



Selling Life Insurance in the Foreign Nationals Market

by Allan D. Gersten, CLU, CFP®, ChFC, as seen in



The Foreign Nationals market for life insurance is an advisor's dream. It's huge, the prospects are motivated, and offers significant rewards. Even with all this, it's far from overcrowded. Life insurance advisors aren't flocking to it. They talk about it and some indicate an interest, but there is little action compared to the opportunities.

Then, why are so many advisors standing on the outside looking in? The main reason is that the Foreign Nationals' market remains a mystery to most advisors. They have trouble getting their heads around it. In such a situation, it's understandable why they are at a loss as how to break into it.

I've been working in this market for some years now and let me assure you it's worthwhile, satisfying, and rewarding. But it's also demanding. The doors don't fly open easily or quickly. It requires commitment, persistence, and having a tight grip on your expectations.

In other words, I found it no different than any other market when I began working with Foreign National prospects. Having both a positive attitude and patience makes it much easier.

So, here are some basics for working with Foreign National prospects:

1. Get oriented

If you know something about this market, you are aware of the appeal of US-based life insurance among many Foreign Nationals:

- Desire to diversify assets in the safety and security of the U.S.
- Appreciate the privacy of a life insurance purchase
- Non-resident Foreign Nationals avoid taxation on U.S.-based life Insurance proceeds
- Non-residents can insure the loss of the unlimited marital deduction on U.S. assets and the associated estate taxation
- Value the accumulation potential and flexibility of U.S. life insurance products
- Recognize that U.S.-based life products offer lower costs than those offered elsewhere
- Welcome the potential of legacy assets for family members in a safe jurisdiction

2. Get started

As might be expected, many prospects are found in large metropolitan areas. But that shouldn't discourage advisors in other locations.

It's misleading to believe that big cities are the only places for finding worthy clients. It's simply not true. Advisors need to look no further than where there are colleges and universities. Foreign National

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students often pay a premium to attend these schools. The majority are from wealthy families that buy real estate and make other investments. Together, they represent opportunities for making connections that can become life insurance clients.

Various paths can take you to Foreign National prospects. For example, you may be working with another advisor, another professional, or a client with connections. They can help you gain access to this marketplace. You can also ask your top clients for referrals. Some advisors may connect with foreign nationals through a relationship with a multicultural community or know someone who is familiar with the tax and estate issues facing Foreign Nationals.

It's also important to get to know the insurance companies doing business in the Foreign Nationals' arena. Along with becoming familiar with the strengths and weaknesses of their products, advisors can become acquainted with their rules of engagement, underwriting criteria and restrictions. Doing this lets carriers know an advisor is serious about succeeding in this market. They can also be helpful with suggestions as how to move forward.

Don't wait for all the pieces to fall into place or for leads to pop-up. A good strategy is partnering with other professionals and focusing your efforts on three groups that interact with the people you are seeking as clients: immigration and tax attorneys, property and casualty insurance brokers, and commercial and residential real estate agents.

Needless to say, referrals are one of the best ways to establish helpful relationships. But, as every advisor knows, this takes time. There are also situations when forming partnerships with another advisor can be more efficient in penetrating a market and Foreign Nationals may be one of them.

3. Move forward

As with any worthwhile endeavor, success depends on recognizing the possibilities and then get going. Here are several recent cases involving High Net Worth and Ultra High Net Worth individuals that offer insight into working with Foreign National prospects:

- *The Case of the Observant Advisor*

One broker found a way to get an introduction to an attorney, a Foreign National, working in a U.S.-based law firm with an annual income in excess of \$2 million. The client, a male age 50, purchased \$30 million of 10-pay indexed life insurance with an annual premium of \$150,000; his wife, also age 50, secured another \$5 million of indexed life coverage with a 10-pay premium of \$39,500 per year. The insurance provides coverage for legacy needs.

- *The Case of a Motivated Client*

An older U.S.-based retired P&C agent maintained a close personal relationship with a 73-year-old wealthy business owner in the Philippines. Although he spends most of his time there, he has substantial assets in the U.S. that would be subject to Federal Estate Taxes with only a \$60,000 deduction.

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Upon further discussion and a review of his medical records secured from the U.S. medical provider, it was determined that one carrier would offer a standard nonsmoker policy. The policy was issued on the client for \$6 million with a 7-pay premium of \$414,315 per year. The policy's proceeds will cover much of the client's Federal Income Tax Liability upon his death.

- *The Case of the Inquisitive Student*

Many college students from abroad who are studying in the U.S. come from wealthy families. A number of them have expensive condos, drive luxury cars, and live an enjoyable lifestyle while here.

One such undergraduate student worked in an insurance office to learn about both U.S. business and to find out about various life insurance products that might interest him and his family. This particular 20-year-old young man and his father placed a \$5 million 10-pay whole life policy on his life with a \$40,000 yearly premium.

All this points to the conclusion that it's the alert advisor, the one who looks for business possibilities, who succeeds in the Foreign Nationals market. Even so, leads also come out of the blue, just as they do with others who become clients. For example, one advisor had been going to a Chinese acupuncturist for over 20 years. They became well acquainted and the acupuncturist knew the advisor was working with clients in China.

One day, while sticking needles in him, the acupuncturist said her husband's brother's son was a financial planner in Hong Kong and was looking to access U.S. life insurance products. A meeting with her husband followed on how it would work and how to move forward. The advisor tells the story frequently and adds, "You just don't know what can happen so keep asking."

By committing yourself to work in this extraordinary marketplace, an advisor can become known as the "go-to" professional for Foreign Nationals' life insurance business.

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