

EXAMPLES OF COVER LETTERS

This document provides you with a sample of the ideal cover letter and a sample of an incomplete letter. The first example presents the format you should aim for to maximize the impact and effectiveness of your letter, while the other should be avoided.



SRM390-33A (22-03) ACC

Note – The masculine gender is used for the sole purpose of simplifying the text.



Ideal cover letter example

January 01 2022

New Business / Underwriting

Advisor's Name and iA code

Phone number

E-mail

Other relevant contact info if needed (ie.: contact person in case of emergencies)

RE: Application submitted on the life of Mr. Smith

I met with Mr. Smith in advance of completing his life insurance application in the amount of 10.0M. I have known Mr. Smith and his family for many years and together we reviewed strategies that would meet their personal and business needs.

His business, a very successful local nursery (Happy Trees Nursery), was established in 1975. Both Mr. Smith and his wife are active in the day-to-day operations. The Smiths have two sons, Tom and Joe. Tom is involved in the business, while Dave continues to be working towards his business degree. Once he graduates I believe he will not be joining the family business as he has business interests of his own.

Now that Mr. Smith is in his mid 50s, he wants to complete an estate plan. Currently Mr. and Mrs. Smith have 1.0M of insurance coverage in force. In addition, there is 1.0M business insurance in force on Mr. Smith to cover the business line of credit. The beneficiary is the estate.

Mr. and Mrs. Smith want to reward Tom for his participation in the business by leaving him the shares of the business at the last death. At the same time, they want to make sure that Dave is left a fair amount of the overall estate value.

As part of the estate planning process, we have recommended a corporate reorganization to provide for Tom to receive the shares of the business. This rewards him today and gives him incentive to grow the business. Mr. Smith will enter into a share holder agreement with Tom that provides for the redemption of the shares at death of the last parent. The intention is to fund this redemption with the 10.0M UL being applied for.

The proceeds of the insurance, once paid out to the estate by the business, will help take care of the capital gain taxes on Mr. and Mrs. Thomas shares. At the same time, it will provide for an estate equalization payment for Dave, who was not left any interest in the business.

Mr. and Mrs. Smith Estate Value =

Personal Assets: Investments (3.0M) + Residence (1.0M) + Personal Effects (500k)

Personal Liabilities: Line of Credit + other Debts (500k) + Mortgage (0)

Personal Net Worth: 3.0M

Mr. and Mrs. Smith Business Value =

FMV of business:

Capital Adjusted Earnings 500k over last 3 years

Sustainable earning and growth +

Land, Buildings and Equipment 6.0M ** See attached Financial Statements (audited) for last 2 calendar years

I hope this information will assist you in Underwriting this application. If you do require any other information or if you have any additional questions, please do not hesitate to contact me at the number of e-mail noted above.



Incomplete cover letter example

January 01 2022

New Business / Underwriting

Mr. Smith and I went to high school together and we have continued to be friends since. He has owned a business for some time and I have determined he needs 10.0M.

Mr. Smith has 2 sons and 1 of them along with his wife help in the business. The other son is in school for now.

Mr. Smith will be retiring soon and wants to get his papers in order before he transfers business to his one son.

The new insurance will help fund that and the remaining death benefit will be awarded to the son who is not active in business.

If you need anything else I can be reached through my assistant, Sally

Advisor Name