



EXCEPTIONAL RISK ADVISORS

CONTRACTUAL PERFORMANCE INDEMNITY \$10 MILLION BANK LOAN

Client

A 50-year-old executive residing in the Northeast.

Situation

Amid a new entrepreneurial journey, the executive found themselves in an urgent situation. They needed to secure a substantial \$10 million loan from a bank to fund their new business venture. However, traditional life insurance was a prerequisite for loan approval, and the executive faced a dilemma: the bank's lending process was underway, but acquiring traditional life insurance would take months.

Assessment

Given the immediate need for the loan and the bank's requirement for life insurance as collateral, a critical issue emerged. The bank was exposed to a significant risk—specifically, a potential \$10 million loss—should the executive pass away before securing traditional life insurance coverage. Knowing it would take up to three months to finalize the life insurance placement, the advisor on the case was compelled to seek an innovative solution to bridge this precarious gap.

Solution

Exceptional Risk Advisors tailored a \$10 million contractual performance indemnity solution for the executive for 90 days to bridge the gap and have the loan funds immediately released. Furthermore, if traditional life insurance placement extended beyond the initial 90-day period, the executive retained the option to extend the coverage for additional periods of 30, 60, or 90 days.

Result

This case exemplifies the strategic application of a custom contractual performance indemnity solution to address a specific and time-sensitive financial challenge. It underscores how collaboration between financial and insurance experts can yield tailored solutions that offer clients peace of mind while facilitating their business endeavors.

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