Cover letter for Life Insurance Bought to Support a Buy-Sell Agreement

*(Insert Carrier Here)*

Dear Underwriting Team:

Re: Application for Life Insurance on [Insured]

Please accept this application for life insurance in support of a buy-sell agreement dated [insert date], between [parties to the agreement]. Here are the particulars on the agreement and the life insurance policy application:

* Type of agreement: [cross purchase (trusted or not); entity purchase; wait- and- see; other]
* Status of agreement: [is agreement in force, or pending? If pending, when is it expected to come into force? If a trust will own the life insurance policy, is the trust in existence, or is the trust instrument pending?]
* Proposed policyowner: [name]
* Proposed premium payor: [name/relationship]
* Proposed insured: [name]
* Proposed beneficiary: [name/relationship]
* Amount of life insurance requested: $[amount]
* How the amount of insurance is determined: [Was a business valuation completed? If so, please include the report. Is there a formula the parties used to determine the value of the business? If so, please show how the formula applies and why it is correct to use it. Have the parties simply agreed to the value? If so, are the parties dealing with each other at arm’s length?]
* Other insurance the owners or the business will apply for, on individuals in the business other than the proposed insured, including insurance currently in force, or that will be applied for from other life insurance companies.
* What percentage of the business does the PI own?
* Who are the other owners and what are their percentages of ownership?

In addition to the life insurance requested in this application, the following insurance is either in force on the insured’s life or is proposed:

* [please list all life insurance policies currently on the proposed insured’s life, and those applied for on the proposed insured’s life, noting those that are intended to be replaced, and those that are being applied for, the amount of insurance in each case, and the purpose for each policy]:

In support of this application I am providing you with the following documentation:

* First page or pages of the buy-sell agreement sufficient to identify the type of agreement and the parties to it.
* First page or pages of the trust agreement if a trustee is to own the life insurance policy, sufficient to identify the trustee and name of the trust.
* Financial statements of the business (balance sheet, income (or earnings statement), preferably audited.
* Documentation showing what percentage of the business the proposed insured currently owns (if this information is not already in the buy-sell agreement documentation we are receiving).
* Documentation supporting the business’ value.
* Financial supplement (if requested coverage exceeds Legal & General’s financial underwriting guidelines).

[Include any personal information on the proposed insured that you believe will facilitate our underwriting review and help the underwriter make a decision – information that helps the underwriter “get to know” the proposed insured].

If you need any further information, please contact [name of contact person] at our office at [please provide a direct line or extension, and/or an email address].

Sincerely,

(BGA Contact)