

# Cover Letters

Creating Letters that Move Business

# MetLife

## Three Elements of an Effective Cover Letter

A cover letter is a critical part of the underwriting process, allowing you to present a more comprehensive and accurate portrait of your client than the application allows. A well-written letter that includes background on a client's risk factors can help move the application through underwriting. A poorly written cover letter – or none at all – could result in numerous conversations with your underwriter or a quick decline.

**Not sure which details are important to include in your cover letter? Contact us for guidance or answers to your questions.**



**To help ensure your cover letter does its intended job, start by:**

- Reiterating the type of policy your client would like and the face amount.
- Explaining the purpose of the coverage – personal or business – and providing any additional pertinent details, such as:
  - Whether the personal policy will be tied into loans or used for income replacement or estate coverage.
  - For business policies, the applicant's position and role within the company. Explain your client's importance to the company and any unique talent that would be difficult to replace. If a buy-sell agreement exists, detail how it will be tied into the company's value. For loan coverage, provide details on the loan.
- Noting, with full details, any additional companies where your client has submitted applications for insurance.

*Continued...*

## Case Studies

### Applying for too much coverage?

MetLife received a life insurance application for a face amount of \$2 million from a woman, age 35. Her application indicated her occupation as a housewife, with no income or details regarding her net worth. Her husband has \$500,000 in force with MetLife and an annual income of \$50,000. Given the household income and her husband's existing life policy, the woman's desired amount of coverage did not appear to be financially suitable.

The cover letter, however, explained that the woman comes from a wealthy family. She has an elderly, uninsurable father whose estate plan includes placing \$15 million into a trust fund for her upon his death, with a like amount going to her brother and the balance to her mother. The letter included information on her father so that MetLife was able to verify the facts, including the size of his estate. The letter also explained that all owner and beneficiary proceeds will go into a trust for the applicant's child.

With no proceeds going to her husband, there was no risk for over-insurance. Based on this information, MetLife was able to approve the application.

### Does the business role justify the face amount?

A man, age 60, applied for a life policy with a face amount of \$12 million. The owner and beneficiary were noted as the construction company for which he serves as president. The amount appeared to be excessive, but the cover letter filled in the blanks.

The company, which began as a family business, joined with another company two years ago. This merger enabled the company to land lucrative government contracts. Though the proposed insured's salary is currently \$200,000, the structure of the merger agreement allows for a large compensation increase as the contract work progresses. The cover letter also detailed the ownership structure, which would necessitate purchase of his share of the company from his family if he passes away. In addition, his expertise regarding the original company and the construction field were key to landing the government contracts, and are crucial to the contracts' ongoing success. MetLife secured third-party verification of the information and was able to approve the full amount.

## Follow with these three key elements:

### 1. Financial Details

- Explain how you and your client arrived at the desired face amount.
- Provide details around any bankruptcies, poor credit or other financial issues.
- Explain any unusual situations that may merit special consideration.

### 2. Medical History

- Provide a summary of your client's relevant medical history.
- For any significant conditions your client has or had, include details on current and past treatments, medications and any outcomes.
- Note which rating class was quoted.

### 3. Lifestyle

- Share any relevant information regarding lifestyle risks, such as hobbies, exercise routines or travel preferences.
- If relevant, note any history of driving violations.

End the letter with your contact information so the underwriter can easily reach you for more information.

Like most insurance policies, MetLife's policies contain charges, limitations, exclusions, termination provisions and terms for keeping them in force. Contact your financial representative for costs and complete details. April 2014

#### Life Insurance Products:

- Not A Deposit • Not FDIC-Insured • Not Insured By Any Federal Government Agency
- Not Guaranteed By Any Bank Or Credit Union • May Go Down In Value

# MetLife

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BDUW23717 L0414370279[0415]  
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