Liechtenstein Life

SPECIAL ASSETS

Protection in the worst-case scenario

Pension assets are legally protected within the Principality of Liechtenstein.

The Principality of Liechtenstein – an advantageous insurance hub

The Principality of Liechtenstein is a diversified, innovative hub for finance and insurance. As a member of the European Economic Area (EEA), it recognises and applies the laws of the European Union (EU) that are assumed by the EEA. Consequently, the Principality of Liechtenstein has strict supervisory requirements that protect policyholders.

As an economic hub, Liechtenstein is home to the perfect framework for developing innovative financial products, while complying with the highest security standards. These locational advantages are precisely what underpin Liechtenstein Life Assurance AG's wide range of smart, Europe-compliant coverage and pension products.

German insurance solutions, made in Liechtenstein

Liechtenstein Life Assurance AG clients can rely on a broad portfolio of innovative, flexible insurance solutions that can be tailored to their individual needs. All the legal and tax requirements under the law of the Federal Republic of Germany have already been taken into account during product development.

How does this work? Liechtenstein Life Assurance AG is subject to the oversight of the European Insurance and Occupational Pensions Authority (EIOPA) and the Financial Market Authority Liechtenstein (FMA). For its business transactions in Germany, it is subject to the legal supervision of the Federal Financial Supervisory Authority (BaFin). In turn, policyholders can always enjoy the quality of a German insurance solution, paired with the security and flexibility of Liechtenstein as a financial hub.

Major innovation for maximum security

Liechtenstein Life Assurance AG is subject to the Liechtenstein Insurance Supervision Act (VersAG), and by extension, the financial and legal oversight of the Financial Market Authority Liechtenstein (FMA). The regulations that apply to Liechtenstein Life Assurance AG mean it is regularly audited by the Financial Market Authority Liechtenstein. One of the aims of these audits is to ensure that Liechtenstein Life Assurance AG complies with solvency criteria and can always meet its obligations towards its policyholders.

Insurance clients are protected by law in the worst-case scenario

In the Principality of Liechtenstein, Art. 161 of VersAG determines that, if an insurer goes bankrupt, the assets to cover the underwriting reserves (i.e. the redeemable capital reserves that are listed as policyholders' capital investments in the balance sheet of Liechtenstein Life Assurance AG) are classed as special assets under Art. 45 of the Liechtenstein Insolvency Ordinance (IO).

These capital investments cover the liabilities of Liechtenstein Life Assurance AG towards its clients and represent special assets. These special assets are utterly untouchable, even if the insurance company goes bankrupt: only policyholders can access them. In this respect, Art. 31 of the Liechtenstein Insurance Contract Act

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further regulates that an insurance contract shall expire four weeks after the announcement that bankruptcy proceedings have been opened, with policyholders able to claim back the redeemable capital reserves for life and pension insurance contracts.

Special assets also encompass fund shares deposited with custodian banks. If a crisis hits the custodian bank, these special assets, similarly, will not be counted towards the custodian bank's bankruptcy estate. Instead, they will remain in the ownership of Liechtenstein Life Assurance AG and, by extension, of its clients.

Protection for life insurance holders – summary of key points

- Strict regulations under supervisory law ensure a high level of legal security for policyholders; EU law applies
- Client assets represent legally protected special assets: solely clients are entitled to these assets, even if the insurance company goes bankrupt
- In the worst-case scenario, the client receives a pay-out amounting to the current fund value of the policy
- If the client has invested in freely tradable funds, they can have the shares transferred, instead of the fund value of the policy

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