

Key Person Disability Insurance

Funding For Replacing
Your Key Person

FOR

- Executives
- Sales People
- Physicians & Surgeons
- Engineers
- Most Occupations





SUCCESS

KEY PERSON DISABILITY

Most companies have key employees to which the success and profitability of the firm are directly related. The business would not be what it is without the knowledge, experience and skill of such Key Persons.

While it is routine for companies to insure their physical assets such as their office equipment and buildings, most overlook the obvious need for protecting against the loss of a Key Person as a result of a disability. Yet statistically the chances of a Key Person suffering a disability far exceed the threat of loss on the property of the firm.

The loss of a Key Person can be devastating, not only affecting the profitability of the firm but also productivity, customer relations, employee morale and in general the overall effectiveness of the firm. Protection against the loss of cash flow and the usual increase in costs when a key employee becomes disabled can be obtained with Key Person Disability Insurance.

QUESTIONS WHICH ANY FIRM SHOULD CONSIDER

- What are the contingencies for the company if a key employee is disabled?
- How hard will it be to locate and train a replacement?
- What type of compensation will it take to hire the new employee?
- What percentage of revenue is directly attributable to the Key Person?
- Would the Key Person's disability result in the loss of clients?
- How will creditors respond to the loss of a key employee?





HOW ARE KEY PERSON DISABILITY BENEFITS STRUCTURED?

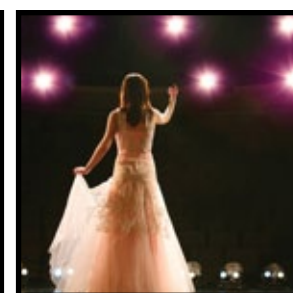
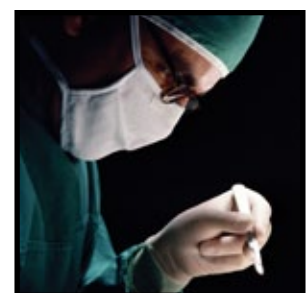
Monthly Benefit

The monthly benefit approach provides significant cash flow to the business following an elimination period of 30, 60, 90, or 180 days. Monthly benefits are typically designed to pay for 12 or 24 months. Benefits amounts are determined by looking at several different factors and are also dependent upon the needs of the firm. Normally 100% of the Key Person's income can be replaced, but often times benefits in excess of this can be obtained. Information which the firm can provide that demonstrates the value and/or the likely loss the firm will suffer in this person's absence is reviewed with this objective in mind.



Lump Sum Benefit

The lump sum benefit provides a capital infusion to the firm in a single cash payment. This approach is typically used when the firm has significant cash flow or savings to get them through a temporary period of disability, but the concerns for a long period of disability which would then create a major financial pinch. The benefit amount can be 3 times the annual income of the Key Person larger benefits are available but subject to financial justification. Elimination periods of 6 or 12 months are available.





BUSINESS REVENUE REPLACEMENT RIDER

In many cases a key employee may generate more revenue for the firm than their income justifies. If the Key Person disability insurance only replaces the income of the employee, this may not be to the financial satisfaction of the firm. For example a key sales person has the relationship with the top customers. His relationships attribute 70% of the revenues for the firm. If the key employee becomes disabled and the customers seek other service or product providers the firm will quickly find itself in a major cash flow problem. The Business Revenue Replacement Rider is used to replace 100% of the revenue generated by the key employee. This is done on an ascertained net loss basis which allows the firm to maintain their cash flow while seeking remedies to replace the sick or hurt Key Person.

WHO IS A KEY PERSON

A key employee is anyone who provides significant value to a company and whose long term absence would cause loss to the company. This could even be the owner of the firm or:

- A well known doctor or surgeon who attracts patients nationwide
- A hair stylist who is on the cutting edge of fashion
- A stock market expert who seemingly can foresee the future
- An entertainer whose popularity brings in the audience
- An architect who is in high demand
- An IT technician or engineer with the ability to keep the firm running
- A chef that draws the patrons to the restaurant
- An attorney who wins the big ones

