

# Underwriting guidelines for foreign nationals and residents. | Playbook

Customer categories and definitions	Foreign nationals	Foreign residents	Juveniles born in the U.S. to foreign nationals or recent immigrants	Resident aliens	U.S. citizens—foreign travel guidelines	Country category rules
<b>Non-U.S. Residents</b>				<b>U.S. Residents</b>		
Non-U.S. Citizens		U.S. Citizens		Non-U.S. Citizens		U.S. Citizens
Foreign nationals	Foreign residents <sup>1</sup>	Juveniles <sup>2</sup> born in the U.S. to foreign nationals or recent immigrants		Resident aliens		U.S. citizens—foreign travel guidelines
<b>Non-U.S. citizen</b> whose primary residence is in another country for more than 90 days of the year, applying for insurance coverage in the U.S.	<b>U.S. citizen</b> living in a country other than the U.S. or its territories for more than 90 days of the year.	Applications on juveniles born to foreign nationals or recent immigrants present special challenges and will generally be underwritten under the same guidelines as coverage on the parents.		<b>1. Permanent resident:</b> Non-U.S. citizen with a <b>Green Card or EB5 visa</b> who has lived in the U.S. for at least 1 year for issue ages below 60 and at least 2 years for issue ages 60 and above, and is not a foreign traveler <sup>3</sup> <b>2. Temporary resident:</b> Non-U.S. citizen with a <b>temporary visa</b> who has lived in the U.S. for at least 1 year for issue ages below 60 and at least 2 years for issue ages 60 and above. <b>3. Recent immigrant:</b> Resident alien, with a <b>permanent or temporary visa</b> , who has lived in the U.S. for less than two years. <b>4. Undocumented resident:</b> Non-U.S. citizen living in the U.S. with intent to remain in the U.S. permanently, but <b>without a visa or other legal work status</b> (e.g. employment authorization document (EAD) card.)		For U.S. citizens, this is defined as <b>future travel outside of the U.S. and Canada</b> for up to <b>90 days</b> in the <b>12 months</b> after the application date. <sup>4</sup>

<sup>1</sup> Under Florida law, a person is deemed a foreign resident if he or she is absent from the U.S. for more than 180 consecutive days and has established a residence in a foreign country.

<sup>2</sup> Children less than 18 years of age.

<sup>3</sup> Additional details on slide 8.

<sup>4</sup> Permanent residents who travel abroad for up to 90 days will be subject to foreign travel underwriting guidelines.



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## General Guidelines

Connection to the U.S.	<ul style="list-style-type: none"> <li>Foreign nationals must demonstrate clear ties to the U.S. Concerns about anti-selection increase when someone is shopping for insurance outside of his or her home market, unless there are clear financial ties to the specific economy. It is easier for a proposed insured to misrepresent information when applying for coverage outside of his or her home market.</li> <li>To demonstrate clear ties to the U.S., the proposed insured must have at least one of the following:             <ul style="list-style-type: none"> <li>– Verified business ownership in the U.S.</li> <li>– Verified employment by a U.S. employer at an officer/executive level.</li> <li>– Verified property ownership in the U.S.</li> <li>– Verified business investment in excess of \$1 million (USD) in the U.S.</li> </ul> </li> </ul>
Age Range (of insured)	<ul style="list-style-type: none"> <li>Maximum age 65. Clients between issue ages 66 and 70 will be considered only with an informal application for a minimum face amount of \$2,000,000 with verified net worth of \$3,000,000 or greater.</li> </ul>
Risk Class	<ul style="list-style-type: none"> <li>Category I—Preferred classes available at underwriter’s discretion, no maximum rating class.</li> <li>Category II—Preferred II is best class available, maximum Class 6.</li> <li>Category III—Nonsmoker is best class available, maximum Class 4.</li> <li>Category IV—No change (foreign residents and foreign nationals are not eligible for coverage).</li> </ul>
Medical Documents, APS	<ul style="list-style-type: none"> <li>Meaningful attending physician's statement (APS) rules apply<sup>1</sup></li> <li>If a meaningful APS is not available, please contact your underwriter for alternatives.</li> </ul>
Product Type	<ul style="list-style-type: none"> <li>Term riders and DOT are allowed provided the rider benefit does not exceed the base policy amount, and the total base + DOT does not exceed the Country Category maximum amount.</li> <li>Exception: Mexico, where benefits, riders, and term insurance are allowed up to \$2 million, and Canada, where benefits, riders, and term insurance are allowed up to \$25 million.</li> </ul>
Temporary Coverage Agreement	<ul style="list-style-type: none"> <li>Agents may collect premiums with the application, activating a temporary coverage agreement (TCA) if:             <ul style="list-style-type: none"> <li>– All New York Life TCA rules are met.</li> <li>– The premium funds can be documented as originating from a U.S. institution.</li> </ul> </li> <li>Any refund of premium will follow current New York Life procedures.</li> </ul>
Policy Ownership and Beneficiaries	<ul style="list-style-type: none"> <li>Policies on Foreign Nationals of Argentina and Brazil must be owned by a Permanent US Resident or US entity with insurable interest (trusts and LLC s in the United States are allowed).</li> <li>Beneficiaries can be U.S. or foreign persons or entities. However, country-specific tax obligations may apply upon payment of proceeds. New York Life will alert foreign nationals to potential tax consequences in a disclosure document. There are more details in an Office of the General Counsel memo.</li> </ul>

<sup>1</sup> Complete medical records demonstrating ongoing care will be required via a vendor—no abstracts.

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## Financial Guidelines

Financial Eligibility

- For face amounts up to and including \$1 million, must have verified U.S. assets of at least \$50,000.
- For face amounts over \$1 million, must have verified U.S. assets of at least \$100,000.
- U.S. assets must have been held in the U.S. for the 6 months prior to application.
- Traditional financial underwriting guidelines will apply (e.g. income multiples).

Face Amount Range

- Maximum \$25 million for Category<sup>3</sup> I countries
- Maximum \$10 million for Category II countries
- Maximum \$5 million for Category III countries
- No coverage for Category IV countries

Foreign Assets

- Consider foreign assets subject to verification, the highest standard of which is inclusion on 4506-T. We have a list of items required to verify assets, including a newly developed enhanced verification supplement, Tax ID for the U.S., Tax ID for the country of citizenship, bank/brokerage statements for 12 months, etc.
- Assets will be verified by an enhanced verification team with representatives from various departments (primarily Underwriting and Corporate Compliance).
- Premiums must be paid from a U.S. bank account.

Business Insurance

- Coverage for start-ups is not allowed; must have a minimum of three years as a going concern.
- Must provide a third-party financial statement for the past two years.

Concentration of Risk Limit

- Aggregate maximum of \$25 million on members of any one family or business.

<sup>3</sup> There are different rules by category of country that represent the need to limit our exposure in areas where we anticipate a higher rate of fraud or mortality.

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<b>General Guidelines</b>						
Connection to the U.S.	<ul style="list-style-type: none"> <li>• U.S. citizens are considered to automatically have a connection to the U.S., regardless of where they currently reside.</li> </ul>					
Age Range (of insured)	<ul style="list-style-type: none"> <li>• Maximum age: 65. Clients between issue ages 66 and 70 will be considered only with an informal application for a minimum face amount of \$2,000,000 with verified net worth of \$3,000,000 or greater.</li> </ul>					
Risk Class	<ul style="list-style-type: none"> <li>• Category I—Preferred classes available at underwriter’s discretion, no maximum rating class.</li> <li>• Category II—Preferred II is best class available, maximum Class 6.</li> <li>• Category III—Nonsmoker is best class available, maximum Class 4.</li> <li>• Category IV—No change (foreign residents and foreign nationals are not eligible for coverage).</li> </ul>					
Medical Documents, APS	<ul style="list-style-type: none"> <li>• Meaningful attending physician's statement (APS) rules apply.<sup>1</sup></li> <li>• If a meaningful APS is not available, please contact your underwriter for alternatives.</li> </ul>					
Product Type	<ul style="list-style-type: none"> <li>• Term riders and DOT are allowed provided the rider benefit does not exceed the base policy amount, and the total base + DOT does not exceed the Country Category maximum amount.</li> <li>• Exception: Mexico, where benefits, riders, and term insurance are allowed up to \$2 million, and Canada, where benefits, riders, and term insurance are allowed up to \$25 million.</li> </ul>					
Temporary Coverage Agreement	<ul style="list-style-type: none"> <li>• Agents may collect premiums with the application, activating a temporary coverage agreement (TCA) if:               <ul style="list-style-type: none"> <li>– All New York Life TCA rules are met.</li> <li>– The premium funds can be documented as originating from a U.S. institution.</li> </ul> </li> <li>• Any refund of premium will follow current New York Life procedures.</li> </ul>					
<p><sup>1</sup> Complete medical records demonstrating ongoing care will be required via a vendor—no abstracts.</p> <p style="text-align: right;">For Internal Use Only. V8_ARo8827.052018 SMRU1768592 (Exp.05.22.2020)</p>						

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## Financial Guidelines

Financial Eligibility<sup>3</sup>

- For face amounts up to and including \$1 million, must have verified U.S. assets of at least \$50,000.
- For face amounts over \$1 million, must have verified U.S. assets of at least \$100,000.
- U.S. assets must have been held in the U.S. for the 6 months prior to application.
- Traditional financial underwriting guidelines will apply (e.g. income multiples).

Face Amount Range

- Maximum \$25 million for Category<sup>4</sup> I countries
- Maximum \$10 million for Category II countries
- Maximum \$5 million for Category III countries
- No coverage for Category IV countries

Foreign Assets<sup>5</sup>

- Consider foreign assets subject to verification, the highest standard of which is inclusion on 4506-T. We have a list of items required to verify assets, including a newly developed enhanced verification supplement, tax ID for the U.S., tax ID for the country of citizenship, bank/brokerage statements for 12 months, etc.
- Assets will be verified by an enhanced verification team with representatives from various departments (primarily Underwriting and Corporate Compliance).
- Premiums must be paid from a U.S. bank account.

Business Insurance

- Coverage for start-ups is not allowed; must have a minimum of three years as a going concern.
- Must provide a third-party financial statement for the past two years.

Concentration of Risk Limit

- Handled on a case-by-case basis.

<sup>3</sup> Verification of U.S. assets for foreign residents is relatively easy.

<sup>4</sup> There are different rules by category of country that represent the need to limit our exposure in areas where we anticipate a higher rate of fraud or mortality.

<sup>5</sup> Instances of foreign residents requesting consideration of non-U.S. assets to justify face amount are rare.

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## General Guidelines

Connection to the U.S.

- Parents must satisfy requirements for ties to the U.S.
- Underwriting limitations will be based on parents' country of residence.<sup>1</sup>
- A copy of the U.S. birth certificate will be required to establish identity.

## Financial Guidelines

Face Amount

- Face amount on juvenile is based on insurance in force on parents for U.S. carriers only.<sup>2</sup>

Use of Foreign Assets to Justify Amount

- Same foreign asset rules that apply to foreign nationals apply here.

<sup>1</sup> Foreign Residence and Travel Chart available from the underwriting team.

<sup>2</sup> Face amount limits determined by coverage level requested on parents (i.e. parents must have at least as much coverage as they are requesting on their children). If parents are not seeking coverage from New York Life, they need to prove that they already have coverage in force in the United States with another carrier.

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Type of Resident Alien		Guidelines				
Permanent U.S. Resident		<ul style="list-style-type: none"> <li>• Treat as a U.S. citizen if lived in U.S. at least 1 year for issue ages below 60; 2 years for issue ages 60 and above. If in the U.S. under 1 year, must meet Ties to the U.S. and Financial eligibility guidelines (Treat as Foreign National?)</li> </ul>				
Temporary U.S. Resident		<ul style="list-style-type: none"> <li>• If nonrenewable visa, treat as recent immigrant (underwriting judgment used if in U.S. for a significant amount of time).</li> <li>• If renewable visa and permanence seems likely, treat same as Permanent U.S. Resident.</li> </ul>				
Recent Immigrants		<ul style="list-style-type: none"> <li>• Defined as in the U.S. less than two years.</li> <li>• Treat as a foreign national.</li> <li>• In addition to foreign national rules, a telephone interview report (TIR) is required, and regular employment in the U.S. must be verified.</li> </ul>				
Undocumented		<ul style="list-style-type: none"> <li>• Living in the U.S. for the past 5 years or more.</li> <li>• Maximum face amount of \$250,000; will consider larger amounts with a Social Security number or TIN and 4506-T.</li> <li>• Must be able to validate all data via the enhanced verification process for amounts over \$250,000. If unable to verify, we will not approve amounts over \$250,000.</li> <li>• Will consider under 5 years with SSN or TIN and 4506-T. Maximum face \$250K. Treat as a Foreign National.</li> </ul>				

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- No changes proposed to foreign travel guidelines.
- Currently, travel by U.S. citizens and permanent residents for under 90 days is acceptable to Category I, II, and III countries and select Category IV countries.

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	I	II	III	IV		
Total Face Amount Maximum	<ul style="list-style-type: none"> <li>• \$25 million</li> <li>• Japan—no sales allowed for Japanese residents</li> </ul>	\$10 million	\$5 million			No coverage
Product Limit	<ul style="list-style-type: none"> <li>• WL products allowed up to maximum face amount. UL for no more than half the maximum face amount for this category (Cannot exceed \$25 million).</li> <li>• Canada—allow term products/riders ≤ \$25 million</li> </ul>	<ul style="list-style-type: none"> <li>• WL products allowed up to maximum face amount. UL for no more than half the maximum face amount for this category (Cannot exceed \$10 million).</li> <li>• Mexico—allow term products/riders ≤ \$10 million</li> </ul>	WL products allowed up to maximum face amount. UL for no more than half the maximum face amount for this category (Cannot exceed \$5 million).			
Riders/Benefits	<ul style="list-style-type: none"> <li>• No riders/benefits</li> <li>• Allow DOT rider provided rider benefit does not exceed the base policy amount &amp; the total base + DOT ≤ \$25 million</li> </ul>	<ul style="list-style-type: none"> <li>• No riders/benefits</li> <li>• Same as prior with: ≤ \$10 million</li> </ul>	<ul style="list-style-type: none"> <li>• No riders/benefits</li> <li>• Same as prior with: ≤ \$5 million</li> </ul>			
Best Risk Class	Preferred classes at Underwriting discretion	Preferred II	Nonsmoker			
Rating Limit	No limit	Class 6 <sup>1</sup>	Class 4 <sup>2</sup>			

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