

Advisor guide for non-resident sales

The information in these guidelines is current as of March 2016 and is subject to change.

Important

In this guide, non-resident is defined as a person who is not a resident of Canada for tax purposes or who physically resides outside Canada.

Purpose of non-resident sales

The purpose of non-resident sales is to provide coverage to proposed lives insured who:

- Are Canadian citizens currently living outside Canada who have personal assets in the form of real estate, such as seasonal cottages or other property in Canada, and the coverage amount is linked to the tax liability on the property and/or Canadian investments.
- Are children or grandchildren of Canadian resident applicants and the children or grandchildren live in the United States, United Kingdom, Western Europe, Australia or New Zealand. All children and grandchildren must be insured for similar amounts
- Are partners or key employees working for Canadian corporations or businesses in which the companies own the policies
- Have ownership or partial ownership of Canadian businesses in which the companies own the policies and the proposed lives insured are living in the United States, United Kingdom, Western Europe, Australia or New Zealand

Non-resident sales are not to provide coverage to proposed lives insured who:

- Are in Canada on temporary visitor, work or student visas
- Are simply related to someone in Canada
- Reside outside of Canada and whose only ties are ownership of Canadian real estate, deposits or securities
- Were born in Canada but have no link to Canada for personal or business assets as described above

Residency status

The residency status of the applicant and of the person whose life is to be insured are important to Canada Life™ for maintaining the company's integrity. The policy guidelines are in place to help advisors and clients apply for insurance properly where applicable.

Non-resident policies

The residency status of the life insured at the time of issue (not the residency of the policyowner or premium payor) determines if the policy is a non-resident policy.

Determining the residency status of a person

The application includes the question: is the life to be insured a resident of Canada for Canadian income tax purposes? A life to be insured answering **yes** to this question is considered a Canadian resident by Canada Life's regular guidelines. If the life to be insured answers **no** to this question, then the non-resident rules apply.

Note: If the life to be insured needs help determining his or her residency status, he or she should contact the Canada Revenue Agency (CRA) or visit <http://www.cra.gc.ca> for assistance.

Non-resident sales require the following special considerations

- Canada Life is licensed to operate in Canada. To meet the residency requirements, a client must be solicited, the application and any amendments must be signed and the policy must be delivered within Canada. Canada Life and its advisors are legally permitted to solicit and sell insurance only in jurisdictions where the company and its advisors are licensed.
- For Canada Life to issue a Canadian life insurance policy on the life of a non-resident, there must be a sufficiently valid connection, from an underwriting perspective, between the non-resident life to be insured and Canada.

Additional details

- Canada Life's individual life insurance underwriting department keeps a list of allowable countries and extra rating requirements, and it updates this list as situations change throughout the world.
- Depending on the country of residence of the proposed life insured, extra premium may be charged or coverage denied.
- Cases are subject to a minimum annual basic premium of \$2,000 per policy, regardless of the face amount.
- Premiums are billed and must be submitted in Canadian currency and, in the case of monthly premiums, the pre-authorized chequing arrangements must be with a Canadian bank. Policy face amounts must be in Canadian dollars.
- Universal life insurance is not available.
- All dividend options are available (subject to normal restrictions), and term riders are available.
- The additional deposit option (ADO) is not available.
- No additional benefits are available for non-resident policies, for example, waiver of premium, guaranteed insurability rider (GIR), accidental death benefit (ADB), and business growth protection rider.

- Term conversions retain their residency status regardless of where the insured is residing at the time of the conversion. A term conversion is considered a continuation of the original contract. For non-resident policies, term conversions to universal life insurance are not available.
- Special underwriting arrangements, such as the automatic substandard table reduction agreement (ASTRA) and the Hepatitis B program, do not apply to non-resident policies.

The residency status of the policyowner at issue determines whether a policy amendment has to be signed or not

- A signed amendment, called the *Amendment to insurance application (for non-resident applicant)*, is required for any sale where the applicant resides outside of Canada. This form ([17-8133](#)) is available on Canada Life RepNet™.
- The signed amendment serves two purposes:
 - It confirms the application was made in Canada and that Canadian law applies to the contract, regardless of where the applicant resides at the time of application and policy issue.
 - It indicates that Canada Life does not assume responsibility for any tax-related issues or liabilities that may arise as a result of an individual life insurance policy being owned by a non-resident.
- The amendment requirement is related to the residence of the applicant/policyowner, not that of the life to be insured, so it may be required even if the policy isn't a non-resident policy. It may not be required for a non-resident policy. See the decision table below for some guidance about when the amendment is required.
- Varying foreign tax laws present additional complexities for non-resident policyowners. Advisors must not provide tax-related advice.

The policyowner is a	Life to be insured is a	
	Canadian resident	Non-resident
Canadian resident	Regular policy	Non-resident policy
Non-resident	Regular policy with a signed amendment	Non-resident policy with a signed amendment

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