

# Contract Indemnity

Failure to Survive



**PETERSEN**<sup>®</sup>  
INTERNATIONAL UNDERWRITERS

Contract Indemnity Failure to Survive Insurance is a unique term policy specifically designed to indemnify contractual agreements. Its purpose is to indemnify a business contract upon the death of a key individual (usually the business owner or a key employee) with insurance. Coverage must be used for contractual agreements and it cannot be used as an alternative to personal-benefit life insurance.

Contract Indemnity Failure to Survive insurance is a brilliant and forward-thinking term policy for use to indemnify contractual agreements. Its many attributes have drawn a growing following of American brokers as of late, and it will prove to be very useful to your business clients. Failure to Survive coverage will save many of the cases you stand to lose for one reason or another.

One key aspect of the Failure to Survive plan is the financial underwriting. Since the policy is designed to indemnify a specific contract, traditional financial underwriting requirements (such as income or business revenue) are not as important. This has allowed the private equity space to grow significantly since more and more investors are getting into venture capital investing.

Medically sub-standard cases find easy solutions among the FTS product line as the underwriting guidelines are more flexible than those of traditional carriers, allowing for medical exclusions and coverage for persons with infirmities like cardiac, body mass and diabetes issues. It's also optimal for prospects with drug, alcohol and mental/nervous concerns.

The magic of the FTS product is that it can be underwritten quickly. The average turnaround time from receipt of application to the binding of coverage is usually no more than several business days. Underwriters offer simplified issuance of the coverage without requirements like intrusive medical exams, blood draws and urinalyses.

The fast underwriting period allows policy owners to meet the strict and time-sensitive deadlines mandated by lending institutions on loan agreements. An Failure to Survive policy can also be extremely useful when the underwriting of a traditional term product is holding-up a business deal relying upon the insurance for a corporate buy/sell or investment agreement.



## Policy and Underwriting Information

- Term of Insurance up to 12 months
- Renewals are considered if continued coverage is needed
- No medical exam or medical records required to apply
- A copy of the Contractual Agreement are the only financial requirements

## Common Uses

- Coverage is needed quickly
- Completing a medical exam would be an issue
- Proposed insured is temporarily out of the U.S.A.
- Coverage is needed for a short period of time
- Health issues are a concern
- Issue limits are a problem

## Exclusions

1. Suicide, intentional self-injury or the voluntary disappearance of the insured person.
2. Active participation in terrorism or war.
3. Nuclear, biological or chemical exposure as a result of terrorism or war.
4. While committing or attempting to commit a felony.
5. Any emotional or psychiatric problems, including but not limited to neurotic disorders such as anxiety, phobias, depressions, dissociative disorders and obsessive compulsive disorders; psychotic disorders such as schizophrenia, paranoid psychosis and affective disorders; and personality disorders such as sociopathic personality.
6. Taking of illegal drugs, or addiction or misuse of prescription or non-prescription drugs.
7. Alcohol abuse or addiction, being under the influence of alcohol, as defined by the vehicle code of the state or province in which the offense has occurred.
8. Human Immune Deficiency Virus (HIV), Acquired Immune Deficiency Syndrome (AIDS), AIDS Related Complex (ARC) or any virus, complex or syndrome that is related to the foregoing or any sexually transmitted disease.

Producer #: \_\_\_\_\_

## CONTRACT INDEMNITY FAILURE TO SURVIVE APPLICATION FORM

Policy Owner/Beneficiary (Not the insured): \_\_\_\_\_

Address of Policy Owner: \_\_\_\_\_

Type of Business: \_\_\_\_\_

### PROPOSED INSURED PERSON INSURABILITY

**This section must be completed by the proposed insured person.**

Name of Insured Person: \_\_\_\_\_

Date of Birth: \_\_\_\_/\_\_\_\_/\_\_\_\_ Height: \_\_\_\_\_ Weight: \_\_\_\_\_

Occupation Including Duties: \_\_\_\_\_

Period of Insurance: \_\_\_\_\_

**If "Yes" is answered for any of the following questions please provide full details in the space below. If there is not sufficient space, please attach your answers on a separate sheet.**

- |   |  |
|---|--|
| 1. Do you have any physical health problems or suffer from, been diagnosed with, received treatment for, or been prescribed treatment for any condition related to, or from a sickness of any kind? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| 2. Have you ever been diagnosed with a heart condition, high blood pressure, diabetes or cancer?  | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| 3. Have you at any time been physically or mentally unable to work during the last 12 months?   | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| 4. Have you ever been declined or accepted on special terms for life, accident or illness insurance?  | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| 5. Do you intend to engage in hazardous sports or any activities that expose you to personal injury?  | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| 6. Are you planning to undertake any foreign travel during the next 12 months?  | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| 7. Do you hold a valid pilot license?   | <input type="checkbox"/> Yes <input type="checkbox"/> No |

Dates & Details to all "YES" answers to questions #1-7 \_\_\_\_\_

### FINANCIAL INSURABILITY

Requested Benefit Amount: \$ \_\_\_\_\_

Please indicate the total financial loss in the event of death of the Insured. If any other financial documentation is available please send along with this application.

#### 1. Copy of Contractual Obligation.

#### Declaration (The Applicant must read this before signing)

I am aware that the policy wording contains exclusions in coverage in respect of AIDS, HIV, suicide, alcohol and drugs. To the best of my knowledge and belief the information provided in connection with this application, whether in my own hand or not, is true and I have not withheld any material fact. I understand that non-disclosure or misrepresentation of a material fact will entitle underwriters to void this insurance. (A material fact is one likely to influence acceptance or assessment of this application by underwriters.)

Insured's Name: \_\_\_\_\_ Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Policy Owner's Name: \_\_\_\_\_ Signature \_\_\_\_\_ Date \_\_\_\_\_





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This is not intended to be a complete outline of coverage. Actual wording may change without notice. Underwriters reserve the right to modify terms and conditions at time of underwriting.

