

Portability and change of residence

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A wrapper policy is designed for the tax law of a particular country. When the policyholder moves to another country, the policy may lose its advantages or acquire disadvantages. A policy compliant with French law may be an asset-managing contract under German law. A policy recognised in Germany may be a personal portfolio bond in the United Kingdom. Insurers have therefore developed multi-jurisdictional policies, whose investment design can be adapted to the requirements of a new country of residence. Advisers must examine the consequences of a move before it takes place.

Several further pitfalls deserve attention. The surrender of a policy before the minimum period may trigger taxation of the gains without the benefit of the preferential regime. The change of the policyholder, for example the transfer of the policy to a child, may be a gift with tax consequences in both countries. The designation of beneficiaries may produce unexpected results under the succession law of a new country of residence. The costs of the policy may exceed its tax advantages if the policy is too small or if the investment strategy is too conservative. Finally, the policyholder may lose access to his assets if the insurer becomes insolvent or decides to leave the market, although the triangle of security and comparable regimes reduce this risk.

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