

KEY PERSON PROTECTION Case Summary

Client

An insurance agency relying on three top producers for 80% of its revenue.

Challenges

The agency is not protected in the event of the loss of any of these key employees.

Assessment

The agency should take a focused approach by insuring the value of its top producers. It should purchase and be the beneficiary of Key Person Life and Disability policies on each top producer to protect itself against the three reasons individuals leave employment before retirement: death, disability and resignation.

Action

The agency bought Cash-Value Life and Specialized Lump-Sum Disability insurance on each of the top producers with all benefits payable to the employer. To help retain these key people, the agency promised to give the life policies, with their cash value, to the insureds at their retirement.

Outcome

Both the agency and its top producers benefited from this arrangement. In addition to the added security of the coverage, the agency deducted the full cost of the insurance as a business expense and included the cash value as an asset on its balance sheet. The key people were grateful for the additional protection and equity in retirement. Ancillary Specialists will continue to assist the agency protect its Human Capital.

Call 717-796-1565 or email info@ancillaryspecialists.com for more information.