

MULLEN INSURANCE AGENCY, INC

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TEXAS AUTOMOTIVE INDUSTRY NEWSLETTER
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I've been working with the Texas Automotive Industry—particularly, Texas Independent Automobile Dealers—for over fifteen years. During that time, our agency has always made available life insurance to anyone interested, but we've never had a product I've personally promoted or discussed with our customers. Indeed, life insurance has been an accommodation sale for me, i.e. you ask, we locate and someone else presents. Things are changing!

The garage liability contract is a product unique to a unique industry. It is part comprehensive general liability and part commercial auto and was put together to satisfy a singular insurance scenario with necessary endorsements to adapt to every dealer's individual needs. Property, umbrella, special events, bonds, commercial auto, cargo, and every other insurance contract needed to create the insurance packages our dealers need are available via Mullen Agency. Over the years, I—as well as every other Mullen Agency underwriter—have studied and learned the ins and outs of the insurance products and bonding instruments required by our customers. It hasn't stopped there: we studied your industry specifically and feel comfortable with our customer base because we know them as a group. It's what I do! We are the place to come for every Texas Used Car Dealer when knowledge, service and the right property and casualty or bond product is needed for their businesses.

Over these many years, I've become aware of certain niche life insurance needs common to Texas Used Car Dealers and I've searched the market for a product appropriate to those needs. I'm not talking about Estate Planning or Investment Opportunities or any of those *life insurance program* needs. You have a life insurance agent and/or an investment broker for those questions. I'm talking about a simple product to solve specific common exposures.



LIFE INSURANCE MADE EASY has become my motto when talking with dealers. I've observed a need for:

- **Building Mortgage Protection**
- **Loan Guarantees**
- **Buy/Sell Agreement Funding**
- **Insurance Required by Divorce Decree**
- **Temporary Family Protection**

1. **Building Mortgage Protection.** Your bank requires you to provide a commercial fire policy, but they may not ask for a life policy. They may include in the closing process protection for themselves for loss due to loan default, whether from the buyer's death or other cause. Always, the purchase is followed up with advertisements in an attempt to sell you a life product to protect your mortgage company. A good economical way to fill that need is a level term life policy for whatever time period your purchase covers. Mortgage protection insurance is generally a decreasing term policy providing a payoff to the financial institution holding the mortgage; that's it—nothing for your survivors. My approach is to offer to you a level term policy—competitive in cost and more beneficial to you. Let's say, your mortgage has a \$50,000 balance when you die unexpectedly but was \$100,000 when the loan began. Mortgage protection available via the financial institution generally pays the financial institution only, a \$50,000 payment. Under my plan, the policy would pay off the \$50,000 loan *and pay \$50,000 to the beneficiary of your choice.*

2. **Loan Guarantees.** Loan guarantees work just as mortgage protection instruments. When a business is getting off the ground or expanding, additional working capital is needed. The business owner still has all of the personal and other business financial obligations and, in the event of untimely death, survivors assume those responsibilities. Many lending organizations require loan guarantees and sell a single interest product. A single interest product is expensive and pays the loan granter only. A level term life insurance policy written for the term of the loan is a reasonably priced way to *eliminate the debt and pay the excess to a beneficiary of your choice.*
3. **Buy/Sell Agreements.** I would not want to wake up in business with my partner's spouse or other family members; would you? If your business is styled as a simple partnership, that is exactly what could happen unless you plan now. Many partnerships have made a plan and some have actually drawn up and signed an agreement as to value and who pays what. However, where do the funds come from? A simple, economical method of funding a buy/sell agreement is a life insurance policy. *When you want to fund that agreement for a specific number of years, then a term life insurance policy is a preferred vehicle to use.*
4. **Insurance required by Divorce Decree.** Most divorce decrees require the party responsible for paying child support and/or a child's education to carry a life insurance policy to guarantee those responsibilities are performed even if the parent should die. *Simple, level term life insurance can guarantee child support payments and college educations.*
5. **Temporary Family Protection.** The middle years—ages 25 to 60—those are the years a family's financial obligations are the highest. Small business owners don't have the security of some big corporation or the government to bail them out when the unexpected happens. Too many times, the business owner's finances are stretched, but under control, as long as he's healthy; if he dies unexpectedly, the spouse may be drowned in debt before getting a handle on the business. *An inexpensive, level term life insurance policy gives the surviving spouse the security and peace of mind needed to allow time to recuperate.*

Another common characteristic among Texas Independent Auto Dealers is *lack of time* to spend shopping for life insurance.. They don't have the time to complete lengthy apps, undergo medical exams, request doctors' statements, i.e. all of the minutiae involved in applying for a life insurance policy and then wait two to six weeks for the company's underwriting process to be completed. I have a product available that cuts to the chase; the underwriting is liberal, but not so liberal that the rates are prohibitive. You and I can complete the app over the phone and the company will immediately e-mail a copy to you for okay—usually while we are still on the phone together. Assuming the eight underwriting questions are answered with a `no,' *your policy should be* approved within twenty-four to forty-eight hours and *in your hands within three days!*

Call me and let's talk about it! Of course, I always want to talk about all of your insurance and bonding needs. If I'm not available, ask for Kelli or Lori or Tracy or Van. If one of them cannot help you, they can get you to the person who can.



Thanks for your business. I appreciate it and we will work to deserve it.

Ray Mullen

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