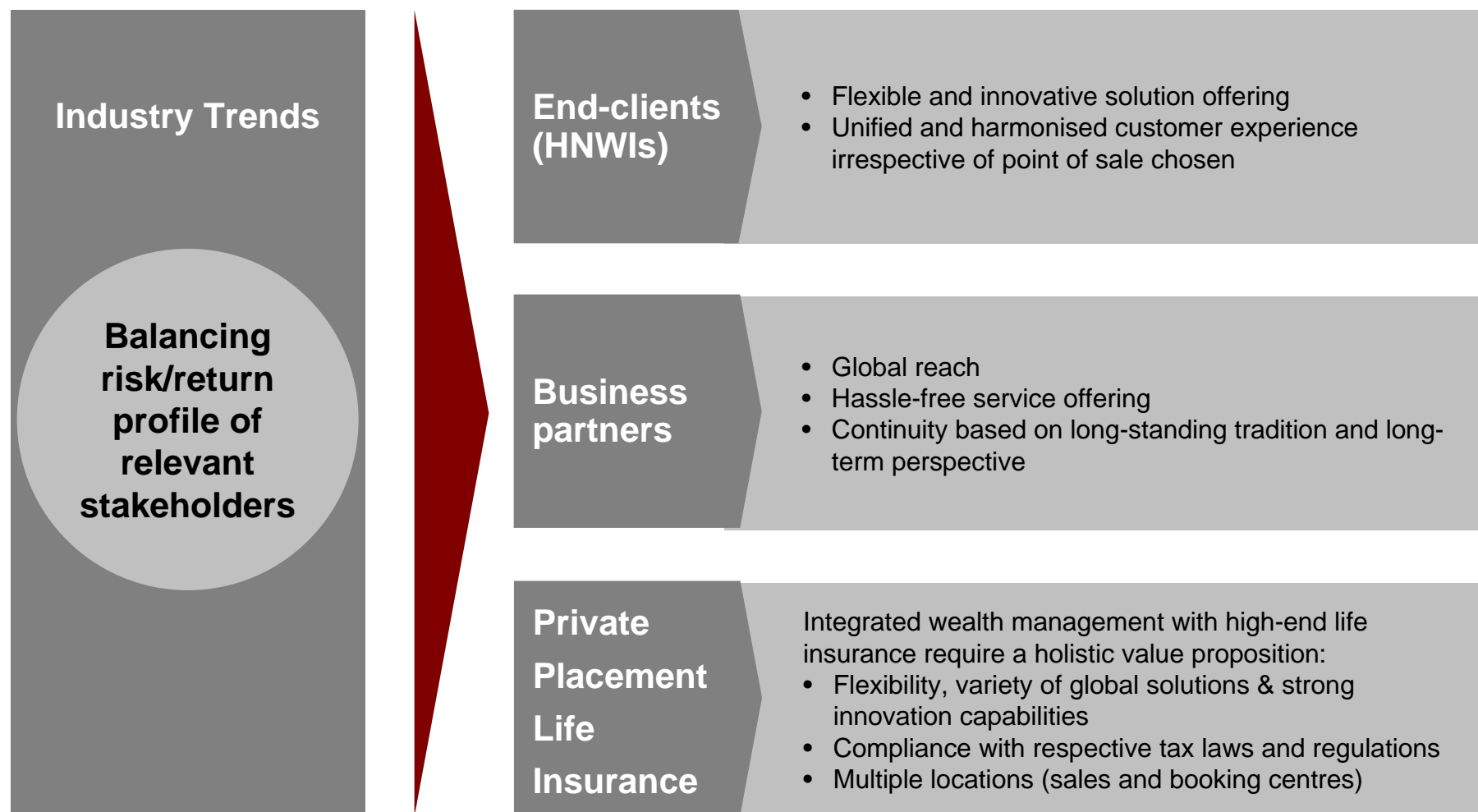
Win-win for stakeholders...

- No change in asset manager, custodian bank and investment strategy required
- Growing importance of global wealth & estate planning via life insurance



SwissLife

Swiss Life's PPLI solutions



Multiple locations competing for future of PPLI business



Typical issuing locations

- Bermuda
- Ireland
- Liechtenstein
- Luxembourg
- Singapore

Only a few will succeed, covering:

1. Recognised financial centre; by clients, companies and official bodies
2. Supporting legal, political and jurisdictional framework conditions
3. Principal based regulation
4. Availability of double-taxation treaties and information exchange
5. Legal base for asset protection, data protection and winding-up procedures
6. Flexibility to solicit business
7. Access to talents



SwissLife

Conclusion

- | | |
|---|---|
| <ul style="list-style-type: none">• Life insurance has made its inroads into global wealth management<ul style="list-style-type: none">- Worldwide recognised instrument, being tax and legal compliant- Distinct advantages over the more traditional solutions | ✓ |
| <ul style="list-style-type: none">• Growth in PPLI really only started in 2002-2003; still a lot of untapped potential | ✓ |
| <ul style="list-style-type: none">• Multiple financial centres are competing for life insurers to establish operations<ul style="list-style-type: none">- Only a very few meet key criteria for success- Liechtenstein is well positioned, but needs to continue its reforms | ✓ |

Thank you