

Foreign Residency Sales Guidelines

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Introduction

At the core of Legal and General's underwriting philosophy is the principle that we provide protection products for **UK lives permanently resident in the UK** – our life fund and product pricing is structured to reflect this.

In the event of requests for cover from applicants who are normally permanently resident in the UK, but who are currently or may be potentially resident outside the UK, individual assessment of their circumstances is required.

We do not treat any customer differently on the grounds of nationality, therefore, we do not ask about nationality on our application forms.

Nationality and “the right to be in the UK” are both complex concepts to define and neither is information that we elicit from the application form. It is also important to note that we should NEVER use information not obtained for underwriting purposes to reach our decision. For example, information such as a VISA or Passport obtained for Money Laundering purposes should not be used to underwrite a case – this could be seen as an infringement of the Data Protection Act.

The two key areas that require underwriting consideration are:

- i) **The additional risk of travel outside the UK** – e.g. geographical, political, health and environmental issues of the countries concerned
- ii) **The impact of current legislation.** e.g. [Inland Revenue Overseas Life Assurance Business](#) (OLAB) rules and European Union's [Third Life Directive](#)

Policy Types

Life Products

Our life policies have no residence related standard exclusion wording, which means if death occurs outside the UK then a claim will be considered.

Overseas Life Assurance Business tax rules apply to **term assurance product** if the policyholder resides outside the UK.

Legal & General's tax policy requires full compliance with OLAB and our underwriting philosophy ensures we adhere to these rules and imposes additional restrictions based on the amount of risk we are prepared to accept. Therefore, even where a policy is not impacted by OLAB rules it may be declined due to conflict with our underwriting philosophy.

OLAB rules do not apply to whole of life products; however Legal and General's philosophy for residency is the same for whole of life products as for term assurance products.

Disability Benefits (including Critical Illness, Waiver of Premium, Income Protection Benefit and Mortgage Protection Insurance)

We do not normally accept requests for disability benefits for applicants who currently are, or will be, resident outside the UK. It may however be possible, in some circumstances, to accept cover – individual consideration would be required.

All policies with disability benefits contain a standard exclusion wording relating to foreign residency and travel. Care needs to be taken that we are not accepting business where we are not able to pay the benefit at claim stage due to residency that was known about at the underwriting stage.

Standard Exclusion Policy Wordings

Critical Illness Benefit:

Benefit will not be paid if the claim is from a cause that arises whilst you are living abroad for more than 12 months.

Foreign Travel: Your plan will remain in force if you reside or travel to any part of the countries that form part of the European community (as at 1/11/2003), USA, Canada, Australia, New Zealand, Isle of Man or the Channel Islands. If you reside outside these countries for more than 12 months, Legal and General reserves the right to decline a claim under the policy.

Income Protection Benefit:

Your plan will provide full benefits if you reside or travel to any of the countries of the European Union (as at 01/11/03), USA, Canada, Australia, New Zealand, Isle of Man, Channel Islands or another country you agree with us.

Although your cover will continue whilst you are travelling or living for up to one year in other parts of the world, benefits will be paid for no more than three months.

Mortgage Payment Insurance:

If you live or travel outside of the European Union (as at 01/11/03), USA, Canada, Australia, Isle of Man, Channel Islands, your cover will continue up to one year, but if you claim, benefits will be payable for no more than three months.

Waiver of Payment Benefit:

Waiver of payment benefit will remain in force if you reside in, or travel to, the USA, Canada, Australia, New Zealand, Isle of Man or the European Union as at 01/11/03 and/or travel or live temporarily in any other part of the world for a period not exceeding three months in any 12 months. If this period is exceeded, this benefit will cease to apply, unless we have already provided written confirmation to the contrary. If you travel or live outside of the European Union (as at 01/11/03) for more than 12 consecutive months, we are entitled to cancel this benefit.

Medical Evidence Obtained Outside of the UK

Obtaining medical evidence from abroad has an impact on dealing with applications, and will potentially delay the underwriting process significantly. It may also impact on the processing of any potential claims.

Key issues that should be considered are:

- **Medical Records**

- Are all medical records kept in one location?
- Are records available at all, and will they be adequate for underwriting purposes?
- Will medical forms require translation for the completing doctor?
- Will any correspondence received require any translation?
- Is the information provided accurate?
- Are laboratory tests obtained carried out to adequate standard?
- What is the local legislation concerning access to medical information, acceptability of consent form wordings etc?

- **Qualifications**

- Legal & General would need to be satisfied that any medical evidence obtained had been completed by a competent medical doctor, with appropriate qualifications recognised in the UK.
- Without this, cover would not be possible, irrespective of any other residency requirements being fulfilled

- **Medical Fees**

- Legal & General will only pay UK agreed medical fees for requested evidence.
- If evidence is obtained from an overseas source, any extra fees charged will have to be met by the applicant

Legislation & Legal Issues

Requests for cover from applicants who are currently residing, or spend time, outside of the UK, must comply with a variety of legal issue requirements.

A summary of this is as follows:

Legal Jurisdiction

When dealing with applicants not currently in the UK it must be remembered that the policy applied for will be subject to **English Law**, with the benefits payable in UK sterling. Legal and General policies will probably, therefore, be unsuitable for overseas residents. It is also worth noting that a policy effected in the UK by an overseas resident may contravene the laws of the country of their current residence.

Note that it is the responsibility of the salesperson to advise the applicant about the suitability of a contract for foreign residency – however; this clearly does not negate the need for prudent underwriting of these risks.

Overseas Life Assurance Business (OLAB)

Relates to term assurance and its derivatives only – for applicants living abroad on the policy commencement date.

The OLAB tax rules apply to all forms of term assurance or any variety thereof, including mortgage term, convertible term and family & personal income plan (FPIP), with or without critical illness cover. Benefits such as guaranteed insurability options are also covered. OLAB rules do not apply to whole of life products.

The tax legislation requires UK Life Assurance companies to maintain an OLAB fund to cover term assurance applied for by non-UK residents. Legal & General have chosen NOT to have this fund. In view of this, Legal & General cannot accept term assurance contracts which would constitute OLAB business, in particular applicants who **currently** reside outside the UK. **There is no definition in the tax rules of what is meant by “reside outside”.** The OLAB rules describe residing as “the place where the person’s centre of vital interests are – economic, domestic and social”. Therefore anyone who has a home address within the UK would have ‘vital interests’ and would qualify for a Legal & general policy on residency grounds even if they are not physically in the UK at time of inception of the policy.

The OLAB rules are a matter of law and, as such, Legal & General must comply with these regulations.

There are however, **certain exemptions**, where the request for cover by some applicants currently resident abroad can be considered – see later.

The Third Life Directive

Relates to: Any Life Assurance Product sold within the European Union

The Third Life Directive is a ruling adopted by members of the European Union and lays down rules regarding “cross border selling” of any insurance product to applicants who are resident in another EU country.

To work in this market a selling company would have to report statistics of its non-UK EU business to the Financial Services Authority (FSA).

The cost and bureaucracy of following these guidelines to sell life assurance to residents in other EU countries far outweighs the advantages of accepting such business. As such, Legal & General have decided not to write business on the life of anyone who is permanently resident in any EU country other than the UK.

This applies also to UK nationals/expatriates who are residing outside of the UK. We can, however, offer terms providing the applicant has a UK address and bank account, and the life assured is temporarily living / travelling outside of the UK, i.e. they plan to return to the UK (unless a crown employee or spouse) and OLAB exemption criteria are fulfilled if they have applied for a term assurance product. For further information see next section - [Acceptability of Individuals for Life Cover](#).

Acceptability of Individuals for Life Cover

General Information

UK Contact Address

- This should be the applicant's home address – we are unable to accept selling agent, broker or third party "c/o" addresses
- Special consideration is required for those living in [Channel Islands and Isle of Man](#), (as these are not part of the UK) and is dependent on product type

Premium Payments – UK Bank Account

- Premium payments **must be**:
 - Made from a UK bank which follows the UK sort code criteria and is acceptable to our premium collection systems
 - Made via direct debit
 - In UK sterling
 - From an account in the name of the applicant. For business cover the account should be in the name of the UK company effecting the policy (Note – if the life assured is paying the premium as may sometimes be the case for share/partnership protection, this will be treated as personal cover)

Legal and General Underwriting Philosophy

- Generally, we will **consider** applicants
 - Permanently resident in the UK
 - Temporarily travelling within the European Union (EU), United States of America (USA), Canada, Australia and New Zealand
 - Temporarily travelling to other countries on an individual consideration basis
 - Whilst they remain in the UK (where a permanent move abroad is known during the application stage)
 - Who are crown employees or in the Merchant Navy

Term Assurance: Circumstances where OLAB is Not Applicable and Legal & General Philosophy

There are a number of circumstances in which OLAB rules are not applicable and so the policy can be accepted as UK Term Assurance.

- **Crown Employees** (eg. armed forces personnel, diplomatic staff, ambassadors) currently working abroad

OLAB –Not applicable, therefore acceptable

Legal & General Philosophy – acceptable (no restriction on return to UK)

Spouses & partners of crown employees have to be considered separately. To consider an application from a spouse / civil partner a policy must either be on a joint life basis or the crown employee must be the grantee (i.e. on life of another basis). Acceptance is not conditional on a permanent return to the UK within 12 months

- **Grantee (i.e. policy on Life of Another basis)**

OLAB – Not applicable if the grantee is resident in the UK and life assured is residing abroad

Legal & General Philosophy – As above

- **Business Cover**

OLAB: Not applicable where the grantee is a UK company rather than an individual (eg. keyperson cover), unless it is group term assurance for overseas employees. Note that the “business” must be a UK registered company.

Legal & General Philosophy: – As above

- **Joint Life Applications**

OLAB: Not applicable on a joint life application where one life remains in the UK

Legal & General Philosophy: As above

Cont'd....

- **Policies in Trust**

OLAB: Not applicable where policy is in trust with at least one UK resident beneficiary or potential beneficiary.

For a policy in trust to be accepted from an OLAB point of view at least one of the named beneficiaries or potential beneficiaries must have a UK address. It is acceptable for potential beneficiaries to be the current Chancellor of the Exchequer or current monarch. The Channel Islands and Isle of Man addresses are not acceptable.

UK beneficiary address may be required at underwriting stage where there is any doubt that they are resident in the UK

Alternatively, for cases where mortgage cover is required, the beneficiary can be the lending source which must be a UK bank or building society / recognised lending source.

Legal & General Philosophy: As above

GUIDELINES FOR CONSIDERATION OF APPLICANT CURRENTLY RESIDENT ABROAD:

- Applicant MUST have a [UK address](#) and [Bank Account](#)
- Any application for term assurance or its derivatives MUST not constitute OLAB – see [Circumstances where OLAB is not Applicable and L&G Philosophy](#)
- Any policy accepted MUST comply with Legal & General's internal philosophy
 - **Applicant has valid justification for effecting a policy in the UK**
- Acceptance is ALWAYS subject to all normal underwriting criteria – medical, financial, occupational, geographical etc
- **If ANY one of the above do not apply then cover should be DECLINED**

GUIDELINES FOR CONSIDERATION OF APPLICANTS CURRENTLY RESIDENT IN THE UK WITH PLANS TO MOVE ABROAD

“PERMANENTLY”:

Permanently means ‘no intention to return to the UK’

- If move abroad is before or on policy commencement date refer to “[Currently Resident Abroad](#)” section above as OLAB applies
- If there are no firm plans to live abroad then it should be possible to consider terms. Future residency should only be taken into account where there is a definite intention to move abroad

- Applicant MUST have a [UK address](#) and [Bank Account](#)

- Any policy accepted MUST comply with Legal & General’s internal underwriting philosophy
 - **Imminent permanent move abroad (i.e. planned move abroad within L&G minimum policy term of 2 years) = DECLINE**
 - **Planned move abroad over Legal & General’s minimum policy term**
 - UK mortgage related applications – allow cover for full mortgage term (copy of loan offer letter is not required)
 - Non-mortgage related applications – allow cover for remaining period of stay in UK (e.g. until VISA expires). If minimum policy term is greater than remaining period of stay we are unable to provide cover

Exceptions:

- Move abroad to Western Europe, USA, Canada, Australia or New Zealand can be ignored (not asked on application form) – **unless** information available during application process to suspect foreign residency, e.g. address of client, GP, new property abroad, in which case investigate and if **permanent** = DECLINE
- Crown employees can be accepted – however, consideration must still be given to geographical risk of the country of residence

- Acceptance ALWAYS subject to all normal underwriting criteria – medical, financial, occupational, geographical etc

GUIDELINES FOR CONSIDERATION OF APPLICANT WHO SPEND OR WILL BE SPENDING TIME OUTSIDE OF THE UK

- Applicant MUST have a [UK address](#) and [Bank Account](#)
- Any application for term assurance or its derivatives MUST not constitute OLAB – see [Circumstances where OLAB is not Applicable and L&G Philosophy](#)
- Any policy accepted MUST comply with Legal & General's internal philosophy
 - **Temporary travel within the EU, USA, Canada, Australia and New Zealand**
 - **Life Cover** = accept at standard rates regardless of duration of travel
 - **Critical Illness Cover** = accept at standard rates provided duration of travel is not more than 1 year in total
 - **Waiver of Premium / Income Protection Benefit** = accept at standard rates provided duration of travel is not more than 6 months in total
 - **Temporary travel to other countries will be considered on an individual basis**
- Acceptance is ALWAYS subject to all normal underwriting criteria – medical, financial, occupational, geographical etc

GUIDELINES FOR CONSIDERATION OF BUSINESS COVER:

- Applicant/Grantee MUST have a [UK address](#) and [Bank Account](#)

- Any application accepted MUST comply with Legal & General's internal philosophy & OLAB rules, where applicable

1) Keyperson and Keyperson Loan Cover:

- **UK Registered Company as Grantee**
 - Consider if UK Registered company, applying for Company Director/ Keyperson resident outside the UK & due to return to UK permanently within 12 months
 - Consider L&G philosophy for applicants currently resident in the UK with plans to move abroad “permanently” & those who spend considerable amount of time outside of UK
- **Non-UK Registered Company as Grantee**
- Company Director/ Keyperson resident in the UK
 - Decline business cover
 - May be able to consider on a personal cover basis – subject to satisfactory justification of reason for the policy
- Company Director/ Keyperson resident outside of UK
 - Decline

2) Shareholder Protection Cover

- Company won't usually be the grantee – if they are follow keyperson rules above.
- Otherwise, consider applicant if UK bank account, UK address and satisfies OLAB & L&G philosophy – see respective area of guidelines for personal cover.

- Acceptance ALWAYS subject to all normal underwriting criteria – medical, financial, occupational, geographical etc

GUIDELINES FOR CONSIDERATION OF APPLICATIONS FROM THE CHANNEL ISLANDS AND THE ISLE OF MAN

- Both the Channel Islands and the Isle of Man are British Crown dependencies and although they form part of the British Isles, they do not form part of the UK
- Both are self-governing dependent territories who have their own parliaments, legislative bodies and tax systems
- Insurance business is overseen and regulated by their own independent authorities
- **Under OLAB rules the Channel Islands and Isle of Man are regarded as outside the UK. Consequently, applicants resident in these locations need to satisfy one of the conditions where OLAB is not applicable in order to apply for term assurance products**

Several points to consider;

- Any application for term assurance or its derivatives **MUST** not constitute OLAB – see [Circumstances where OLAB is not Applicable and L&G Philosophy](#)
- If the applicant requires the cover to be in trust then the trust form should be submitted at the same time as the application form
- At least one beneficiary on the trust form address must have a UK address. Channel Islands or Isle of Man addresses are not acceptable as a “UK” address for this purpose
- Premiums can be accepted from Channel Island and Isle of Man banks, so long as they fulfil all other New Business requirements and are commercially acceptable to L&G

- We can quote for IPB & MPI for applicants resident in the Isle of Man and Channel Islands subject to normal underwriting criteria. However, it should be remembered that levels of state benefits may differ from the UK, although this will not affect benefit calculation at underwriting stage.