



# PRIVATE EQUITY PREREQUISITES

## A Private Equity Story

After months of negotiations, a private equity firm was willing to provide the capital to get a startup out of the tiny one-room office and into full-time development. The information technology company had a staff of four programmers, but the fifth person and founder was to be their key to success. The founder was well connected in the Silicon Valley, and without the deals he was bringing to the table, the startup would never get off the ground.

As the attorneys were finalizing the paperwork, they discovered the Key Person insurance requirements had not yet been completed. After months of negotiating the terms, nobody remembered the insurance clause protecting the investment against the loss of the founder. The \$20 million of private equity capital was being held-up until a Key Person policy could be put into place.

The insurance broker turned to Petersen International Underwriters who offered an unconventional Key Person product to fulfill the prerequisites. Petersen's was able to provide the \$10 million Key Person policy within a few days of the original request, allowing the contract to be finalized.