



Business Needs and Term Life Insurance

Those of you that own a business, know that it's not just your family that depends on you. Your death could cause chaos in the lives of the families of your employees and business partners as well. To help protect all those that depend on you, make sure that you have life insurance protection in place to meet their needs.

Short Term Need for Protection (ART)

Scott Ferguson started his company with a loan from his parents five years ago. He struggled to grow his company without more capital but slowly managed to do so. By the time his company was five years old, he had a record of accomplishment for growth.

He wanted to jump-start his company but needed a capital infusion in order to grow to meet the increased demand for his product. Scott talked to his banker who indicated the most efficient route for Scott to go would be to apply for a Small Business Administration (SBA) loan and helped fill out the loan documents. Scott applied for the \$150,000 he determined would be enough to buy the additional machinery he would need and hire two additional employees for the shop. The banker informed Scott that the loan term was 7 years and he would need to carry sufficient insurance to cover the loan for at least the duration of the loan because the government would not accept the risk if something happened to him.

Scott did not have any insurance or an agent so the banker referred him to an independent agent. The agent reviewed Scott's information and proposed a Signature Term ART policy, which was the cheapest policy he sold. Unlike level term, annual renewable term increases in price each year. It starts out cheaper than a level premium policy and the premium then goes up each year. Signature Term ART was the most cost-efficient policy for Scott.

Scott completed the application and the agent submitted it to American National, who agreed to issue the policy, at the same time the loan was approved by the Small Business Administration. The policy was used as collateral for the loan and, once the term of the loan ended, Scott converted the policy to a permanent Signature Guaranteed Universal Life policy now that his business had taken off and he needed long-term coverage.