



FINANCIAL  
INDEPENDENCE  
GROUP\*

# Premium Finance & Aviation Underwriting Case Study

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## Background:

Samuel is a businessowner with a net worth over \$50 million. He needs a life insurance policy that will provide asset protection for his business as well as act as a supplemental retirement plan, one that will accumulate cash value. He wants to premium finance the policy instead of using his existing capital to pay premiums. He travels for business and pleasure, owns several aircrafts, and has had a pilot's license since the early 2000's. The main underwriting challenges for Samuel's life insurance need are twofold: premium finance and private aviation.

## Details:

- 56 yr. old male in North Carolina
- Aviation Details:
  - Visual Flight Rules (VFR) Certified
  - Private pilot license with 2600 total flight hours to date
  - Flies for business and pleasure
  - 3 Aircraft: Bell Jet Ranger Helicopter, Robinson R-44, and Euro copter 120-B
  - No license suspensions/revocations/accidents
  - Never engaged in hazardous activities or stunt piloting
  - Member of AOAPA
- Needs \$20 million death benefit in an Indexed Universal Life plan
- Expected premium funding pattern: \$900,000/year over 5-7 years

## Solutions:

The advisor provided extensive details surrounding the client's aviation history and overall health status. Our in-house underwriter compiled a detailed quick quote summary based on those specifics and the case was shopped out to at least two dozen carriers to narrow down our options and direct us to the one carrier who could accept the risk with a favorable offer.



### *Solutions Continued...*

The offers received ranged from Standard Non-Smoker with a permanent flat extra to a decline. The permanent flat extras were anywhere from \$2.50/thousand to \$10/per thousand. Two carriers came back with offers that didn't include the flat extra:

- Carrier A - possible Non-Smoker Plus with no flat extra
- Carrier B - possible Preferred Non-Smoker with no flat extra

Carrier B had a great offer and is a solid option for the premium finance element, so we illustrated multiple iterations on their two IUL products, and although the cash value wasn't quite as good as some competitors, we could still accomplish the client's goal by blending in term coverage. The formal application went to Carrier B and the policy placed in force at Preferred Non-Smoker with a target premium close to \$600,000.

### **Conclusion:**

The preliminary due diligence on the advisor's part helped with the success of this case. He provided detailed information on the aviation questionnaire so there were no surprises from that aspect. The advisor and insured are so happy with the outcome that they are now applying for an additional \$20 million with Carrier B.

