

Underwriting Foreign Nationals in a Post-Pandemic World

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Agenda

- 1 Intro and Why Do We Care About Foreign Risk?
- 2 Why Apply for U.S. Coverage?
- 3 What Happened with Covid?
- 4 Summary / Case Studies

How Do We Define a Foreign National?

Definition of a Foreign National

- A citizen of a foreign country residing in the U.S. without a permanent visa.
- A citizen of a foreign country with appropriate NEXUS to the U.S.
- A U.S. citizen or permanent resident (green card holder) living abroad.



What is NEXUS?

A strong financial connection to the U.S.

Examples include

- U.S. real estate ownership
- Majority ownership of a U.S. business
- U.S. bank or brokerage account with appropriate minimum balance
- Foreign business owner transacting business in the U.S.
- Full-time student and resident at a U.S. university
- Primary employment in the U.S.
- EB-5 investment



Is it NEXUS?

1. U.S. bank account owned by proposed insured **YES**
2. U.S. bank account owned by foreign entity **NO**
3. Spouse is a U.S. citizen **MAYBE**
4. Brother is a U.S. citizen **NO**
5. Current full-time student at U.S. university living full-time in U.S. **YES**
6. Went to college in U.S. ten years ago **NO**
7. Works in U.S. **YES**
8. Owns a U.S. business **YES**
9. Works for U.S. company abroad **NO**
10. Owns a foreign company and visits U.S. for business reasons **MAYBE**
11. Owns a foreign company, does not visit U.S. but other business partners live in U.S. **NO**
12. Owns a home in U.S. **YES**
13. Rents property in U.S. **MAYBE**

Why Do We Care About Foreign Risk?

A Large, Untapped Opportunity

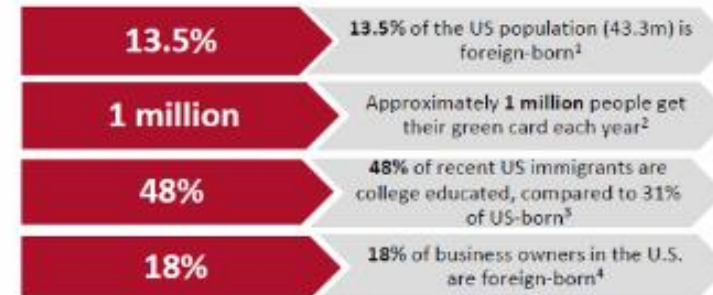
13.5% of the U.S. population is foreign-born.

18% of business owners in the U.S. are foreign-born.

Focus on Foreign National Market



Key Opportunity & Insights



Key Global Wealth Trends & Themes

- A major rebalancing of global wealth concentration has taken place since 2000
- Asia-Pacific surpassed North America as wealthiest region in 2015
- The number of global millionaires has increased by 155% since 2000

¹ Steve Magg, Jay Scheldinger, Jonathan Sheverson (August 2017). Coming to America

² US lawful permanent residents 2015 Annual Flow report, Homeland Security

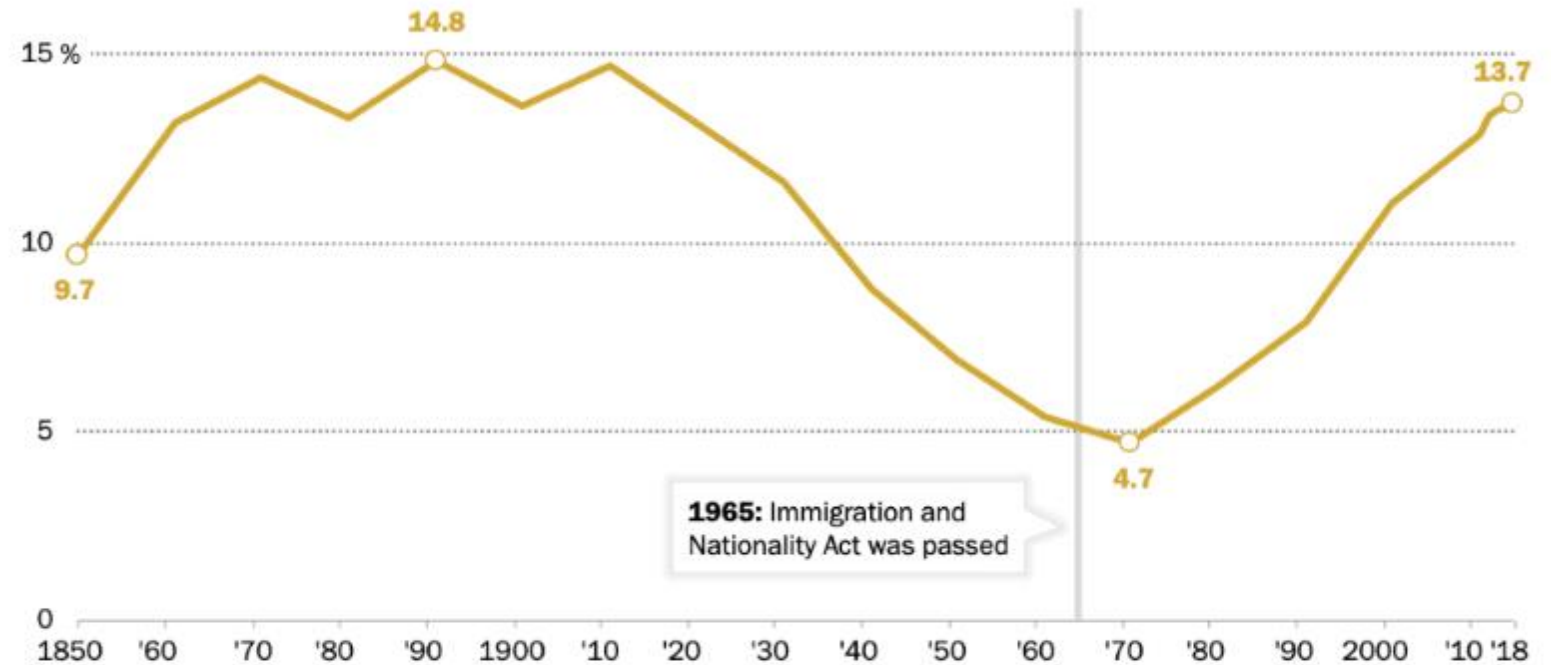
³ MPI fact sheet May 2017 "New Brain Gain"

⁴ David D'Ysaegard Kallich, "Bringing Vitality to Main Street: How Immigrants Small Business Help Local Economies Grow," Fiscal Policy Institute and Americas Society/Council of the Americas, January 2015

Immigrant Share of U.S. Population Nears Historic High

% of U.S. population that is foreign born

1965: Immigration and Nationality Act was passed



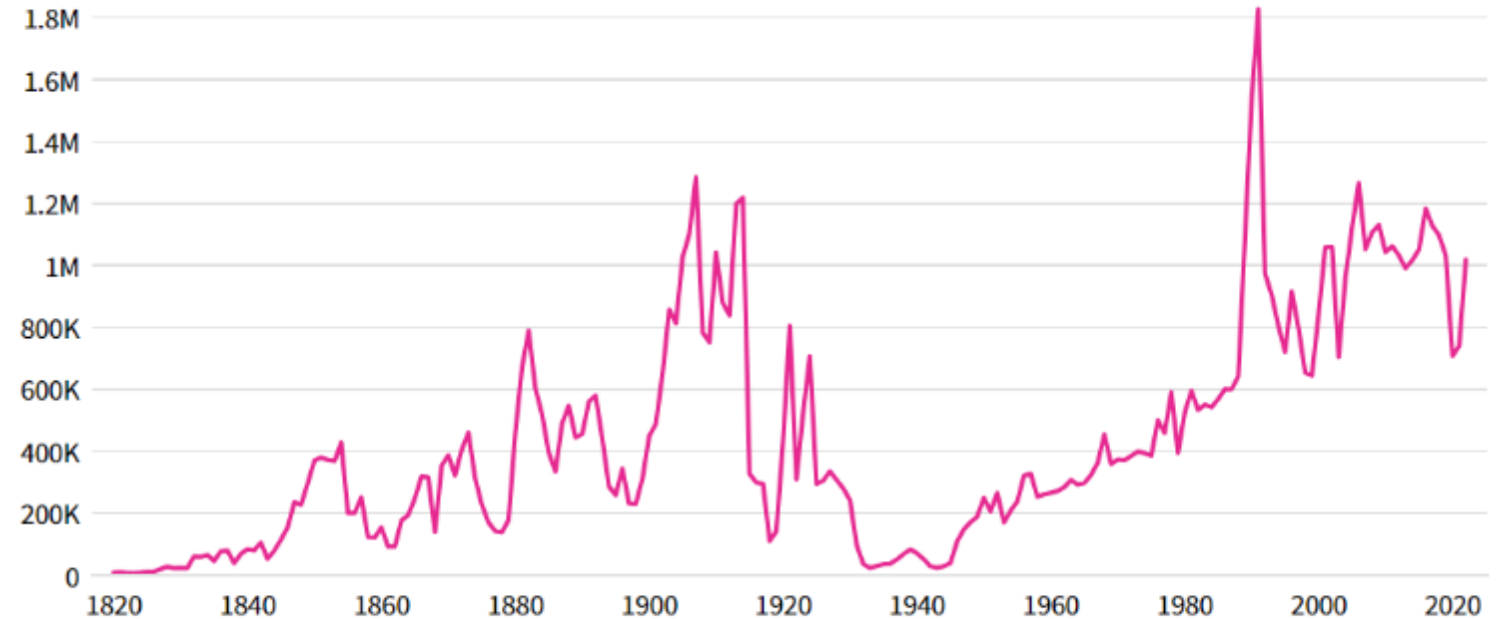
Source: U.S. Census Bureau, "Historical Census Statistics on the Foreign-Born Population of the United States: 1850-2000" and Pew Research Center tabulations of 2010-2018 American Community Survey (IPUMS).

Lawful Permanent Residence Status

The U.S. has granted lawful permanent resident status to more than 88 million individuals since 1820.



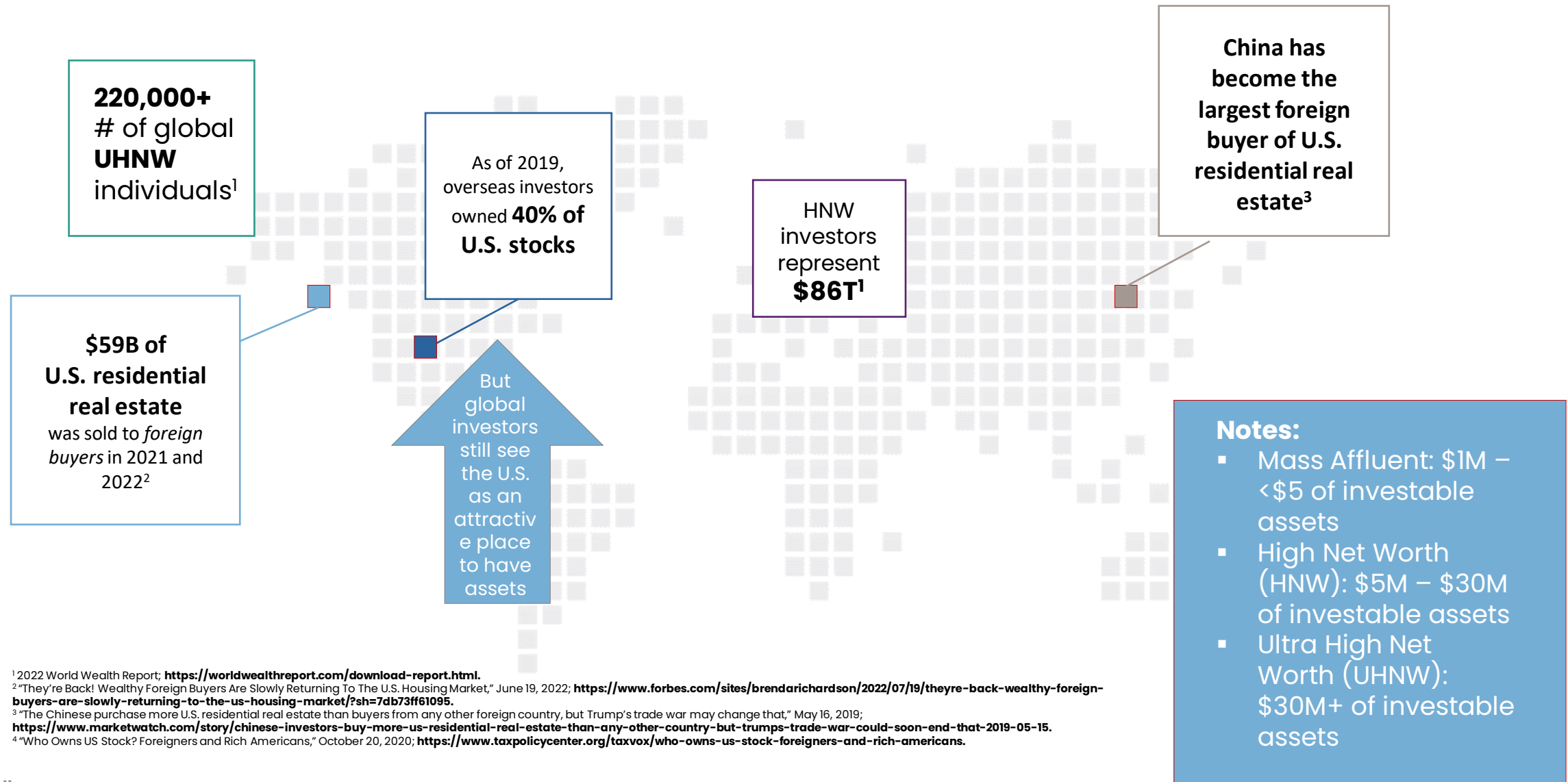
Persons obtaining lawful permanent residence status, FY 1820–FY 2022



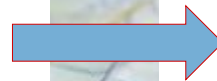
FY 1976 data includes the 15 months from July 1, 1975 to September 30, 1976 because the end date of fiscal years was changed from June 30 to September 30.

Source: [US Department of Homeland Security](#) • [Get the data](#) • [Embed](#) • [Download image](#) • [Download SVG](#)

Wealth is evolving on a global scale



The U.S. life insurance industry is expanding its customer base



Historical Growth of World Travel

■ 1950

25 million

■ 2005

808 million

■ 2018

1.4 billion

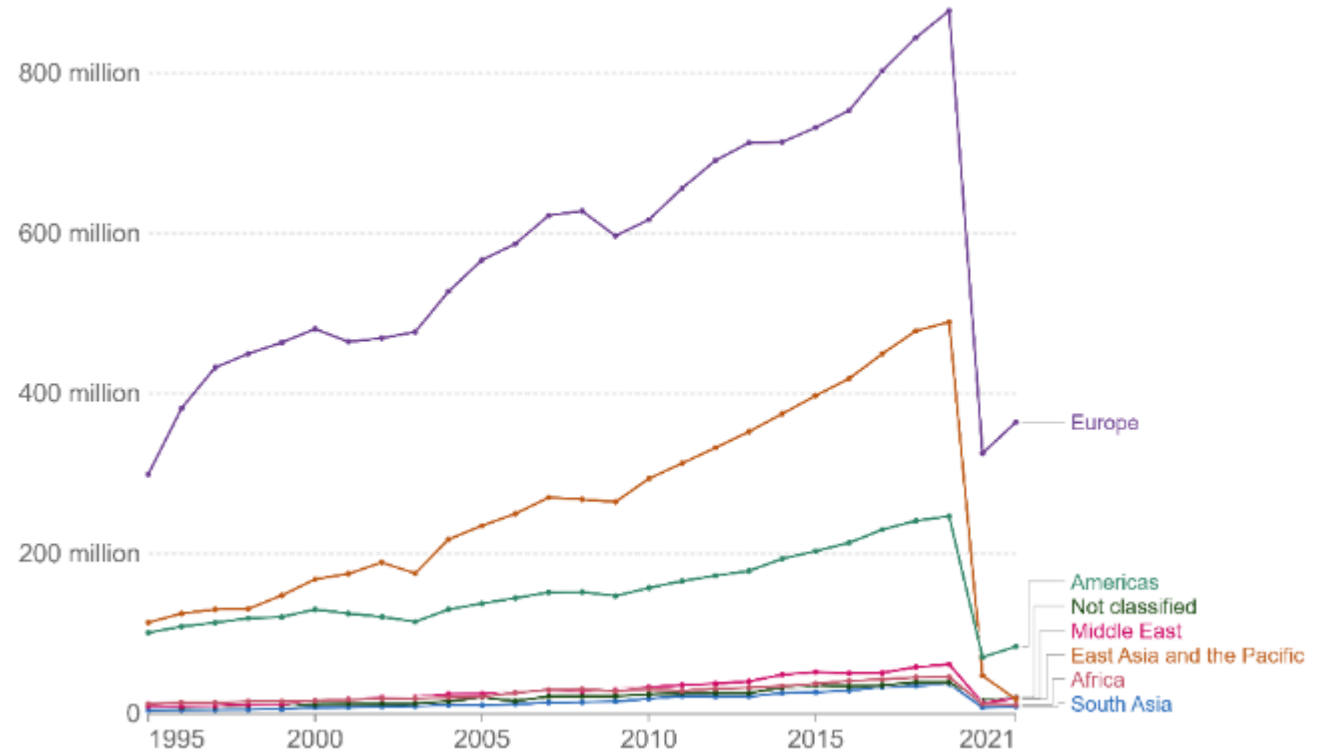


Annual growth: 4%
Forecast for 2030: 1.8 billion

International tourist trips by region of origin

Trips by people who arrive from abroad and stay overnight.

Our World in Data



Source: United Nations World Tourism Organization (UNWTO, 2023)

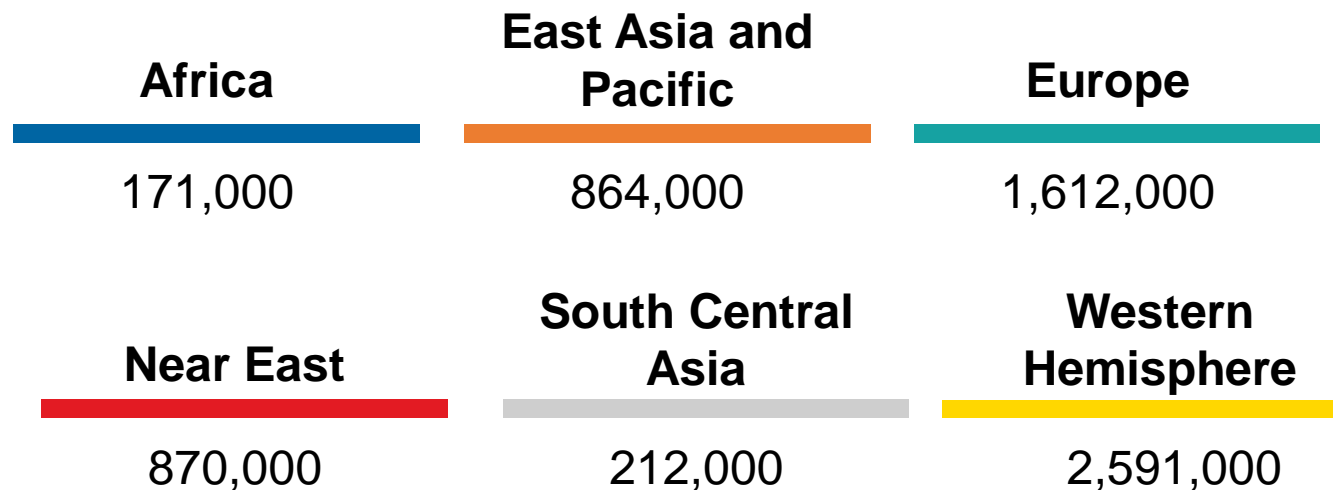
OurWorldInData.org/tourism • CC BY

2016 Government Estimate of Overseas Americans

(by Region Around the World)

8.7 million Americans (excluding military) live in 160-plus countries as of 2016 per US State department.

The estimated figures, by region, were the following, for a total of 6,320,000:



Source: *The Association of Americans Resident Overseas, 2011*



Foreign Residence and Travel Observations

- Foreign risks are sensationalized in the news & entertainment media
- Most short-term foreign travel is low risk
- Foreign residence is far more significant than short-term foreign travel
- Major mortality and morbidity differences exist among countries
- Look beyond popular opinion and preconceptions



Most dangerous destinations 2006

Before you plan on visiting any of these places, get a life insurance policy



Travelers are under the ongoing threat of kidnapping and assassination in Afghanistan.

Forbes.com

Causes of Death

Highest ranking:

Cardiovascular disease cancers, and respiratory diseases

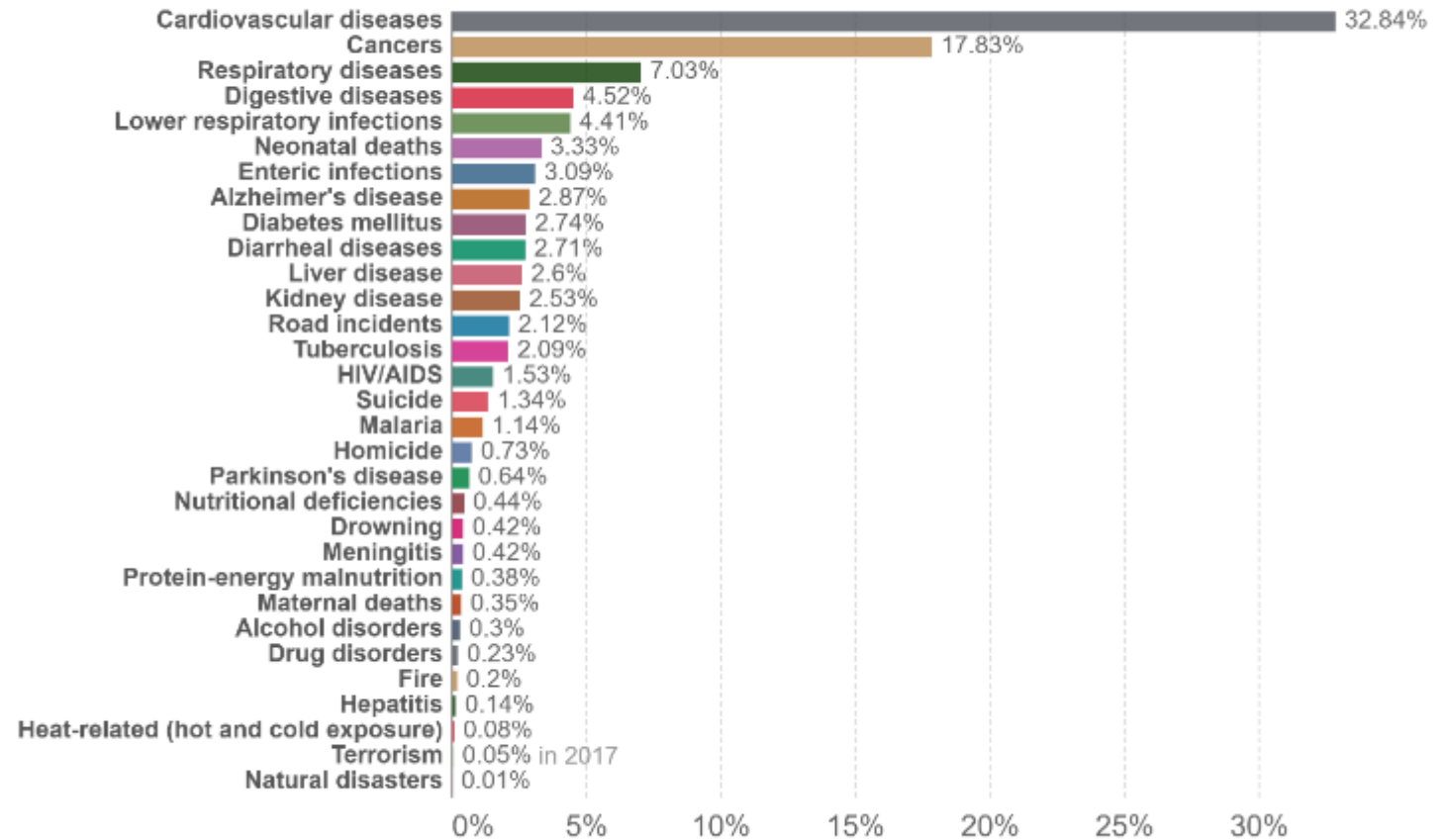
Lowest ranking:

Terrorism and natural disasters

Share of deaths by cause, World, 2019

Our World
in Data

Data refers to the specific cause of death, which is distinguished from risk factors for death, such as air pollution, diet and other lifestyle factors. This is shown by cause of death as the percentage of total deaths.



Source: IHME, Global Burden of Disease

OurWorldInData.org/causes-of-death

Life Expectancy at Birth

High	Years
Monaco	89.64
Singapore	86.51
Macau	85.16
Japan	85.00
San Marino	84.05
Canada	83.99
Iceland	83.83
Hong Kong	83.8
Andorra	83.61
Israel	83.54
Switzerland	83.42
Guernsey	83.42
Malta	83.39
Australia	83.28
Luxembourg	83.17

48 – USA:
80.75
years

Low	Years
Benin	62.6
Congo, Republic of	62.51
Angola	62.51
Congo, Democratic Republic of	62.23
Nigeria	61.79
Niger	60.48
Eswatini	60.22
Lesotho	59.87
South Sudan	59.71
Chad	59.57
Sierra Leone	59.07
Mozambique	57.70
Somalia	56.12
Central African Republic	55.96
Afghanistan	54.05

HIV/AIDS Adult Prevalence Rate

Country	Percent
Eswatini	26.8
Lesotho	21.1
Botswana	19.9
South Africa	19.1
Zimbabwe	11.9
Namibia	11.6
Mozambique	11.5
Zambia	11.1
Malawi	8.1

United States:
0.30 %

Country	Percent
Nepal	0.1
Denmark	0.1
Azerbaijan	0.1
Austria	0.1
Cyprus	0.1
Iceland	0.1
Finland	0.1
Germany	0.1
Romania	0.1

Source: CIA World Factbook 2020 est.

Tuberculosis (TB) Prevalence

(Selected countries – cases per 100,000 population)

Countries	TB Prevalence
Lesotho	665
South Africa	567
Philippines	554
Mozambique	551
Gabon	529
Pakistan	267
India	204
Thailand	156
Vietnam	129

Countries	TB Prevalence
Guyana	86
China	63
Mexico	22
Japan	15
United Kingdom	9
Australia	7
Italy	7
Canada	6
United States	3

Source: The World Bank 2017

Hepatitis B Prevalence (Percent of Population)

Country	Hepatitis B Prevalence
Zimbabwe	25.0
Mali	15.5
Nigeria	13.6
Cameroon	10.1
China	7.2
Zambia	6.5
South Korea	4.0

Country	Hepatitis B Prevalence
Bulgaria	3.8
India	3.7
Singapore	3.6
Saudi Arabia	1.5–2.6
Jordan	1.4
Iraq	0.6
USA	0.5

Source: https://www.rightdiagnosis.com/h/hepatitis_b/stats-country.htm 8/13/2015 <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4641116/>

Hepatitis C Prevalence

(Selected countries – percent of population)

Country	Hepatitis C Prevalence
Egypt	18.1
Rwanda	17
Bolivia	11.2
Mongolia	10.7
Vietnam	6.1
Thailand	5.6
China	3.0
Japan	2.3



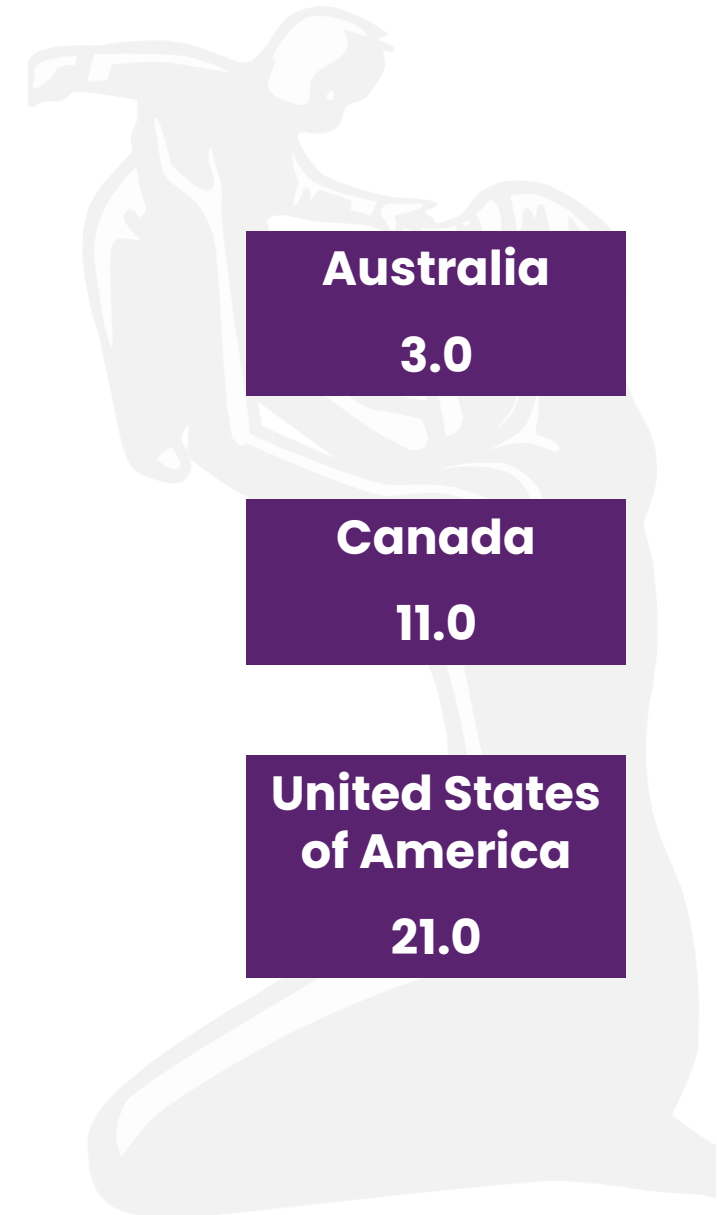
Source: 1999 WHO

Country	Hepatitis C Prevalence
India	1.8
United States	1.8
South Korea	1.7
Mexico	0.7
Australia	0.3
Canada	0.1
United Kingdom	0.02
Sweden	0.003

Maternal Mortality Rate

(Deaths Before Age One per 1,000 Live Births)

Country	Deaths
Belarus	1.0
Norway	2.0
Poland	2.0
Seychelles	3.0
Czechia	3.0
Malta	3.0
Iceland	3.0
Somalia	621.0
Liberia	652.0
Guinea-Bissau	725.0
Central African Republic	835.0
Nigeria	1047.0
Chad	1,063.0
Sudan	1,223.0



Source: CIA World Factbook 2020 est.

Infant Mortality Rate

(Deaths Before Age One per 1,000 Live Births)

Country	Deaths
Slovenia	1.52
Singapore	1.55
Iceland	1.65
Monaco	1.76
Afghanistan	104.89
Somalia	86.53
Central African Republic	82.97
Equatorial Guinea	78.33

Source: CIA World Factbook, most recent data available, downloaded June 2022



Infectious and Parasitic Disease Mortality

Country	Death rate per 100,000 population	Total Fatalities in 2008
Australia	10.0	2,100
United Kingdom	13.4	8,200
Germany	15.9	13,100
United States	22.8	71,200
Canada	37.0	12,300
India	181.9	2,149,100
Haiti	299.7	29,600
Nigeria	568.7	860,000
Dem Rep Congo	687.4	441,700
Malawi	744.4	106,800

WHO World Health Systems' Ranking

Rank	Country	Rank	Country
1	France	17	Netherlands
2	Italy	18	United Kingdom
6	Singapore	19	Ireland
7	Spain	20	Switzerland
9	Austria	25	Germany
10	Japan	27	United Arab Emirates
11	Norway	30	Canada
12	Portugal	32	Australia
14	Greece	36	Costa Rica
17	Netherlands	37	USA



High correlation between this rank and life expectancy rank.

USA: Physician density / 1,000 pop. = (2.6), **rank 59**

Hospital beds / 1,000 pop. = (2.9), **rank 76**

Physician Density



The availability of physician care is an indicator of the quality of a country's healthcare system.

Physicians/1,000 population: Top 5 countries			Physicians/1,000 population: Bottom 5 countries		
1	Cuba	8.42	131	Chad	0.05
2	Italy	8.01	132	Niger	0.04
3	Monaco	7.51	133	Malawi	0.04
4	Georgia	7.08	134	Liberia	0.04
5	France	6.53	135	Somalia	0.02

The number of physicians per 1,000 population was provided by The World Bank. The data ranges from 2009 to 2019.

International Homicide Rates (per 100,000 population)

Country	Murder Rates	Country	Murder Rates
Bahrain	0.12	Colombia	22.64
Luxembourg	0.16	St. Kitts & Nevis	22.71
Singapore	0.17	St. Lucia	25.16
Japan	0.25	Belize	25.65
Senegal	0.27	Guatemala	26.04
Vanuatu	0.33	Mexico	28.37
Qatar	0.37	South Africa	33.46
French Polynesia	0.38	Honduras	36.33
Oman	0.46	El Salvador	37.16
Italy	0.47	Trinidad & Tobago	38.57
Brunei	0.49	Lesotho	43.56
Slovenia	0.53	Jamaica	44.68
China	0.53	Venezuela	49.88

United States of America: 6.28

Source: United Nations 2020

Homicide Rates (per 100,000 population)

Two neighboring cities in 2016

Ciudad Juarez, Mexico: 43.63



El Paso, Texas: 2.77

- From an insurance standpoint - questions around:
 - Where will exam and labs be completed?
 - Language barriers and translation issues
 - APS delays. The one paragraph "perfect health" APS

Favorable Underwriting Factors



Short duration of foreign travel/residence



Travel is not immediate and not already underway



Only major urban areas visited



Purpose of travel is business, vacation, family visit



Traveler is 18-70 years of age



Life insurance application is for permanent or level-term plan



Proposed insured is in good health



Lodging is at a hotel or relative's home



Country of destination is considered relatively safe

Unfavorable Underwriting Factors



Long duration of foreign travel/residence



Anticipated travel is less than 60 days away or already under way



Travel is to rural and remote locations



Purpose of foreign travel/residence is to work as a missionary, journalist (132 deaths in 2009), relief worker, government official, public figure, etc.



Traveler is under 18 or over 70 years old



Application is for annual renewable term or short-term plan

Unfavorable Underwriting Factors (cont'd.)



Amount of coverage requested appears excessive



Engaged in hazardous activities abroad



Quality and type of lodgings are uncertain



Destination is one or more high-risk countries



Traveler has serious pre-existing medical condition



Minimum (one month) premium payment made or selected



Recent immigrant with no available medical records and little or no comprehension of English

Why Apply for U.S. Coverage?

Why do clients apply for U.S. life insurance?



Survivor
Income



Estate & Business
Planning



Asset
Diversification



Supplement
Retirement



Tax Planning

Global clients

- U.S. dollars
- Stable economy
- Highly regulated, competitive industry
- Unique beliefs of U.S. life insurance

Why don't clients just buy life insurance in their home country?

- Some countries are governed by civil law
 - Assets usually go to the first-born son
- Due to the kidnapping risk in some countries people want to avoid establishing a net worth in that country
- Some countries have strict laws about removing assets (China)
 - If repatriating wealth through life insurance, the fees can be waived

Why don't clients just buy life insurance in their home country?

Considerations

- What products are available in the client's home country?
- Capacity?
- Underwriting sophistication?
- Price?
- Reliability of financial institutions?
- Currency?

U.S. Life Insurance Offers:



Reliability



Control



Flexibility



Non-correlated



U.S. tax-advantaged

What Happened with COVID?

Record Percentage Plans to Travel Abroad in 2024



Over one in five Americans say they plan to travel abroad

A record percentage of Americans say they plan to travel outside the U.S. in the next six months.



Source: The Conference Board
Reuters Graphics Reuters Graphics

COVID Mortality Data Challenges

- Some countries lacked the resources for reporting, some lacked testing supplies.
- Whether COVID was reported as the cause of death in people with underlying medical conditions can vary from one institution to another (let alone from one country to another).
- The WHO notes that only 73 countries provided full mortality reporting for 2020–2021, while 84 countries provided no data at all .
- Most people who die in developing countries die in their homes and are never registered with civil authorities.
- Johns Hopkins even stopped collecting COVID data as of 3/10/23.

COVID Factors

Population density, access to medical care



Mongolia has fewer than 2 people per square kilometer.



Population density of Lagos, Nigeria, is 10,000-50,000 per square kilometer.

Summary: Post-COVID World

Summary

- Despite the challenges, the foreign national market is a large untapped opportunity for growth
- Despite the opportunity, must be vigilant about assessing the risk
- Companies have structured guidelines to mitigate risk (approved country lists etc.)
- Foreign individuals investing in the United States continues to grow as does world travel
- Appropriate nexus to the United States remains vital
- Tools such as appointing a Limited Power of Attorney for policy delivery gaining momentum

Case Studies

Case Study #1

- 51-year-old female, citizen, and resident of China, applying for \$12,000,000 IUL in California.
- Per application, she spends 3-4 months per year in U.S. We received a copy of her passport and I94 travel history, which verifies this. I94 confirms she was in the U.S. at the time of application & exam.
- Also received a copy of her B1/B2 visa.
- Occupation on application is noted as General Manager of manufacturing company in China, earned income of \$150k with net worth of \$8.4M.
- PI will be policyowner with her daughter as beneficiary.
- No insurance in force, applying with another carrier for \$10M, to place a total of \$22M.

Case Study #1

- Cover letter indicates she has an investment property in California she rents out, we are unable to confirm property ownership on county website since California does not list owners' names, however, Zillow values home at \$1.5M.
- Has \$527k in East West Bank account, last three months of bank statements provided as proof of U.S. NEXUS.
- Does not have SSN or U.S. driver's license, therefore no hit on rx/dx, EIR did not return any information.
- Does not file U.S. tax returns.
- Received letter from CPA in China confirming her income and net worth as disclosed on the application.
- Received one office visit from PCP in California who she saw in fall 2023 to establish care. No significant med hx. Not taking any meds.
- Low total cholesterol of 154, otherwise insurance labs normal.
- Paramed exam and vitals normal.

Approved preferred plus. LPOA used to sign delivery requirements including Good Health Statement since she has returned to China.

Case Study #2

- 34-year-old male applying for \$100,000.
- Born in Mexico, no visa, no green card.
- Provided copy of his Mexican passport.
- Occupation on application is noted as restaurant employee with an income of \$35,000.
- No medical history, no PCP listed.
- One minor infraction on MVR.
- No Rx history, no hit on Risk Classifier.

Now, what if the face amount was \$1M?

Questions? Thank you!

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