Singapore: Insurance can shield HNW wealth from volatility

Insurance is unique in that it can offer predictability in an unpredictable world and simplicity at a time of increasing global complexity, **HSBC Life Singapore**'s **Mr Harpreet Bindra** told us in an interview. For instance, he has observed greater interest from high-net-worth (HNW) individuals in insurance plans such as whole life and indexed universal life, which deliver stable capital preservation and growth, regardless of market swings.

By Sarah Si

When asked how he had seen insurance provide a stable and predictable financial shield for high-net-worth (HNW) individuals or families in Singapore, HSBC Life Singapore CEO Harpreet Bindra was keen to point out that in response to macroeconomic volatility, including rising rates, inflation and geopolitical risk, such policyholders sought out more diversified, resilient and structured financial planning solutions.

"What makes insurance unique in this climate is its ability to offer predictability in an unpredictable world and simplicity at a time of increasing global complexity," said Mr Bindra, speaking to *Asia Insurance Review*.

"In Singapore, we are seeing greater interest from high-net-worth (HNW) individuals in insurance plans such as whole life and indexed universal life, which are designed to deliver stable capital preservation and growth, legacy certainty and estate liquidity, regardless of market swings."

Serving HNW individuals and families

According to Mr Bindra, there are several ways in which insurance serves the needs of HNW individuals and families, such as in legacy and family planning.

He said, "With many HNW families having cross-border assets and complex family structures, insurance has provided a streamlined, jurisdictionally neutral vehicle for passing wealth. The lump sum certainty and ease of distribution are unmatched."

In a higher interest rate environment, he has also noticed a growing interest in indexed life products.

"These offer capital growth with downside protection, which are particularly attractive to entrepreneurs and first-generation wealth creators who want both accumulation and capital security," he said. "And for clients with illiquid assets like property, private equity or business holdings, life insurance offers a way to create liquidity, helping families avoid forced asset sales or long probate delays."

Preventing wealth erosion

"Bespoke insurance solutions are engineered to directly counter wealth erosion and foster capital preservation," said Mr Bindra.

Citing whole life and universal life propositions as examples, he noted that both offered policyholders stable cash value growth with attractive crediting rates and minimum guaranteed surrender values.

Additionally, he pointed out that guaranteed elements in savings plans may provide a capital floor, shielding wealth from direct market downturns. On the other hand, Mr Bindra highlighted the diversified fund options, stable income or multi-asset strategies, to mitigate concentrated market risks within an insurance wrapper that investment linked plans offered.

Indexed universal life plans could also offer policyholders downside protection with upside participation linked to specific market indices, he said.

Lastly, he made sure to point out

that these proceeds are typically protected from creditors in many jurisdictions, thus "offering an additional layer of asset protection".

Bespoke solutions

When asked how specific or bespoke insurance solutions could assist HNW individuals or families with diverse assets to equally distribute wealth among beneficiaries and ensure a smooth legacy transfer, Mr Bindra first noted that the equitable distribution of diverse, often illiquid, assets was a challenge, as estates often contained significant assets that were difficult to divide without forced sales or disputes.

Secondly, he said insurance proceeds could help with equitable wealth distribution in areas such as the equalisation of inheritances, where cash would be provided to beneficiaries who received less in illiquid assets, thus ensuring equal distribution without dividing unique properties.

He said, "Insurance proceeds can be used to cover the differences in value for different assets that each of your beneficiary receives."

Lastly, he pointed out that bespoke solutions were private and efficient, saying, "Unlike public probate processes, insurance payouts are typically private contractual agreements. They are also much faster than traditional estate settlements, providing immediate funds to beneficiaries."

Bespoke solutions in philanthropic legacies

Said Mr Bindra, "For HNWI or families who want to leave a philanthropic legacy, bespoke insurance solutions can offer an effective and impactful way to achieve charitable giving goals."

He gave examples, such as leveraging capital for greater impact first. In this scenario, Mr Bindra noted that insurance would allow HNW individuals to turn a relatively small initial premium into a much larger future charitable donation upon their death.

"This enables a substantial gift without depleting current liquid assets or impacting their lifestyle during their lifetime," he said.

The second example he cited was ensuring guaranteed, long-term funding, where insurance would provide a reliable funding source for charities, ensuring philanthropic intentions were fulfilled regardless of future market conditions.

He said, "This predictability can be invaluable for a charitable organisation's long-term planning."

The last example given was the simplicity, control and accessibility insurance could offer to enable charitable giving, when compared to traditional instruments such as trusts.

Said Mr Bindra, "HNW individuals can simply designate a charity as a policy beneficiary, while retaining the control and flexibility to modify beneficiaries as their philanthropic interests evolve."

Emerging trends in the HNW market

Singapore's HNW and ultra-high-net-worth (UHNW) segments are growing rapidly, with "favourable policies making it a preferred destination for HNW individuals and UHNW families seeking stability, legal certainty and cross-border opportunities", according to Mr Bindra.

"We are also in the midst of one of the largest intergenerational wealth transfers in history, and as a global financial hub that is home to a fast-growing HNW population, Singapore will be a vital market to facilitate this transfer," he said.

"As wealth planning needs evolve, insurance is increasingly serving as a reliable financial instrument for everything from wealth accumulation and legacy planning to estate equalisation and liquidity creation."

He also highlighted what he called "notable interest from HNW clients in insurance as a strategic asset class, one that may be funded creatively through premium financing or asset swaps, integrated into trusts and structured to solve for specific outcomes like business continuity or equalisation across heirs".

This space is particularly relevant for clients seeking capital-efficient tools that can generate multi-generational benefits while safely navigating various complexities, he noted.

Mr Bindra pointed to family offices and philanthropy as one such example, as Singapore is rapidly becoming a hub for family offices, who can incorporate insurance into their investment architecture to meet philanthropic goals like funding charitable foundations or ESG-focussed giving.

The second example he gave was entrepreneurial and first-generation wealth creators looking for solutions that offer flexibility, upside potential and access to liquidity, as well as providers who can underwrite complex financial profiles quickly and confidentially.

He also spoke of a recent trend he observed whereby insurance was being considered as a tool for key person cover and business continuity planning in family-owned businesses.

"It is worth noting that as insurance continues to play a growing role in wealth planning, the strength of an insurer's financial standing and rating will remain key to earning customer confidence and delivering on long term, multi-million-dollar commitments," he also said.

Looking ahead

When asked what he expected in the HNW wealth planning segment of the insurance industry over the coming year and how his company could leverage these trends, Mr Bindra first drew our attention to the deepening demand for wholistic, goals-based wealth planning, where insurance would no longer viewed in isolation as a protection tool, but as "a pillar of an integrated wealth strategy".

Second, he spoke of continued inflow of global wealth into Singapore, "as clients look for stable, well-regulated jurisdictions to base their wealth".

"These clients often have complex family and cross-border needs, which makes structured insurance solutions and HSBC Life's international strengths particularly valuable," he said.

The third area of growing importance Mr Bindra has observed is health and longevity, saying, "With clients living longer, there is an increasing demand for solutions that offer comprehensive international medical coverage, long-term care and critical illness coverage that can be integrated with legacy planning."

Lastly, he highlighted data and technology reshaping expectations.

He said, "Expectations of hyper-personalised advice, real-time scenario planning and more frictionless onboarding are fast becoming the norm, especially for digitally savvy wealth creators."