



EXCEPTIONAL RISK ADVISORS

KEY PERSON DISABILITY PLACEMENT PRIVATE EQUITY FIRM

Client

A private equity firm located in Chicago with a six-million-dollar key person insurance requirement for an upcoming acquisition.

Situation

Recently, the private equity firm lost a CEO of one of their key portfolio companies to a disability after he suffered a stroke. While the private equity firm had purchased key person life insurance, they incurred a significant financial loss as the CEO can no longer perform his duties and drive the success of their investment.

Assessment

Working with the client's insurance advisor, Exceptional Risk Advisors was brought in to review the firm's key person insurance. The policies being maintained on their portfolio companies addressed the risk of death to a key executive, however the firm had neglected to cover the risk of disability, a risk 3 to 4 times greater than that of death during the working years.

Solution

With the financial impact of losing a portfolio company CEO clear in their mind, the private equity firm decided to expand their key person requirements to include key person disability coverage. Exceptional Risk Advisors bound \$6 million of key person disability insurance designed to pay a lump sum after a period of 12 months if the CEO of their newly acquired company were to become incapacitated.

Result

The advisor deepened the relationship with the private equity firm by formulating a comprehensive key person human capital program, inclusive of coverage for both death and disability. Medical exams and financial underwriting requirements were aligned to streamline the program.

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