

Non-Resident & Cross Border Sales

These have come under extreme regulatory scrutiny over the last 12 months by the state insurance regulators. A number of carriers have been fined for allowing cross border sales with what the state considered a non-valid “Nexus” to the state. Their main issue is that clients are traveling across the state border just to purchase a policy. **The advisor’s office located in the state of sale is not considered a valid reason for a client to cross the border and purchase a policy.**

The Regulator is requiring the client/advisor to:

- **Give locations and frequency of visiting those locations. They are not able to simply state that they were shopping or having lunch.**
- **Details of locations they were, how often they go there, etc. The form even states we can ask for proof of that.**
- **This might sound specific, but we have to be able to demonstrate to the state why and where the customer was.**
- **Most customers don't drive hours to shop or have lunch on a routine basis.**

Valid reasons for cross border sales that must be listed on the cross-border form:

I was in that state for:

- Doctor visit – Who and where? Frequency?
- Regularly go there to shop. Where? Frequency?
- Regularly go there to do my banking. Where? Frequency?
- I have family there. Who and where? Frequency?

The key is that you write down on the Non-resident form that while the client was there in that state taking the application, they also went (shopping/Banking/Doctor etc.) Be Specific about who and where and also list the frequency they are in that state for that reason. Ex. 3-5 times a week/month.

E-App Alternate Option:

You can meet with your client in your home state to discuss their goals and at a later date you can do a remote zoom or phone call and fill out E-app. This would be considered a valid sale in the Applicants state of residence.