

Asset Protection

In my work with individuals throughout the world, I have come to realize that most of their asset protection goals can be solved easily and inexpensively through the use of Swiss annuities, especially the private placement annuities.

When I meet with a new client, particularly an American resident, one of the first questions they ask about is asset protection. This is not all that surprising. *Of the approximately 40,000,000 lawsuits filed worldwide in 2007, about 90 percent occurred in the U.S.*

To my mind, the whole topic of asset protection is really a subset of the greater issue of wealth management, the broadest goal being to keep what we have and to see it grow. In a sense, asset protection is just one element in a comprehensive risk management strategy in which we manage our risks in various ways. We diversify our investment portfolio so the failure of one single investment cannot ruin us. We seek qualified investment advice to assist us in making the most informed decisions possible. We pay attention to the currency denomination our investments are in. We look at the trends in various industries and try to calculate how they will affect our investments.

When we can, we buy insurance to cover our risks in return for a small premium we transfer a larger risk to an insurance company. For example, the purchase of general liability insurance is a very effective and inexpensive asset protection technique.

What is commonly referred to as asset protection generally refers to the steps we take to minimize the risk of a potential creditor claiming all or a portion of our wealth.

Now, let's see what asset protection features are built into Swiss annuities and life insurance.



The annuity and life policies we will be looking at together in the Consumer Guide are issued by both Swiss insurers and their neighbor country, Liechtenstein subsidiaries. When I speak of Swiss insurance law I am speaking of Liechtenstein law as well. The Liechtenstein insurance law is almost a direct copy of the Swiss and is equally as strong.

Like all annuities the world over, Swiss annuities and life insurance are governed by their policy provisions. In Switzerland, these are called the General Conditions. Each insurer's General Conditions must be submitted to the Swiss Federal Office of Private Insurance, situated in Bern. An insurer's General Conditions are the same for each policy issued, and apply to both foreigners and Swiss alike.

The Swiss government believes that annuities and life insurance serve an important social purpose, the protection of families. Thus, for well over one hundred years the General Conditions of all Swiss annuity and life insurance contracts have been creditor-proof

as long as the beneficiary or beneficiaries are one's spouse, children or grandchildren. Having such a family beneficiary designation absolutely prohibits an insurer from recognizing the judgment of any creditor.

In addition, all insurers' General Conditions include specific protection in the event of bankruptcy, as long as the policy owner's family has been named the beneficiary. By action of law, as soon as the policy owner is judged bankrupt, all control over the policy shifts to the primary beneficiary. During the time the policyholder is in bankruptcy, he or she loses all control over the policy. He or she cannot surrender the policy, withdraw funds, change the beneficiaries or exercise any rights of ownership. This devolving of policy-owner rights to the primary beneficiary occurs automatically and does not require any action of the policy owner.

Swiss annuity and life insurance policies also include a duress clause. This allows the insurer to ignore the instructions of the policy owner should they believe he is acting against his own free will; as in the case of being ordered by a court to turn over the policy to a creditor.

Control over the policy returns to the policy owner upon his or her being discharged from bankruptcy.

As previously mentioned, the asset protection provisions of Swiss annuity and life insurance policies are not an option



Zurich