

John is a 50-year-old UK expat resident in Thailand. He is married to a Thai national and has two children. He has recently decided that, rather than continuing to rent a property, the time is right to try and purchase a family home in Thailand. However, upon investigation he finds that it's not possible to purchase the land and desired property in his sole name.

A number of alternatives are presented to him, such as the land and property being subject to a lease, the land purchased by a Thai company or simply owned outright by his wife. This is because foreigners are generally not allowed to own land in Thailand.

Whilst evaluating his options and finances with his adviser, John airs concerns around what might happen in the unfortunate event that his wife dies before him, in particular whether he will be able to have certainty that he can remain in or sell the property due to the fact that his wife's full or partial ownership will pass to her family. His adviser suggests that John looks at insuring against the financial risk that could occur should he be unable to either live in the property or realise any capital from it.

His adviser points out that John has sufficient investment income from his overseas business interests to comfortably fund the insurance policy.

John presses on with the property purchase and, for convenience, the title to the land and house built upon it is in his wife's name. The purchase price is £350,000. At the same time John applies for RL360°'s LifePlan where his wife is insured for the same amount. The Life Cover is indexed so that it increases in line with property prices.

Primary Life Cover:
£350,000

Premium Indexation
5%:

Value of cover at year 10 could be:
£507,500

Total amount of premiums at year 10:
£58,800

10 years later, John's wife dies in an accident whilst they are on holiday. He informs RL360° of the situation and submits the necessary requirements for the claim to be processed. In due course RL360° pays out the value of the Life Cover to John. In subsequent conversations with his Thai family, he finds that her assets have been left to them and that they wish to move into the property.

John finds the position of not having sole occupancy and being unable to realise any capital untenable. He therefore decides to return to the UK with his two young children and purchases a new family home in his own name with the proceeds of the RL360° LifePlan.

Important notes

For financial advisers only. Not to be distributed to, nor relied on by, retail clients.



COVERING THE PROPERTY RISK IN THAILAND