



UNDERWRITING

Non-U.S. Residents Highlighter

Background

When underwriting insurance policies, life insurance companies evaluate the amount of time a proposed insured spends outside of the United States.

The life expectancy of individuals who spend a significant amount of time outside the U.S. may be affected by the conditions of the countries they frequent. This can include poor economic conditions, widespread disease, lower standards of public health and sanitation, lack of proper medical facilities, and different cultural attitudes toward personal health and safety. Therefore, Underwriting generally takes into account the increased mortality risks that Non-U.S. Residents, Short-Term U.S. Residents, and individuals who travel to foreign countries experience.

This highlighter provides information on how Underwriting evaluates Non-U.S. Residents. For additional information on Short-Term U.S. Residents and Foreign Travel, refer to the Short-Term U.S. Residents Highlighter (0209979) and the Foreign Travel Highlighter (0156069). See the Foreign Country Rating Chart for the country codes, risk factors, and categories/classes for each country.

What Is a Non-U.S. Resident?

Non-U.S. Residents are individuals who do not have a full-time permanent U.S. residence or who reside outside of the U.S. for three months or more annually. Citizenship is not a determining factor in defining a Non-U.S. Resident.

For underwriting purposes, a Non-U.S. Resident is defined as an individual who:

- ▶ Spends more than three months a year outside of the U.S.
- ▶ Visits the U.S. for business or pleasure but maintains permanent residence outside of the U.S. example: A U.S. citizen who has moved to Germany but returns to the U.S. periodically to visit family.
- ▶ Is expected to reside in the U.S. on a temporary basis. Example: An exchange student or individual here for business or professional/educational training.
- ▶ Resides in the U.S. on a part-time basis only. Example: A Swedish citizen who owns a home in Sweden and lives in the U.S. for less than three months a year for business purposes.

Compliance Requirements

All aspects of the insurance transaction must be completed in the U.S., including solicitation, completion of the application, medical examination, inspection, and contract delivery. Make sure to allow adequate time to complete the underwriting process and handle policy delivery in the U.S.

Other specific compliance procedures apply to life insurance sales to Non-U.S. Residents, including the completion of additional forms and procedural requirements.

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Underwriting Considerations

When the proposed insured is not a permanent, full-time resident of one country, the following type of information should be obtained and will be taken into consideration when determining residency status:

- ▶ Location of primary residence.
- ▶ Location of other residences.
- ▶ Where the individual's immediate family resides.
- ▶ Location of business interests.
- ▶ Location of banking and investments.
- ▶ Voting privileges.
- ▶ In what countries the individual pays taxes.

Additional information may be required depending on the facts of the case. There may also be U.S. government restrictions regarding life insurance sales with residents of some countries. The countries with which we cannot conduct life insurance business include but are not limited to *Burma, Cuba, Iran, North Korea and Sudan*.*

For other countries, while there may not be legal or government restrictions preventing us from selling life insurance to their residents, the risks presented by those countries (e.g., crime, health and safety standards, political or economic instability, etc.) are considered too significant to price. These countries include but are not limited to *Afghanistan, Colombia, Cambodia, Haiti, Iraq, Lebanon and Russia*.*

There are many other countries whose residents may be underwritten in the U.S. The underwriting category for individuals who reside in these countries will vary depending upon the risks involved. The charts on pages three and four categorize countries as either Green (A), Yellow (B), or Red (C) countries. Applications for Green and Yellow countries will be accepted. Preferred rates may be available for Green countries. Non-Smoker Plus is available for Yellow countries. Applications for Red countries will not be accepted. The classifications were determined based on research conducted from a variety of government, travel and reinsurance information sources.

* All country listings are subject to change.

Available Coverage Amounts

Automatic limits of \$20,000,000 on individuals residing in acceptable countries may be considered depending on all facts of the case, including the age and health status of the proposed insured, product applied for, the reinsurance arrangement, in-force coverage, and available reinsurance. The minimum policy face amount for Non-U.S. Residents is \$250,000.

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Non-U.S. Foreign Residence Guidelines

Effective as of 6/28/2013 (Please log on to Pruxpress for the latest country updates.)

The ratings assigned are based on analysis of government and travel services and industry data and may change depending on current conditions in the country. Guidelines may also vary depending on the application state. For countries not shown below, contact your Prudential Wholesaler.

Please refer to the footnotes throughout this document for additional details and information.

- A** Acceptable for Residence—Preferred Best available
- B** Acceptable for Residence—Non-Smoker Plus available
- C** Unacceptable for Residence
- Light Blue**—Prohibited sales due to country’s insurance regulations

C Afghanistan	B Cayman Islands	A Germany	A Lithuania	C Palau
C Albania	C Central African Republic	C Ghana	A Luxembourg	A Panama ¹
C Algeria	C Chad	A Greece ¹	A Macau	C Papua New Guinea
A American Samoa	A Chile	A Greenland	C Macedonia	B Paraguay
A Andorra	B China ⁴	B Grenada	C Madagascar	B Peru
C Angola	C Colombia	B Guadeloupe	C Malawi	B Philippines ⁴
B Anguilla	C Comoros	A Guam	A Malaysia	A Poland ¹
B Antigua and Barbuda	C Congo	C Guatemala	C Maldives	A Portugal
A Argentina ¹	C Congo, Democratic Republic of the	C Guinea	C Mali	A Puerto Rico ¹
C Armenia	B Cook Islands ²	C Guinea Bissau	A Malta	A Qatar
B Aruba	A Costa Rica ¹	C Guyana	B Marshall Islands	A Romania
A Australia	C Croatia	C Haiti	B Martinique	C Russia
A Austria	C Cuba ²	C Honduras	C Mauritania	C Rwanda
C Azerbaijan	A Curacao	A Hong Kong	C Mauritius	A Saipan ¹
B Bahamas ¹	A Cyprus	A Hungary	B Mexico	C Samoa
C Bahrain	A Czech Republic	A Iceland	C Micronesia, Federated States of Moldova	A San Marino
C Bangladesh	A Denmark	B India ⁴	A Monaco	C Sao Tome and Principe
B Barbados	C Djibouti	B Indonesia	C Mongolia	C Saudi Arabia
C Belarus (Beylorussia) ²	B Dominica	C Iran ²	C Montenegro	A Scotland ⁵
A Belgium ¹	B Dominican Republic	C Iraq	C Montserrat	C Senegal
B Belize	C East Timor	A Ireland ¹	C Morocco	C Serbia
C Benin	B Ecuador	A Israel ⁶	C Mozambique	C Seychelles
B Bermuda	C Egypt	A Italy	C Namibia	C Sierra Leone
C Bhutan	C El Salvador	C Ivory Coast (Cote d’Ivoire)	C Nauru	A Singapore ¹
C Bolivia	A England ⁵	B Jamaica	C Nepal	A Slovakia
C Bosnia and Herzegovina	C Equatorial Guinea	A Japan ¹	A Netherlands	A Slovenia
C Botswana	C Eritrea	C Jordan	A Netherlands Antilles	C Solomon Islands
A Brazil	A Estonia	C Kazakhstan	C New Caledonia	C Somalia
B British Virgin Islands	C Ethiopia	C Kenya	A New Zealand	B South Africa ^{1,4}
A Brunei	B Falkland Islands	C Kiribati	C Nicaragua	A South Korea
A Bulgaria	C Fiji	C Kosovo (Serbia)	C Niger	A Spain ¹
C Burkina Faso	A Finland	C Kryrgyzstan (Kyrgyz Republic)	C Nigeria	C Sri Lanka
C Burma (Myanmar) ²	A France ¹	C Kuwait	C Niue	B St. Kitts and Nevis
C Burundi	B French Guiana	C Laos	C North Korea ²	B St. Lucia
C Cambodia	C French Polynesia	A Latvia	A Northern Ireland ⁵	B St. Maarten
C Cameroon	C Gabon	C Lebanon	A Northern Marianas Islands ¹	B St. Martin (Guadeloupe)
A Canada ³	C Gambia	C Lesotho	A Norway	B St. Vincent and the Grenadines
A Canary Islands	C Gaza Strip (Palestine) ²	C Liberia	C Oman	C Sudan ²
C Cape Verde	C Georgia	A Liechtenstein	C Pakistan	C Suriname

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Non-U.S. Foreign Residence Guidelines (continued)

C Swaziland	B Thailand	C Turkish Republic of Northern Cyprus (aka TRNC)	A United Arab Emirates ¹	C Vietnam
A Sweden	C Togo	C Turks and Caicos Islands	A United Kingdom ⁵	A Wales ⁵
A Switzerland ¹	C Tonga	C Tuvalu	A Uruguay ¹	C West Bank (Palestine)
C Syria ²	B Trinidad and Tobago	A U.S. Virgin Islands ¹	C Uzbekistan	C Western Sahara
A Taiwan	C Tunisia	C Uganda	C Vanuatu	C Yemen
C Tajikistan	B Turkey ⁴	C Ukraine	A Vatican City	C Zambia
C Tanzania	C Turkmenistan		B Venezuela ¹	C Zimbabwe

¹The insurance regulations of some countries prevent their residents from purchasing life insurance outside their country of residence. Light Blue text signifies that sales are prohibited due to insurance regulations. For more detail please contact your Prudential Wholesaler.

²OFAC: U.S. government restrictions prohibit life insurance sales to residents of these countries.

³Due to Canadian regulations available products are limited to UL (Plus and Protector), SUL (Protector), and Term (Essential, Elite and Return of Premium).

⁴Specific regions in the following countries will be rated different than the remainder of the country:

- China:** Modern cities comparable to those in the West (e.g., Beijing, Chongqing, Guangzhou, Shanghai, Shenyang and Tianjin) will be considered B regions with the balance of the country a C region.
- India:** Residents and travelers to India will be considered depending on the region/city: Bangalore, Calcutta, Chennai, Delhi, Hyderabad, Mangalore, Mumbai, and Surat are considered B regions with the balance of the country a C region.
- Philippines:** Metro Manila will be considered a B region with the balance of the country a C region.
- South Africa:** Johannesburg, Pretoria and Cape Town will be considered A regions with the balance of the country a B region.
- Turkey:** Istanbul and Ankara will be considered B regions with the balance of the country a C region.

⁵United Kingdom consists of England, Wales, Scotland and Northern Ireland. Northern Ireland includes the counties of Tyrone, Fermanagh, Armagh, Dacon, Antrim and Londonderry (also referred to as Derry) with the two principal cities of Belfast and Londonderry (Derry).

⁶See Gaza Strip and West Bank.

Other Underwriting Guidelines

Before submitting an application/worksheet for a Non-U.S. Resident, an inquiry or advance phone call should be made to your Prudential underwriting contact. This will help you determine if there are any particular underwriting considerations you should be aware of, and the type of client information you need to provide. For example, some supplementary benefits (e.g., *Living Needs Benefit*⁷) may not be available to residents of all countries.

To expedite the underwriting process, be sure to observe the following guidelines and points:

- ▶ There should be enough time spent in the U.S. to facilitate information gathering and adequate time to complete the underwriting and policy delivery process.
- ▶ ALL applicants must be medically examined. Blood tests and ECGs will be required based on normal age and amount rules.
- ▶ Expect delays in obtaining information. Obtaining information on a Non-U.S. Resident applying for insurance may be difficult, but every effort must be made to secure the required information. The closer the ties to the U.S., the better the chances of obtaining meaningful medical and financial information in a timely fashion.
- ▶ The maximum special rating class is Class D for Prudential-retained cases.

⁷The *Living Needs Benefit*^{EM} is an accelerated death benefit and is not a health, nursing home, or long-term care insurance benefit and is not designed to eliminate the need for insurance of these types. There is no charge for this rider but, when a claim is paid under this rider, the death benefit is reduced for early payment, and a \$150 processing fee (\$100 in Florida) is deducted. If more than one policy is used for the claim, each policy will have a processing fee of up to \$150 deducted (\$100 in Florida). Portions of the *Living Needs Benefit* payment may be taxable, and receiving an accelerated death benefit may affect eligibility for public assistance programs. The federal income tax treatment of payments made under this rider depends upon whether the insured is the recipient of the benefit and is considered "terminally ill" or "chronically ill." We suggest that clients seek assistance from a personal tax advisor regarding the implications of receiving *Living Needs Benefit* payments. This rider is not available in Minnesota to new purchasers over age 65 until the policy has been in force for one year, and the nursing home option is not available in Connecticut, Florida, Massachusetts, New York or the District of Columbia. This rider is not available in Washington state. In Oregon, term policies must include the waiver of premium benefit to be eligible for this rider.

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- ▶ The minimum policy face amount is \$250,000 and the maximum issue age is 75 for reinsured cases and 70 for fully retained cases.
- ▶ Consideration is extended only to business owners and professional individuals working in medical, engineering, scientific, technological, or similar fields and their immediate families.
- ▶ Individuals must have a record of ongoing health maintenance with the most recent visit having taken place within three years of the date on which the application was completed.
- ▶ Attending Physician's Statement (APS) records, including foreign APS records will be requested in ALL cases.
- ▶ A Data Verification Report (DVR) will be requested in ALL cases.
- ▶ Motor Vehicle Reports (MVRs) will be requested if the applicant has or previously had a U.S. driver's license.
- ▶ Third-party financial documentation, no more than one year old, is required for face amounts of \$1,000,000 or more.
- ▶ A copy of the individual's visa, passport, and national ID card (or other similar document) are required. U.S. references are required, if available.
- ▶ A version of Form W-8 (BEN, ECI, EXP, IMY) is required for those individuals who cannot provide a Social Security number for the purposes of completing the tax certification. Usually Form W-8BEN is used.
- ▶ Individuals will not be considered for life insurance coverage if they are currently active in foreign military, police, government or judicial services within their resident country will not be considered for life insurance coverage. In addition, political or union leaders may be excluded as well.
- ▶ All travel patterns will be carefully reviewed. Additional ratings may be assessed for travel outside the resident country.
- ▶ Contracts to be owned by third-party foreign persons or entities will seldom be acceptable since all aspects of the insurance transaction must be completed in the U.S.
- ▶ Once approval is granted by Underwriting, the application/worksheet should be submitted on a cash-on-delivery basis.

In addition, residents of China are required to provide:

- ▶ A copy of their U.S. Consulate exam, if completed within the last two years.
- ▶ A copy of financial information presented to U.S. Consulate, if within the last two years.
- ▶ Third party financial documentation, regardless of the face amount for which they have applied.
- ▶ A copy of the individual's resident registration card.

Additional guidelines for individuals associated with the diamond industry:

Additional guidelines apply to individuals associated with the "Diamond Industry" due to increased risk factors associated with the diamond trade (i.e., extensive travel and potential for violence). In addition to the previously stated foreign residence guidelines, the following also apply:

- ▶ Individuals must be employed by/associated with (spouse, family) a major firm in the industry (e.g., Rosy Blue).
- ▶ Only individuals performing the following job functions will be eligible for consideration: office workers in administrative, management or executive functions; graders; gemologists; designers; and sight holders.
- ▶ Individuals performing these and similar functions will not be eligible for consideration: cutters; couriers; polishers; and traders.

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Premium Requirements

For ease of administration, premiums must be paid annually and in U.S. currency. Certain countries may require an extra premium.

Guidelines for Post-Issue Transactions

As is the case with other steps in the new business process, solicitation of an applicant is only permitted within the U.S. borders. In most cases, post-issue policy servicing may not be permitted. However, there are specific transactions that may be permissible if initiated by the applicant. They include:

- ▶ Conversions, including policy, rider, children's rider, spouse rider, and OPAI with no increase in benefits or amount and no evidence of insurability required. Certain policy and procedural restrictions apply.
- ▶ Reinstatements with no medical exams or tests required.
- ▶ Flex face amount increases with no medical exams or tests required.

In all cases, if you are contacted by an applicant residing outside the U.S., contact your Customer Service Office Change area for instructions.

Automatic and jumbo limits are graded down by age, rating, and special risks (e.g., foreign residence and travel, entertainers, professional athletes, etc.).

Availability of insurance and rates will vary based on the satisfaction of underwriting criteria. Underwriting rules are subject to change at our discretion.

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