

# KEY PERSON PROTECTION



## Protecting against the loss of a key employee.

Business owners aren't the only one whose death would hurt day-to-day operations or the business's long-term profitability. Key person life insurance protects the business against the loss of key employees, partners, or owners. It is simple to set up and easy to implement.

Examples of these key people can include:

- Top salespeople or client drivers
- The intellectual property employee
- A nonprofit's "rainmaker"
- Owners whose loss would jeopardize credit availability

### Coverage

Key person insurance is purchased by the employer and protects the business from financial loss resulting from the death of a key employee. It also helps creditors, employees, and shareholders remain comfortable about the business's longterm stability. Proceeds may be used to offset financial losses as well as recruit, hire, and train a replacement.

### Tax Implications

The business receives death benefit proceeds free from income taxes. However, it does not receive a tax deduction for premiums paid because it has beneficial interest in the policy. Potential tax issues, such as alternative minimum tax, may arise under circumstances if the business is a "C" corporation.

**Contact us regarding key person insurance.  
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