



# FOREIGN NATIONAL

## U.S LIFE INSURANCE GUIDELINES



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## Introduction:

Foreign Nationals, who spend considerable time in the United States, hold assets or maintain significant ties to the United States may have a need for U.S. life insurance. Asset preservation, transfer of wealth, estate/tax planning and family income protection are just some of the common financial objectives that apply to individuals and families, regardless of residence.

Atlas Insurance Partners has 35 years experience in the international insurance market. We have relationships with many of the largest and most respected companies in the industry. This allows us to offer high quality life insurance products suitable for the unique financial needs of foreign nationals<sup>1</sup>.

International underwriting guidelines are becoming more flexibility and market specific; some companies now consider foreign prospects for the best underwriting rates<sup>2</sup>. Each insurance company has its own set of underwriting guidelines in place to determine whether a proposed insured may be eligible for coverage.

This guide is meant to be used as a general reference of the standard procedures and requirements applicable to all phases of the application process. If you have any questions regarding these guidelines, please contact our office.



BuyingCoverage and its representatives do not provide any tax or legal advice. This guide is for informational purposes only. Before making any decision, you should consult with a licensed tax or legal professional to determine the suitability of a particular financial transaction and discuss the tax and legal implications.

<sup>1</sup> Foreign national is defined as a citizen of a country other than the United States, not meeting the United States qualifications for permanent residency.

<sup>2</sup> Rating depends on proposed insured overall health, country of residence, and other company specific underwriting criteria.

## Who is considered a Foreign National?

For the purposes of life insurance, insurance companies generally define a foreign national as a person who is not a U.S. citizen or considered a permanent resident of the United States.

International underwriting guidelines also apply to U.S. citizen/residents with frequent or long term travel outside the United States. Any individual residing outside the United States for more than six months (183 days) out of the year generally are considered as a foreign resident for underwriting purposes.

## How to Qualify for U.S. Life Insurance

Foreign nationals seeking U.S. life insurance must be someone who:

1. Has a valid U.S. visa
2. Resides outside the U.S. for the majority of the year; more than six months (183 days)
3. Has meaningful connections/ties to the U.S.
4. Has a worldwide minimum net worth of at least \$1 Million

These are the initial qualifying parameters that insurance companies use to determine a foreign national eligible for coverage. Another important factor is the country of residence. Coverage may not be available for individuals residing or traveling to certain countries<sup>3</sup>.

## Establishing a U.S. connection

In order to justify the need for insurance within the United States, non-U.S. Citizens/residents must show and maintain both physical and financial connections to the U.S. this is done in a variety of ways:

1. Existing U.S. bank or savings account
2. U.S. assets generally equal to 20% of the total coverage applied for
3. Maintain a secondary residence in the United States
4. Have total or partial ownership in a U.S. company or business.
5. Employed by a U.S. company or business
6. Travel to the U.S., generally between 30-45 days per year minimum.
7. Have immediate or close family relation with permanent legal status residing in the U.S.
8. Have some type of U.S. tax liability

The stronger and more meaningful the presence/connection to the United States, will facilitate the underwriting of the application and help obtain better rates. In the cases where the policy owner is different from the insured, all above guidelines will also apply.

<sup>3</sup> Coverage amount and rate class depends on the company specific underwriting guidelines and country codes. Coverage may not be available for countries in regions considered war zones or where the U.S. State Department has issued a travel advisory.





## The Application Process: General Guidelines

Most U.S. insurance companies are not licensed or authorized to sell in foreign jurisdictions. Each country has its own laws and regulations on what is permissible activity regarding the sale of insurance products.

The solicitation of all U.S. life insurance applications must take place in the United States, regardless of the country of residence. Solicitation includes all aspects of the sale process from the presentation of the illustration, application, to the completion of underwriting requirements including any examinations and the delivery of the policy. In addition, the policy premium must be paid for from a U.S. bank account.

As part of the application process the proposed insured will take a medical exam that with few exceptions must be conducted in the United States by a life insurance company approved laboratory or examiner.

Insurance companies have country specific underwriting guidelines, which consider factors such geographic region, U.S. relations, economic stability, and political climate. Coverage limits and underwriting rates are impacted by the classification assigned to the proposed insured's country of residence. Or in the cases of U.S. citizens/residents with long term foreign residency, country classification will apply to those countries of travel.

### SOLICITATION OF APPLICATION -- UNDERWRITING REQUIREMENTS -- DELIVERY OF THE POLICY

1. All application forms/illustrations must be signed in the U.S.
2. Any additional underwriting requirements must be completed in the U.S.
3. All medical exams unless approved by the underwriter must be done in the U.S.
4. Policy must be delivered and all delivery requirements signed for in the U.S.
5. Premiums must be paid using U.S. funds (U.S. bank account)

## Life Insurance Eligibility Criteria for Foreign Nationals

As with all life insurance applications, eligibility is on a case by case basis. Below are general underwriting criteria applicable to Non-U.S. citizens and residents.

Age Limit of Insured	18 - 75
U.S. Connections/Ties	Must have financial or business interest in the U.S. (bank and investment accounts, real estate, or ownership in a U.S. company)
U.S. Travel Requirements	Must spend a minimum of 30 days in the U.S.
Minimum Face Amount	\$500,000
Risk Classification	Up to best rate class; depends on country of residence
Ownership	May be a Non-U.S. individual, Corporation, Trust
Beneficiary	Death Benefit Payable in U.S Dollars without tax withholdings
Supporting Documents	W8 form, copy passport/visa, financial statements, third party verification of assets, medical records
Medical Evidence	All exams must be completed in the U.S.; unless otherwise approved by the insurance company
Solicitation of Application	All application and underwriting requirements must be signed and completed in the U.S.
Policy Delivery	Policy must be delivered in the U.S.
Policy Premiums	Must be paid in U.S. funds
Exclusions	Government officials, politicians, military personnel, missionaries, pilots, journalists, judicial officials, police and security personnel, diplomats, and trade union officials

Underwriting guidelines are subject to change by the insurance company.



## Policy Ownership<sup>4</sup>

Most insurance companies will allow direct Non-U.S. ownership, meaning the policy owner and insured can be the same. However, each insurance company has its specific guideline regarding the ownership arrangement for foreign nationals depending on country of residence. Possible ownership arrangements include:

1. Non-U.S. Citizen/Resident policy owner
2. Non-U.S. Entity such as a corporation or trust

In the cases where Non-U.S. ownership is not permitted, a U.S. entity such as trust can be used.

In contrast to a U.S. citizens/residents, foreign nationals considered nonresident aliens<sup>5</sup> can own a life insurance policy without being subject to U.S. income or estate taxes. However, certain other ownership arrangements such as a U.S. entity policy owner can trigger tax planning issues.

As with all insurance policies insurable interest must exist between the policy owner and insured. Insurable interest ensures that all parties involved in the insurance transaction have a mutual financial interest in the continued life of the insured person.



<sup>4</sup> Policy owners should consult with their legal advisors to ensure compliance with in-country requirements.

<sup>5</sup> For more information, please refer to the Life Insurance Tax Considerations for Foreign Nationals Brochure

## Life Insurance as a Planning Tool



Here are some of the ways life insurance can provide solutions:

**Family Protection/Income Replacement.** Life insurance can provide or replace income lost from the death of a wage earner, allowing family and dependents continued standard of living.

- **Supplement Retirement Income.** Life insurance offers not only an income tax free death benefit to beneficiary(s) but also tax deferred cash value growth. This cash value can be taken out and used as part of a retirement plan.
- **College Planning.** College and university tuition continue to rise, life insurance can protect and provide the means to cover future education costs.
- **Real Estate/Mortgage Protection.** Cover the unpaid or remaining balance of your home mortgage or real estate loan. Life insurance can also be structured to help accelerate the pay period using policy values.
- **Estate Planning/Final Expenses.** Estate planning concerns are a big reason for coverage, life insurance proceeds are income tax free in the<sup>6</sup>U.S . and can provide the liquidity to pay estate taxes and final expenses.
- **Children with disabilities.** The death benefit can be used to fund a trust that will provide for a child with disabilities after the death of the parent or guardian.
- **Business Continuation.** Life insurance is not only a personal planning tool. It can be a valuable tool for business as well. Protect an important or key person in the company or ensure smooth transfer of ownership upon an owner/shareholder's death, disability, or retirement with a buy sell agreement funded with life insurance.
- **Key man insurance.** A business is only as good as the people it has. A loss of a key person or employee can be devastating to the continued success of a company. A life insurance policy insuring these skilled and

<sup>6</sup>IRC § 2105(a); Treas. Reg. § 20.2105-1(g)



## Why Purchase U.S. Life Insurance

Many foreign nationals purchase millions in U.S. life every year and the number continues to grow annually. The United States is still considered as one of, if not the most stable country to hold and accumulate assets. This is why it is not uncommon for high net worth individuals or across the globe to have bank relations, businesses, and residences in the United States. Obtaining U.S. life insurance is just another way foreign nationals diversify and secure their wealth.

## Top Rated Life Insurance Carriers

U.S. insurance companies are some of the largest and most financially solvent corporations in the world. U.S. carriers offer a broad range of financial products and services that may not be available in another country. U.S. life insurance products are generally more competitive since pricing/rates are based on U.S. mortality assumptions.

## Confidentiality Outside Home Country

One major reason foreign nationals purchase U.S. life insurance is for privacy. Many foreign nationals living in high risk or unstable countries (Latin America) do not like disclosing personal and confidential financial information to local agents due to risk of kidnapping & extortion. Dealing with a U.S. life insurance agent and company eliminates the need for such disclosure.

## Political and Economic Stability

The United States is an attractive option for foreign nationals because of its political and economic stability. Partly the reason, many wealthy foreign nationals from Latin America look to the U.S. for long term preservation of assets. U.S. life insurance policy dominated in U.S. dollars can help conserve assets for future generations.

## Financial and Legal System

U.S. financial system through its institutions and laws offers an abundance of wealth building, investment, and retirement options. The ability for foreign nationals to directly own a U.S. life insurance policy gives them the flexibility to use policy values to fit a specific objective.







# LIFE INSURANCE POLICY



## Access to Experienced International Underwriters and Priority Handling of Your Case!

Our 35 years of knowledge and experience in the foreign national markets has allowed us to gain the confidence of every single insurance company we work with. All foreign national business is submitted to and underwritten by the most trained and practiced underwriters.

Life applications are handled by dedicated international underwriting teams experienced in assessing the global financial and medical data, the residency risks involved and the personal/business travel habits inherent to each individual.

Large cases of \$10 Million in face amount or \$100k in premium are reviewed within 24 hours from the day the application is received by the life insurance company and given priority medical department review. Our ability to deal directly with the underwriter establishes a case dialog which minimizes delays and increases the overall efficiency of each case.

# INSURANCE CARRIERS

WE WORK WITH  
THE TOP RATED  
INSURANCE  
CARRIERS!

- Accordia Life
- AIG American General Life
- Allianz
- Athene
- AXA
- Foresters Financial
- Guardian
- John Hancock
- Lafayette Life Insurance
- Lincoln Financial
- Mass Mutual
- MetLife
- Mutual of Omaha Companies
- Nationwide Financial
- National Life
- New York Life
- International Specialty Markets Through Lloyds of London
- North American
- One America
- Panamerican Life
- Phoenix Life
- Principal Financial
- Prudential
- Symetra
- Transamerica
- Transamerica (Bermuda)
- Voya







For more information regarding foreign national life insurance. Please contact us, we have extensive experience in the foreign and international insurance markets. Any of our qualified life insurance agents can answer questions and discuss policy options with you at no obligation.

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