

Loan Indemnification Disability Insurance

When the Assignment of Personal Benefits is Not Advisable

Relieving the stress of a loan obligation without jeopardizing your personal income replacement

FOR

- Business Loans
 - Third Party Lender, Financial Companies, Credit Unions, Private Lenders & More
- Purchase Agreements
 - Seller financing including related parties
- Lease Obligations



Ketchum & Company

806 Green Valley Road, Suite 206 Greensboro, NC 27408

Phone: (336) 279-8877

Email: kim@ketchumcompany.com



Providing Unique Options For The
Consequences Of A Disabling
Accident or Illness



LOAN INDEMNIFICATION DISABILITY INSURANCE

Often times, when a bank lends money to a business, a lender will require the borrower to provide disability insurance covering the payments. This insures the lender that should the borrower become sick or hurt the payments will still be made. The preferred solution for this type of requirement would be to prescribe disability insurance that would pay the monthly loan payments and/or pay off the remainder of the loan balance, while not interfering with the borrower's personal disability insurance.

Most often, a traditional Business Overhead Expense insurance plan benefit periods are too short to satisfy the loan. Additionally, while it may be advantageous for the bank, asking an individual to assign his or her personal disability benefits to the bank would leave the insured's family seriously vulnerable financially.

Loan Indemnification Disability Insurance Plan will satisfy the lender's requirements. Monthly benefit periods from 1 year to 10 years are available and there are also lump sum benefit options. The plan would be set up to mirror the loan terms with a declining benefit; this type of set up will save your clients in premium costs.



PROVIDING ANSWERS TO SOLVE PROBLEMS IN PLANNING

- If you are able to work, but experience a reduction in your pay due to an injury or sickness, a partial benefit can be provided with the optional Residual Disability Rider.
- The Flexible Interest Rate Rider is an optional benefit that can help offset the additional monthly payments on loans that have adjustable interest rates.
- A monthly benefit can be paired with a lump sum benefit to mirror amortization and/or balloon payments.



A GATEWAY TO NEW MARKETS

Banks, credit institutions and leasing companies are logical candidates to provide or recommend Loan Indemnification Disability Insurance to benefit their clients. The logic for such firms to concern themselves with the need for Loan Indemnification Disability Insurance comes from the very statistics supplied by the loan industry.

- The Federal Home Loan Bank reports that over its many years it has determined the major cause of mortgage loan foreclosures is disablement of the mortgagee: 48% vs 3% due to death.
- It is not uncommon for the lender to require life insurance as a condition to make the loan. Such insurance covers the consequences created by death (3%) and leaves abandoned the greatest hazard to loan default, disability (48%).
- 67% of people who suffer heart attacks, the number one killer in America, survive. Cancer survival has reached the plateau of 56%. The greatest number of disability cases involve people 30-49 years of age, with the average age being 41. Consider the published observation of Selena Maranjian, who writes in *The Motley Fool*, "Most of us need disability insurance, yet less than 15% have it!"
- Bankers are becoming increasingly aware of the hazards to their loan repayment potential. Roughly 25% of all bankruptcies are tied to an illness or injury.