

KEY PERSON

Every business has assets that need to be protected, whether those assets are buildings, equipment, automobiles etc. However, often overlooked is what may be a company's most valuable assets – Key People (aka: key employee). While, all employees serve an important role in the businesses where they work, certain Key People are essential to the overall success of a business.

In a nutshell - Key Person Insurance protects your business against the loss of a key person. If there would be a financial loss to a business from an untimely death of a key person, insurance protection would cover this loss.



Key People may contribute talent and expert knowledge to their companies. As in possessing a specialized skill that may be essential to the success of the business. Or having a substantial client base that may leave the business/company if the employee prematurely dies. A key person may have a major ownership and/or decision-making role in the business.

Whatever the case may be, an untimely death of a key person within a business, means the business needs cash to cover the expenses associated with this loss. Replacing a key person takes time and money and could cost the business valuable clients during the transition. The cash may be used to fund a temporary employee or pay overtime to current employees who will take over some of the tasks and/or the reorganization of the deceased person's position. Another example is there may be a decrease in profits if the key person has a significant client base. The cash benefit may help a company through this transition.

Obtaining key person insurance to insure that the business will continue to operate on sound financial footing after a loss of a key person should not be overlooked in any business. A policy on a business/company owner can also provide the surviving partner(s) with the money to buy the deceased partner's stake in the company from the estate.

See: Fund a Business Transfer / Business Protection.

For more information on Key Person insurance, contact North Coast Life, your insurance agent or financial representative. Need help finding a local representative? Call 800-541-5858 or send your request through our contact page via our [website](#). Questions welcome via social media.

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www.nclife.com

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