

When placing a business case, including an explanatory cover letter with your life insurance application will ensure the underwriting process is as quick and smooth as possible. Providing the information below is a great way to increase the likelihood that the amount you applied for will be approved and will significantly expedite the processing of your clients application. For best results, a cover letter should provide the following information:

Cover Letter Components

Company Profile

Identify the owners and their percentage of ownership, the tax structure of the business (i.e. C corporation, S corporation, partnership) and include a short narrative of the history of the business and its owners.

Purpose(s) of the Insurance

The purpose of the insurance should be explained. Generally, it will be for (1) key person coverage, (2) buy-sell arrangements, (3) business loan protection or (4) executive benefits. If the insurance is intended to provide for more than one purpose, indicate that in the cover letter.

Financial & Tax Statements

Provide financial statements for the last three years including balance sheets, income statements and cash flow statements. Additionally, tax forms can also provide helpful information for the underwriters. Provide an explanation of mitigating circumstances if the financial or tax statements show negative performance (i.e. one-time large losses, a trend of poor operating cash flow, high debt ratios). If the financial or tax statements exhibit unusually positive performance, provide an explanation for the underwriters.

Financial Justification

If the requested insurance coverage does not fit within the carrier's regular financial underwriting parameters for the insurance need, provide an explanation as to why the amount applied for is appropriate under the specific circumstances of the case.

Owner/Beneficiary Structure

Provide a brief explanation of the proposed owner/beneficiary structure. If the structure is not typical for the need, explain why deviation from a standard approach is warranted.

For assistance positioning a business case to provide the greatest opportunity for fast and smooth underwriting, call (314) 392-2841 to contact BUI's Director of Underwriting, Chris Hooper at chooper@buiusa.com or BUI's Director of Advanced Planning, Brian Seigel at bseigel@buiusa.com.