



underwriting

# What You Need to Know About... Underwriting Cover Letters for Foreign Nationals

Foreign nationals are a growing demographic in the United States and life insurance can provide an excellent solution to the planning needs of this unique market. It is very important when dealing with foreign national business to provide as many details as possible to ensure that your case goes through quickly and smoothly. The following provides a brief overview of what you should include in a cover letter for a foreign national file.

## Executive Summary

Start your cover letter with an executive summary and include the following information:

- Proposed insured
- Residency/Citizenship
- Number of days (annually) spent in the U.S.
- Net worth in U.S. dollars
- Insurance need
- Coverage applied for in U.S. dollars
- Total inforce/applied for in U.S. dollars
- Product type(s)
- Policy design (see attached proposal)

## Introduction

Introduce your client with a history of your relationship with him/her and how the relationship was established and developed.

*Example - "I am pleased to present my client, John Smith, for formal underwriting review and approval. I first met John 10 years ago via a client referral and have been meeting with him on an annual basis."*

## Financial Profile and Source of Wealth

Provide a description of your client's source of/development of the wealth and how it relates to the need for insurance coverage. Explain relationships including the role in his/her business/family structure. This is your opportunity to present your client not only to your Underwriter, but also to the underwriters at the carriers. The narrative should provide specific details that give the proposed carrier 'comfort' in making a positive consideration of providing the insurance coverage as designed and requested. Reference should be made to verifiable published articles, websites, company names, and other public information, enhancing a better understanding of the client profile and rationale for the recommended planning (including the insurance planning component).

In addition, clearly show what the implications are at the death of the proposed insured relative to issues such as:

- Inheritance taxes in the country of citizenship – show tax rates, exemption structures, and any other relevant details that drive the financial liability calculation at death of the proposed insured.
- Income taxes in the country of citizenship – same details/implications as above.
- U.S. tax implications:
  - U.S. death taxes (Federal estate taxes and state inheritance/estate taxes) that are projected to be imposed on the death of the proposed insured.
  - U.S. income taxes (Federal rates and state rates as applicable).
- Citation of third-party law firms, accounting firms, and banking relationships that could serve as reference in aiding the verification of information provided possibly streamlining the underwriting process.

## Owner, Beneficiary, and Premium Payer

List the names and relationships of the policy owner, beneficiary(s), and premium payer.

## Closing

End your cover letter with a proper complimentary close, such as 'Sincerely,' and include your contact information.

## Questions

Contact CBS Brokerage at 763.450.1870 for questions about creating cover letters when underwriting foreign nationals. You can also refer to our popular one-pager, [What You Need to Know About...Underwriting Cover Letters](#).

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