



**Business**

solutions that meet your objectives



**STANDARD LIFE**

[www.standardlife.ca](http://www.standardlife.ca)

## Financial Underwriting Requirements For Business Markets

### Financial Statements

The requirement for financial statements is driven by the sum insured applied for.

If the sum insured applied for is *greater* than \$3 million:

- A financial statement is required for the current and previous two years. It need not be audited.
- A business plan should be submitted if financials are not available due to the length of time the business has been in operation.
- Copies of any bank loan agreements are required.
- An inspection report (for amounts greater than \$1 million) is required. This report may include financial information.

If the sum insured applied for is *less* than \$3 million:

- Copies of any bank loan agreements may be required but are not routinely requested
- A business plan may be required but is not routinely requested.
- An inspection report (for amounts greater than \$1 million) is required. This report may include financial information.

### Submitting Financials

There are times when clients may not wish to divulge information relating to their own or their company's finances to a broker. In these cases the following solutions exist:

- The financials can be sent directly to the underwriter. The underwriter will take the relevant notes and return them to the client.

**Note: Always inform clients that their financial information may be shared with a reinsurer. It is also important to tell clients that at Standard Life, confidential information is shared only with the underwriter and the case manager.**

## Broker Report

Broker Reports are required for all Business Cases up to \$3 million. Reports should include:

- Value of the Business
- Link between the value of the business and amount applied for
- Particular need covered
  - Buy/Sell – Share Redemption
  - Key Person
  - Collateral Insurance
- If this is a “concept” sale, specify the concept and how it was used to assist in making the sale.

If Key Person

- Salary of Key person
- Expertise s/he brings to position
- Length of time with the business

If Buy/Sell

- Who are the other shareholders?
- Are they all to be insured?
- Will insurance be proportionate to share holdings? If not, why not?

If Collateral Insurance

- Who are the Lenders?
- Has the loan been collateralized?
  - What collateral has been provided?
- Has the client signed a personal guarantee?

Personal Insurance Information

- How much personal insurance is in force?
- Will any be replaced by this application?
- If a sales concept has been used to determine the face amount, please provide details.