

From popular saving to private placement

*Dr Alexander Ressos, TEP
Attorney-at-Law (Switzerland), Solicitor (Hong Kong),
Solicitor (England & Wales)*

Part D traced how life insurance became, in the second half of the nineteenth century, one of the principal forms of saving for the Swiss population, and how the actuarial tradition of Basel shaped the calculation of premiums and reserves. Part E showed in a short section how wealthy families in continental Europe came to use life insurance policies as instruments of succession planning and asset protection. This chapter takes up the second thread and examines the modern instrument in detail: the insurance policy that serves primarily as a legal and fiscal envelope for a portfolio of investments, usually called a life insurance wrapper or, in the version tailored to a single client, private placement life insurance.¹

The distance between the two forms of life insurance is smaller than it first appears. The worker who paid a weekly premium for a funeral policy in 1900 and the entrepreneur who pays a single premium of several million francs into a unit-linked policy in 2026 both rely on the same legal construction: a contract under which an insurer promises a payment on death or on survival to a fixed date, and under which the policyholder may designate a person who will receive that payment. What has changed is the investment component. In the classic endowment policy the insurer invested the premiums in its general account and promised a guaranteed sum with a share in profits. In the modern wrapper the insurer invests the premiums in assets that are allocated to the individual policy, leaving the investment risk with the policyholder.²

The shift has consequences that reach far beyond the technical design of the product. Once the policyholder bears the investment risk and can influence the choice of assets, the question arises whether the contract remains an insurance contract at all, or whether it is in substance a custody account with an insurer's name on the statement. The answer determines the tax treatment in the policyholder's country of residence, the protection against creditors, the effect on succession and the applicable rules of

conduct. Much of what follows is therefore an analysis of where the law of different countries draws the line between insurance and investment, and of the consequences of crossing it.

Basel is relevant to this subject in three ways. The city's insurers have offered cross-border life insurance through subsidiaries in Liechtenstein and Luxembourg for decades. Its private banks and the Basel offices of the large banks act as custodians and asset managers for wrapped portfolios. Its lawyers, fiduciaries and tax advisers structure policies for clients from Germany, France and Italy, who are within easy reach of the city. The chapter therefore treats the wrapper as an instrument of the financial centre as a whole, drawing on the law of the jurisdictions in which the insurers are established and of the countries in which the policyholders live.

1 Notes

1. See Part D, chapter IV ("Life insurance and the mathematics of mortality", "Life insurance as popular saving") and Part E, chapter V ("Life insurance as a planning tool") of this book. For a general introduction to insurance wrappers in cross-border wealth planning, see the practitioner literature on private placement life insurance published by STEP and in the major wealth planning journals. To be verified. ↩
2. On the distinction between traditional participating life insurance (general account, guaranteed interest, profit participation) and unit-linked life insurance (separate account, investment risk borne by the policyholder), see the standard textbooks on insurance law and on life insurance mathematics. To be verified. ↩

For general information only. This article does not constitute legal or tax advice, does not replace advice on an individual case and creates no lawyer-client relationship. It reflects the legal position as of September 2026.

Online version: helveticaregister.com/basel-from-popular-saving-to-private-placement