



European private banks' perceptions of the Luxembourg life insurance market

Annual Survey 2015

25 November 2015

Extract



European private bank survey on Luxembourg life insurance

Dear wealth management professionals,

Périclès Group and its Luxembourg office are very happy to present our first survey on European private banks' perceptions of the Luxembourg life insurance market.

We asked a good fifty questions of banks in top countries for the Luxembourg life insurance business : France, Switzerland, Italy, and Luxembourg itself.

The following are some key conclusions from our survey.

Luxembourg life insurance rests on a solid and proven regulatory foundation recognised by Europe's principal distribution hubs. New requirements linked to fiscal transparency shouldn't affect the demand for Luxembourg life insurance products and could even be favorable to business development. The new circular on financial assets eligible for life insurance should further strengthen Luxembourg's position.

Private banks point out a standard weakness in Luxembourg : the quality of operating services is not up to par with high-net-worth clients' expectations. They encourage life insurers to improve operations processing time as well as reporting to clients and, more generally, to better adapt its business to digital requirements.

There are nuances and differences of perception between the distribution countries. We encourage the reader to note them throughout the survey.

Our opinion is that life insurance companies in Luxembourg should experience substantial growth in the years to come, especially if they advance in service quality and in the digital field, and don't depend solely on regulatory advantages to attract customers.

Thank you for reading. Sincerely,

Yohann Niddam
Périclès Group - Luxembourg Office Managing Partner

European private bank survey on Luxembourg life insurance

Preliminary remarks

This document corresponds to an extract from the Périclès Group survey.

Results of the survey





- ▶ Responder analysis
- ▶ Part 1 - Life insurance market in Luxembourg
- ▶ Part 2 - Insurance companies in Luxembourg
- ▶ Part 3 - Life insurance advantages in Luxembourg
- ▶ Part 4 - Quality of expertise and service in Luxembourg
- ▶ Part 5 - Perspectives and trends

Périclès Group Presentation

Part 1 - Life insurance market in Luxembourg

Luxembourg policy features as ranked by private bankers

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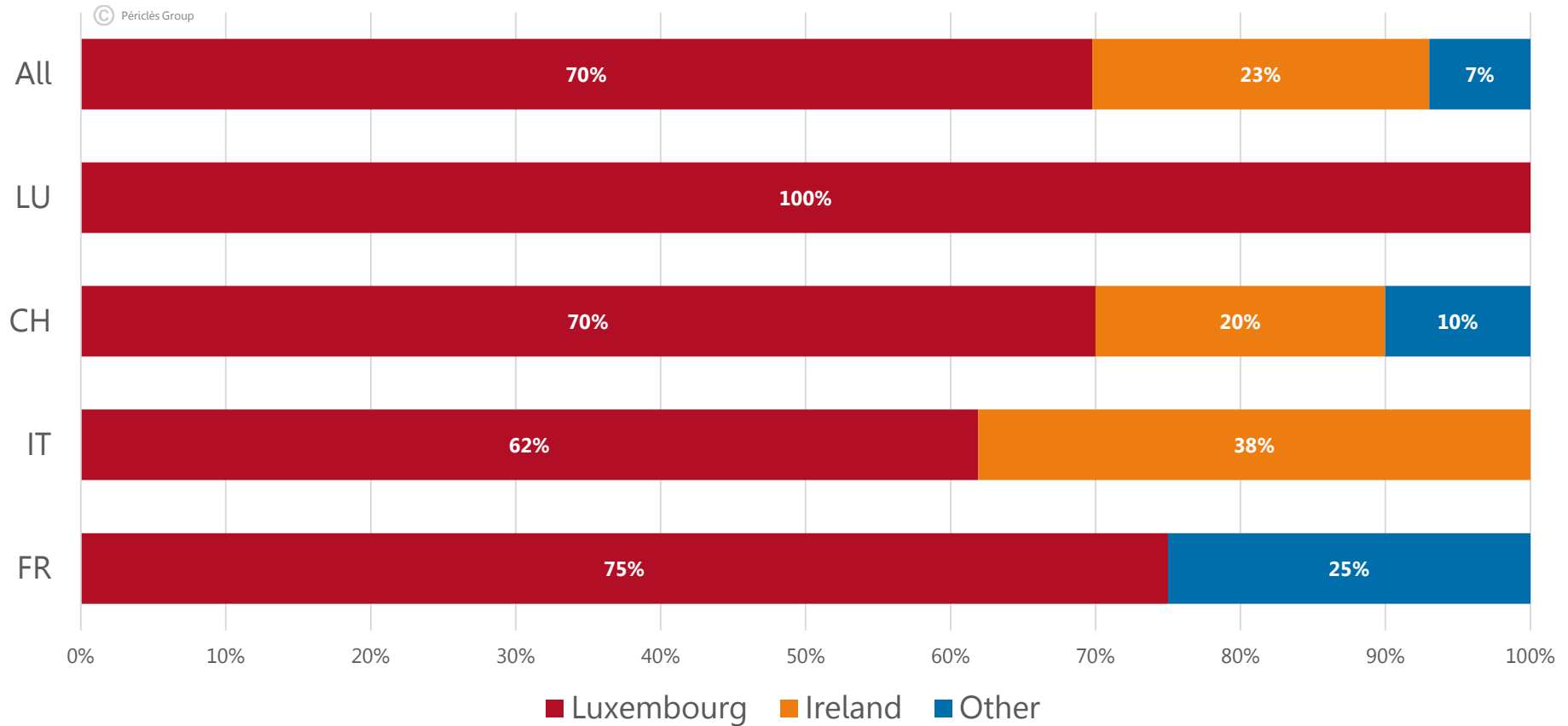
| Ranking of the main features | All |  |  |  |  |
|--|-----|---|---|---|---|
| Triangle of Security, super privilege | 1 | 1 | 2 | 1 | 3 |
| Financial offer features (Internal Funds [CIF] & Dedicated Internal Funds [DIF]) | 2 | 2 | 1 | 4 | 6 |
| Fiscal neutrality for foreign residents | 3 | 4 | 4 | 6 | 1 |
| Economic environment in Luxembourg (AAA rating, etc.) | 4 | 8 | 6 | 3 | 5 |
| Customer mobility management | 5 | 3 | 3 | 8 | 2 |
| Legal, fiscal, asset, multi-market expertise | 6 | 5 | 7 | 5 | 7 |
| Multicurrency policy management | 7 | 6 | 5 | 7 | 4 |
| Confidentiality | 8 | 7 | 8 | 2 | 8 |




• **Strength of Luxembourg life insurance: security & financial offer features**

Part 1 - Life insurance market in Luxembourg

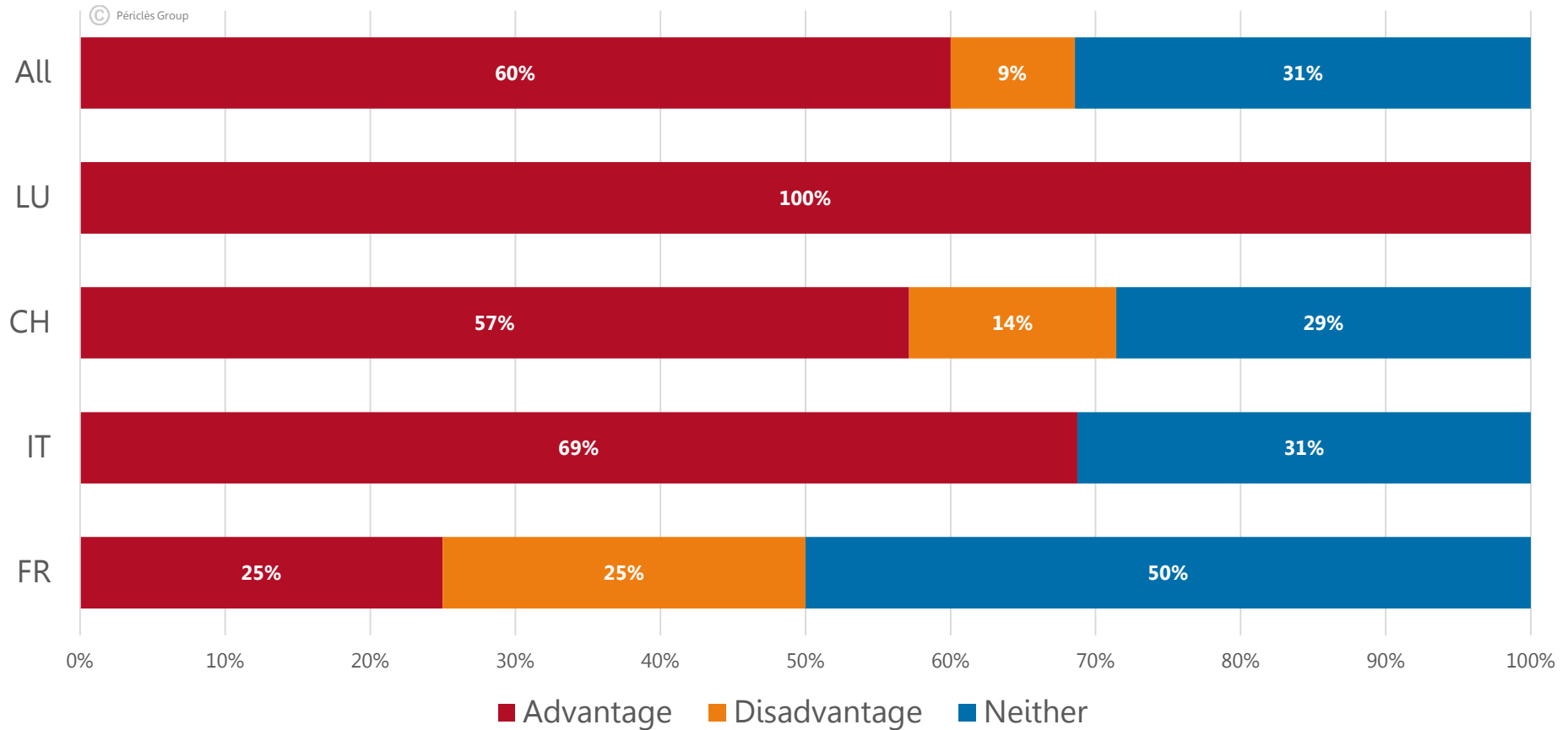
Where do foreign country contracts suggested to your customers come from?



- 
- In France, foreign country contracts also originate in Monaco
 - In Switzerland, foreign country contracts also originate in Ireland, Isle of Man and Singapore
 - In Italy, foreign country contracts also originate in Ireland

Part 1 - Life insurance market in Luxembourg

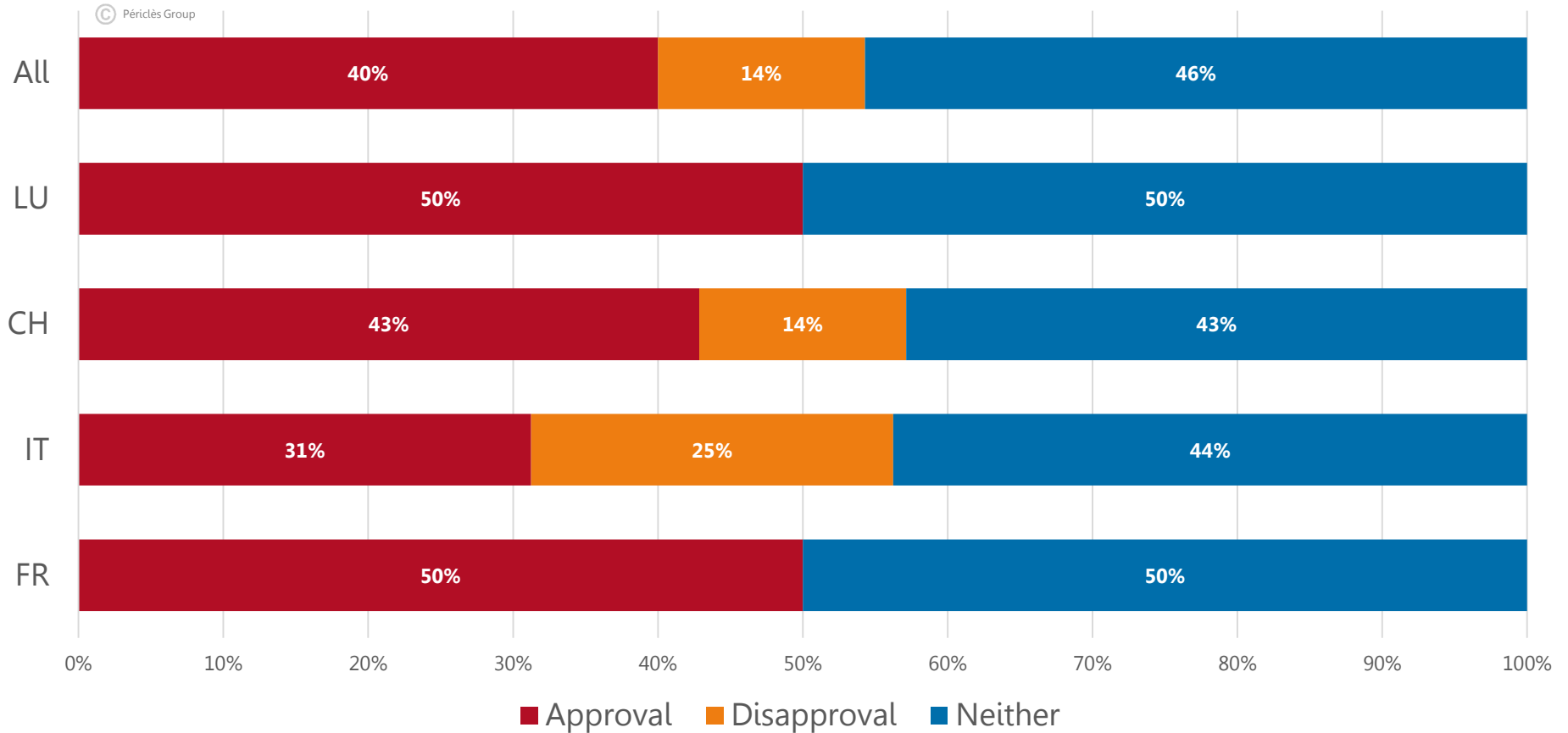
Is regulation regarding privacy and personal information management in Luxembourg an advantage or a disadvantage?



- Privacy and personal information management regulation is generally considered as an advantage, especially in Italy
- In France, only 1/4 of private banks surveyed think that it is an advantage

Part 1 - Life insurance market in Luxembourg

Is international regulatory evolution regarding fiscal transparency change an advantage for Luxembourg?



• 40% of private banks surveyed approve of the evolution of international regulations to improve tax transparency

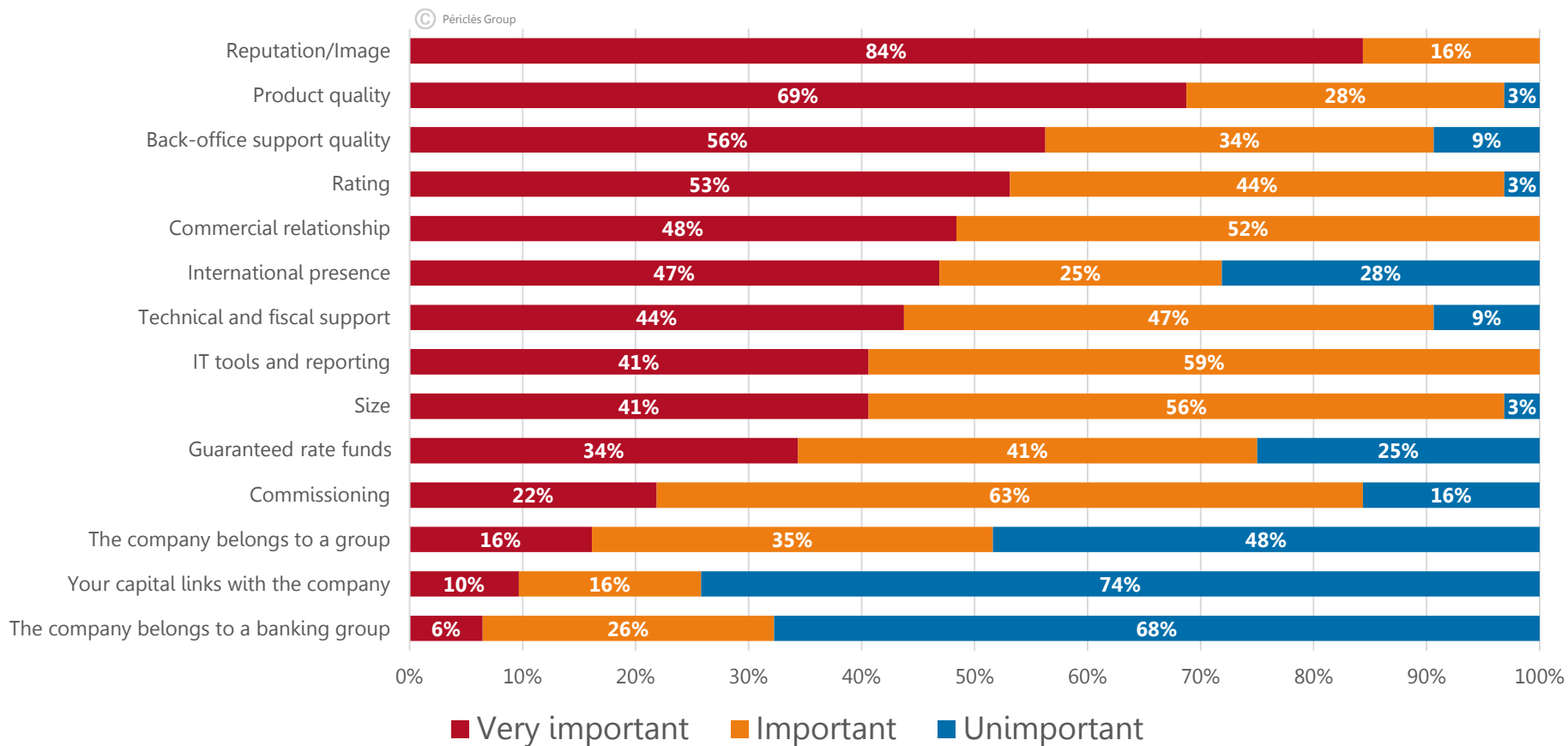
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Périclès Group Presentation

Part 2 - Insurance companies in Luxembourg

How do you assess the following criteria in choosing a life insurance partner?



- According to all European private banks surveyed, the 3 main criteria are: reputation, quality of products supplied and quality of back-office support
- The least important criteria regard capital links

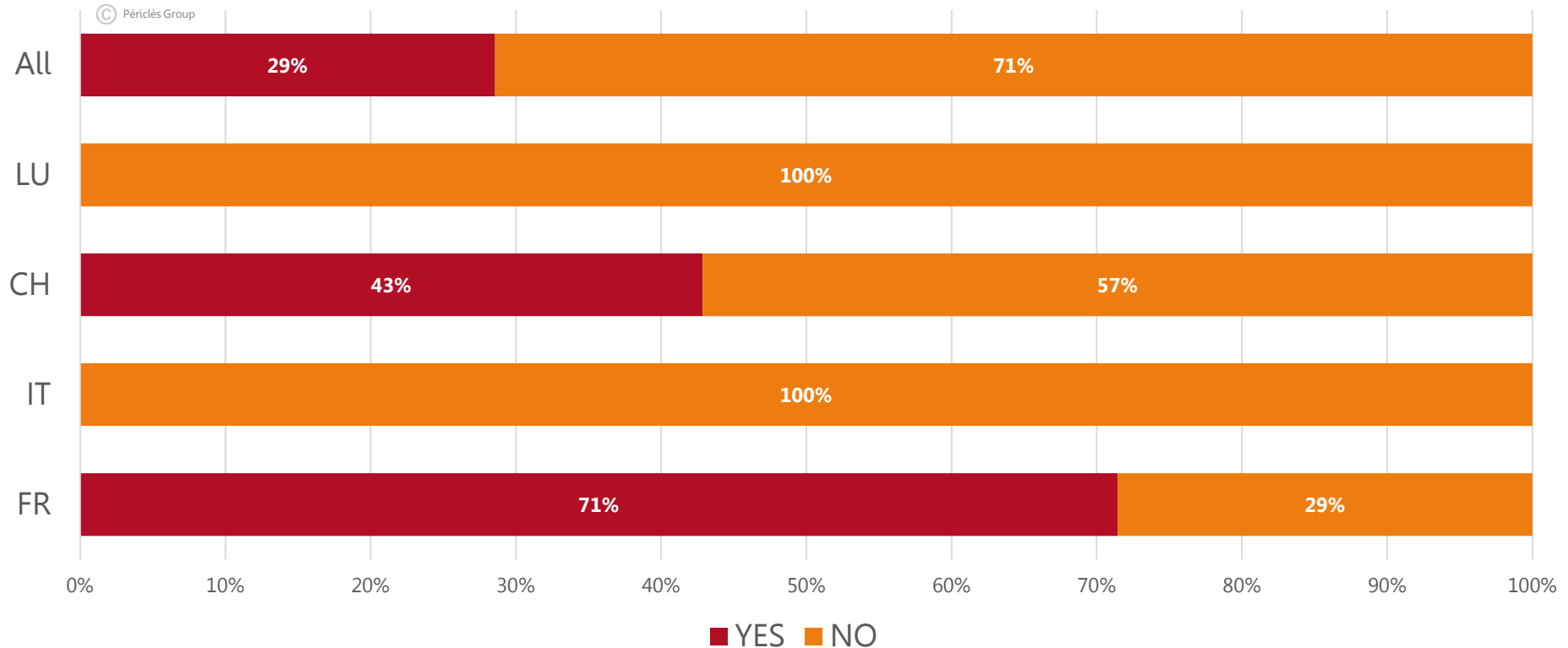
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Part 3 – Life insurance advantages in Luxembourg

Do your customers object to signing a life insurance contract that originates in Luxembourg?

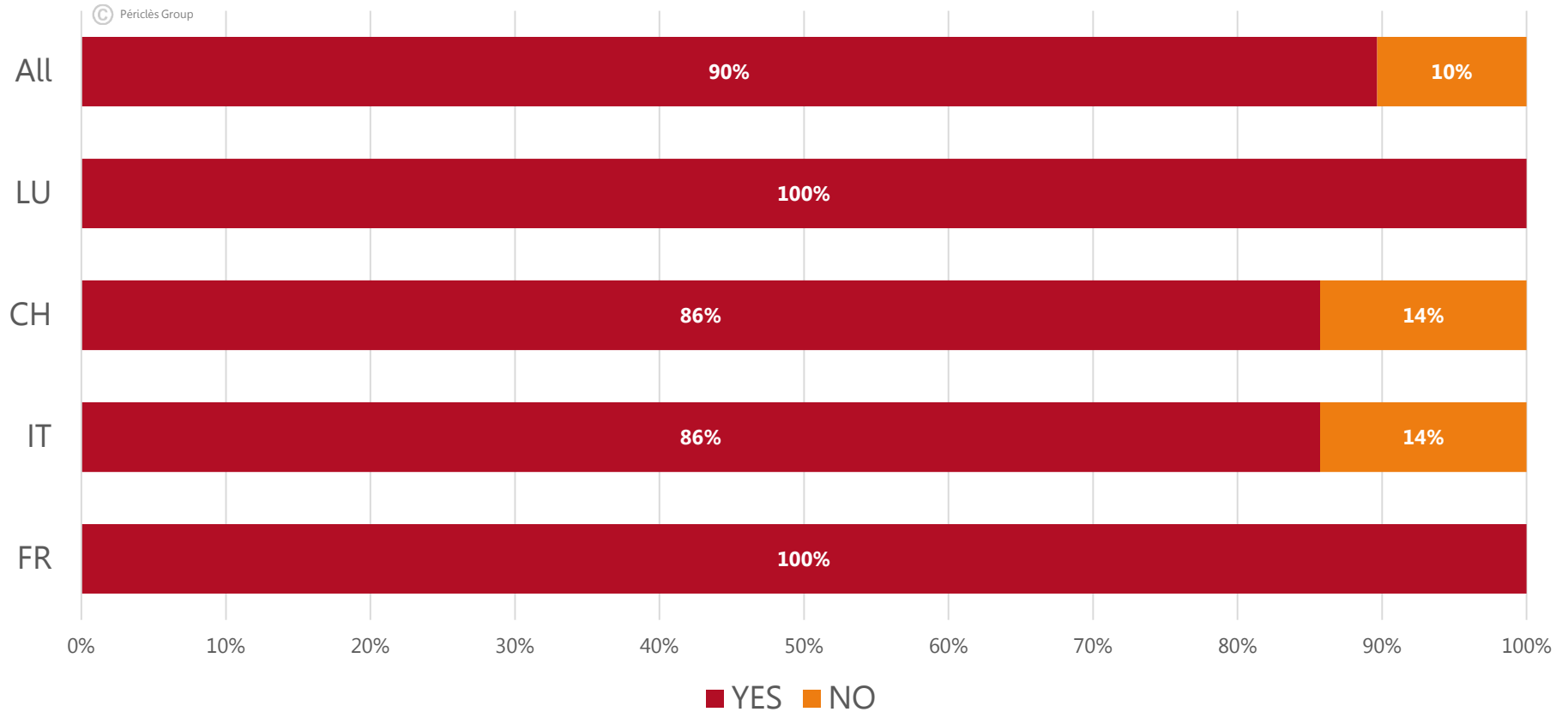


The main objections are:

- It can raise the suspicion of local tax authorities
- The end of bank secrecy and the automatic exchange of information
- Price
- Bureaucracy
- Inability to manage the portfolio on one's own
- Complicated assets
- Lack of internet solutions

Part 3 – Life insurance advantages in Luxembourg

Do internal funds help you to sell your group's asset management services?



• Internal funds are a significant way to promote asset management services

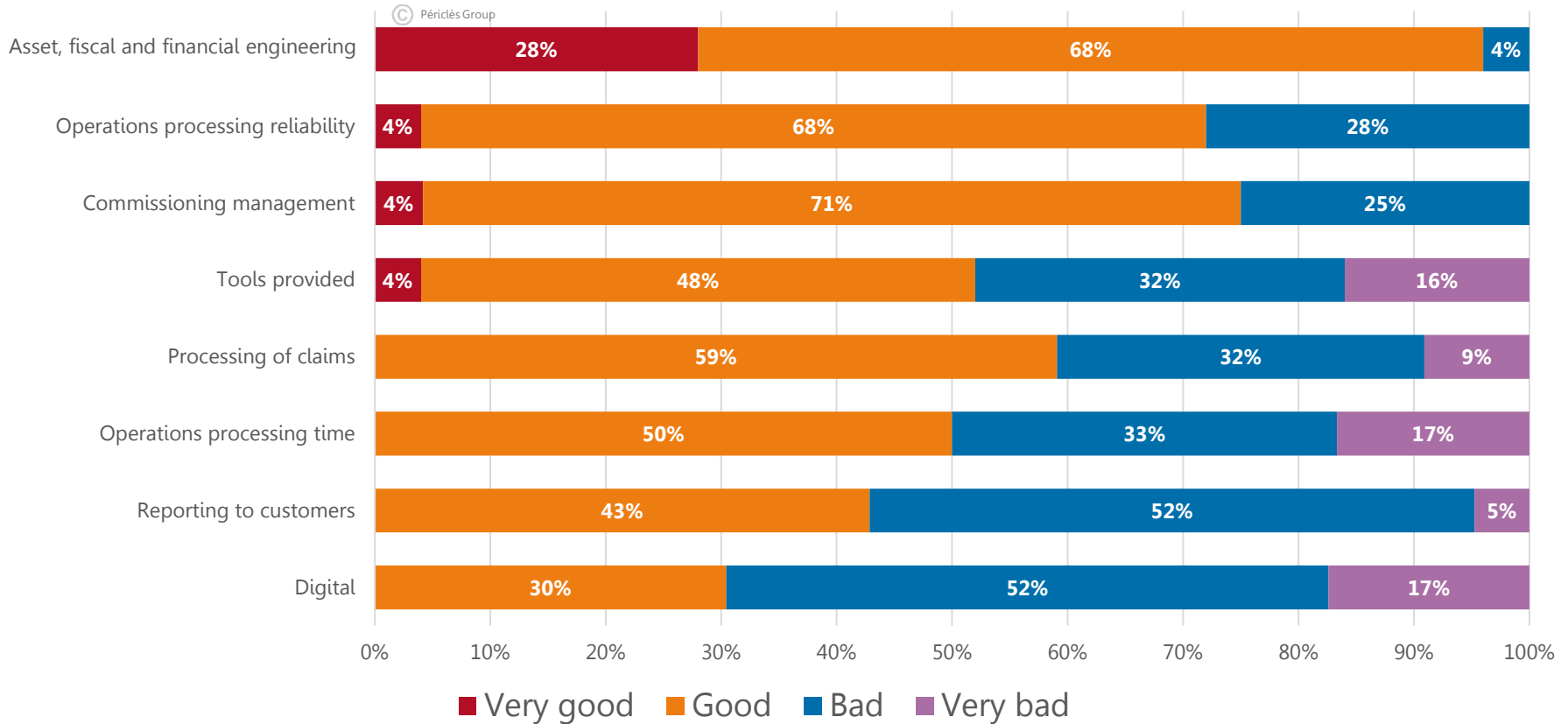
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Part 4 – Quality of expertise and service in Luxembourg

How do you assess the quality of service in Luxembourg on the following subjects?



- Private banks surveyed are satisfied with fiscal and financial expertise, reliability of operations processing, and commissioning management
- Life Insurance Companies have to improve in digital, in their reporting to customers, and in operations processing time

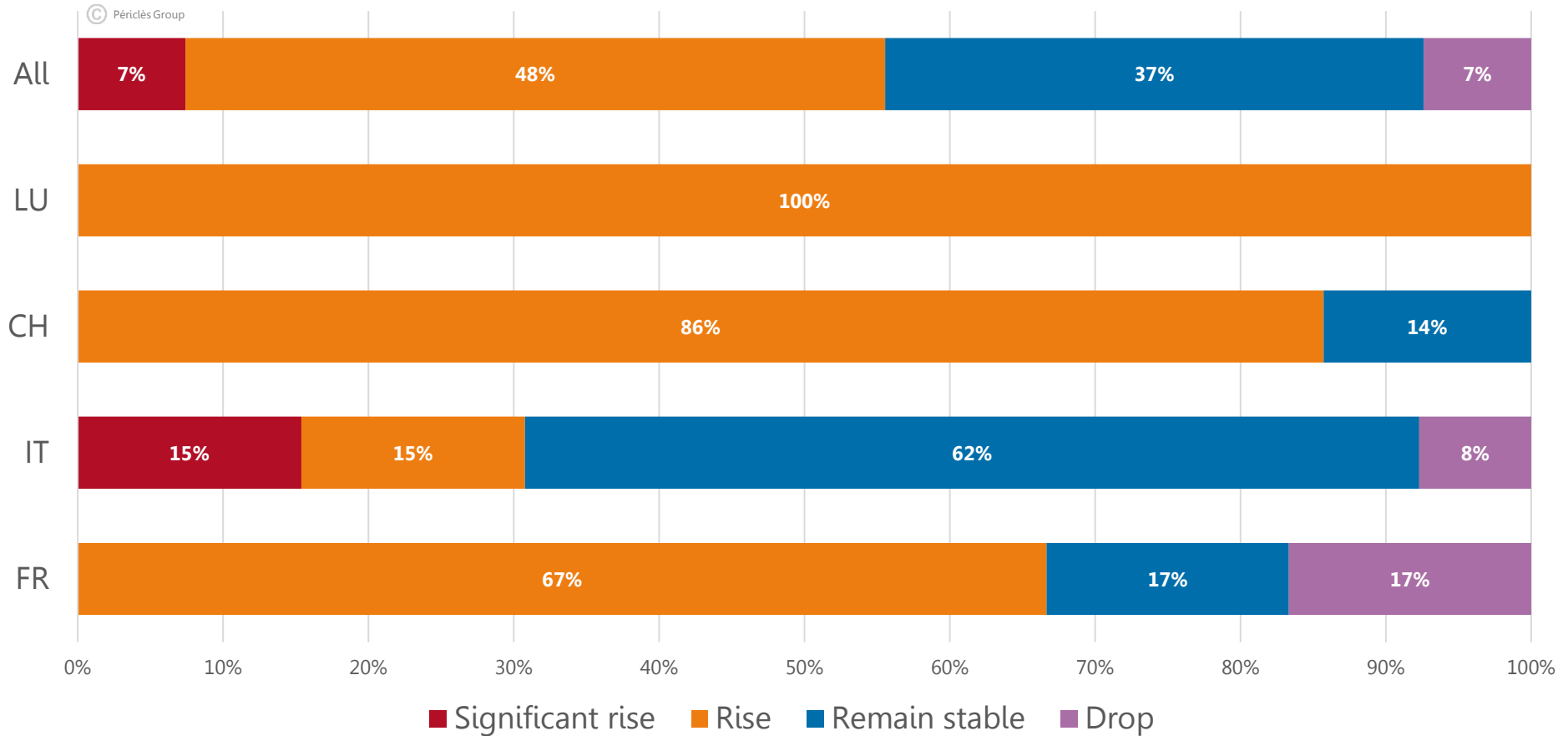
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Périclès Group Presentation

Part 5 – Perspectives and trends

Evolution of Luxembourg life insurance contract sales for the next 3 years



- ➔ Most private banks surveyed in France and Switzerland are very optimistic about the evolution of sales in the next 3 years
- Most private banks surveyed in Italy state that sales will remain stable

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Périclès Group Presentation

- **Périclès Group is an independent consulting firm, active in banking, finance, insurance and employee benefits.**
- **Périclès Group provides consulting services, from innovative strategy to execution.**

Consulting

- strategy
- organization
- project management

Our activities

life insurance

non life insurance

employee benefit

private banking

fund administration

transfer agent

asset management

300 clients - 1 000 assignments
80 employees - €14 million turnover



A worldwide presence, with offices in Paris,
Luxembourg and Hong-Kong

Organization & change management
Business creation & transformation
Development strategy
Operational efficiency

Customized
consulting

Business
expertise

Competitive
intelligence

Methodology

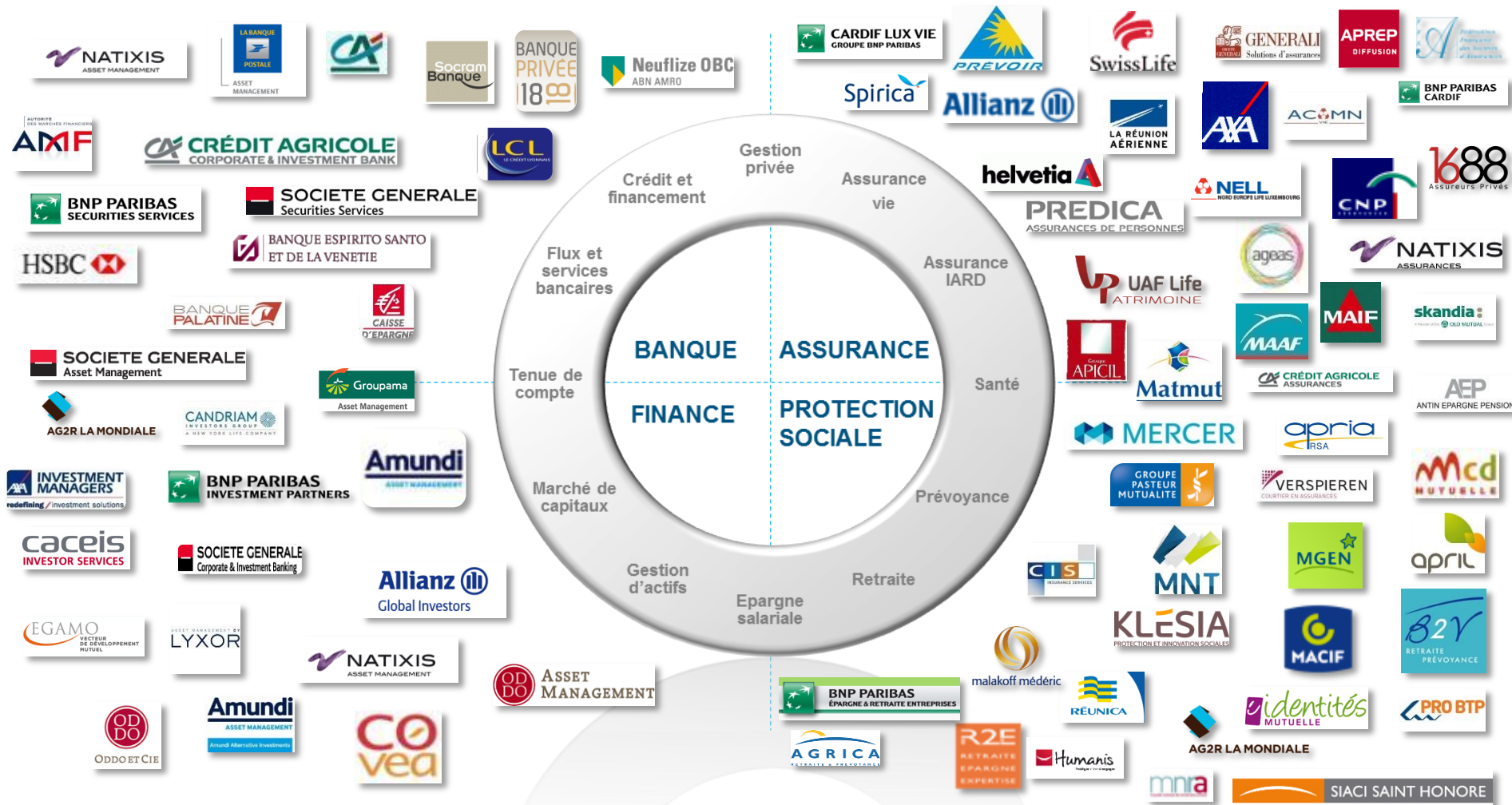
Market
Regulations
Insurance – Employee benefits
Banking - Finance

Market research & benchmark
Business plan and marketing
Strategic positioning (SWOT)

Agile
Prince II
Lean Six Sigma
Project management

Périclès Group

Our customer references



- **Since it was founded in 2001, Périclès Group has carried out many assignments in the Grand Duchy of Luxembourg.**
- **Périclès Consulting Luxembourg was chartered on April 3, 2014.**
- **Périclès Consulting Luxembourg achieved turnover of €1 million at the close of its first financial year. A growth of 30% has been forecast for fiscal year 2015/2016.**
- **By 2016, Périclès Consulting Luxembourg expects to further develop its:**
 - ▶ Market research
 - ▶ Conferences
 - ▶ Contributions to trade journals

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