

FOREIGN NATIONALS

Basic requirements include that:

- All solicitation and related aspects of the sale, including completing the life insurance application and medical examinations, must take place in the U.S.
- Policies must be owned by the insured or a U.S.-based entity with an appropriate insurable interest. A third-party, foreign entity is not permitted to own a policy on a foreign national.

Your clients who are foreign nationals applying for life insurance should have met these guidelines:

- Have a U.S. Social Security number, tax ID number or completed IRS form W-8BEN
- Be 18 years of age or older
- Resided in the U.S. two years or more
- Established medical care with a doctor in the U.S.
- Demonstrated substantial contacts within the U.S., including interactions such as:
 - Ownership of a U.S.-based business
 - Employment with a U.S. company in a professional capacity or a minimum annual income of \$75,000 from a U.S. company
 - Ownership of real property in the U.S.
 - Residence with immediate family in the U.S.

Applicants may not be a politically exposed person (someone who has been entrusted with a prominent public function) or a family member of a politically exposed person. A foreign national applicant may not be a journalist, public figure, missionary, government leader or employee, member of the judiciary, law enforcement official, trade union official or foreign military personnel.



While these are the guidelines that most often help us determine eligibility for our life insurance products, some exceptions may apply. For full consideration of your clients' unique situations, please contact your Cincinnati Life underwriter. All risks still require individual review.

FINANCIAL UNDERWRITING

Part of the underwriting process is evaluating a proposed insured's need and relating the total amount of life insurance to the potential economic loss sustained by the beneficiary(ies) if premature death occurs.

Much like a bank loan, our liability begins as soon as the coverage is in force. Therefore, the Cincinnati Life underwriter evaluates the amount of insurance coverage similar to a bank officer analyzing a loan or credit risk. The underwriter frequently requests information regarding finances, which is particularly important for business insurance or large amounts of personal insurance.

The large-case market requires special handling, individual attention and a close working relationship between you and your underwriter. It helps to send your underwriter a cover letter explaining the need for the insurance and how you determined the face amount. We strongly urge you to include a cover letter if your client is applying for a policy of more than \$1 million. Because your letter provides an up-front, comprehensive summary of your client's needs and objectives, it also is helpful for lower face amount cases.

The underwriter looks for an insurable interest and assures that the total amount of insurance in force and applied for makes sense. Third-party financial information also helps expedite large cases. If tax returns or other financial statements are available, send copies of these along with your cover letter. The more information you provide in your cover letter, the more you help streamline the underwriting process.

The financial underwriting guidelines on the following page outline items of importance to include in your cover letters and guidelines for determining justifiable amounts of coverage. Please contact your underwriter with questions on specific situations or circumstances.

To expedite underwriting, we strongly recommend you include with your cover letter copies of any estate plan or other analysis, the most recent financial statements and any other pertinent information.

Financial underwriting guidelines for personal insurance

Purpose of insurance	Highlight in cover letter	Guidelines and formulas		
Family protection	Background of the sale, including the purpose and need for coverage (how the amount was determined), total income (includes salary, bonuses, commissions, deferred compensation but excludes investment income)	Age	Factor	
		20-30	30 x income	
		31-40	25 x income	
		41-50	20 x income	
		51-60	15 x income	
		61-65	10 x income	
		66+	5 x income	
Juvenile coverage	Amount carried on all family members, full explanation of need if over \$100,000	Equal amounts on siblings, no more than half the amount on parents		
Estate conservation	Net worth, details of estate analysis and personal financial statement. Include copies of each with application	Jt. Age	Rate	Years
		0-49	Up to 4%	15
			4-6%	12
			6-8%	10
		50-65	Up to 4%	12
			4-6%	10
	6-8%	5		
		66+	Current need only	
Personal debt repayment	Identity of the lender. Amount, purpose and duration of loan, interest rate and balance	50% to 80% of loan balance. Term of the loan should be longer than 5 years		
Charitable gift	Full description of charity, details of past association with charity, details of personal and financial insurance	Average of past 3 years' gifts multiplied by income factor (as indicated in Family Protection above)		

Financial underwriting guidelines for business insurance

Purpose of insurance	Highlight in cover letter	Guidelines and formulas	
Deferred compensation/Executive bonus	Outline the benefit need and include copy of plan document	Amount should not exceed amount outlined in the plan document	
Key person	Salary, how amount was determined, why is the applicant key, all other key employees and whether they are covered for equitable amounts	Age	Factor
		Up to 35	10-15 x income
		35-60	5-10 x income
		60+	1-5 x income
Buy-sell/Stock redemption	Business fair market value, the number of partners and their ownership percentages, details of buy/sell agreement (if all partners are not applying for coverage, what are the circumstances)	Market value of business multiplied by ownership percentage of the applicant	
Business debt repayment	Lines of credit will not be considered. Identity of lender, amount of loan and balance, purpose and duration of loan, interest rate, what was used as collateral, why applicant is key to loan repayment, any details of the lien agreement	50% to 80% of loan balance. Term of the loan should be longer than 5 years	

Business insurance concepts and needs

	Key Person	Buy Sell		Sec. 162 Executive Bonus
		Stock Redemption	Cross Purchase	
Premium Payor is:	Business	Business	Each partner, stockholder or key employee pays premiums for policy on the life of partner, co-stockholder or owner	Business for covered employee
Policy Owner is:	Business	Business	Each partner, stockholder or key employee owns policy on the life of partner, co-stockholder or owner	Covered employee
Beneficiary is:	Business	Business	Each partner, stockholder or key employee beneficiary of policy they own on the life of partner, co-stockholder or owner	As designated by covered employee