

How to protect your business when faced with the loss of a key executive

A business frequently succeeds or fails depending on the abilities and direction of few key employees. The loss of a main executive can have a negative and serious impact on the gains and the operations of a business. The results of this loss can be the following:

- Lost Sales
- A decreased production scale
- Reduced possibilities of obtaining credit for the business
- The additional cost of contracting and training a replacement

What is Key Executive Insurance?

The Key Executive Insurance Plan offers a business a simple and cost effective way to protect its operations against negative financial effects in case of death.

How does the Key Executive Plan work?

With the Key Executive Plan the business buys a life insurance policy with cash value on the life of the main executive. The life insurance policy, by means of the death benefit, can provide sufficient funds in order to compensate for the loss of that executive. It also provides:

- Accumulation of cash values that can be registered as assets of the business, improving the company's adequacy for credit
- Cash Values guaranteed by policy loans

How does the Key Executive Plan protect a business?

The Key Executive Plan will pay a company the death benefit sum upon the passing of the Principal Executive. This payment can be used by the company to lessen the company's financial burden that resulted from the loss of the insured employee.

A Key Executive Plan is simple and provides benefits for the business as well as the insured executive. The plan can also be used:

- As an indirect means to create a **Deferred Compensation Plan** which can supplement the retirement income of the Principal Executive
- To **buy the company share** of one of the owners or any one of the main executives (full surrender, buy-sell)
- To **obtain cash funds** in case of an emergency
- As a means to **provide necessary funds to compensate** the beneficiaries of the deceased Executive

Summary

The Key Executive Plan is cost effective and offers a company a simple way to protect its valuable assets- their key man employees. Your Pan-American representative can provide you with more information on how to structure a Key Executive Plan while determining which of our products offer the best options in order to satisfy your business needs.

- Provide clients and creditors with security concerning the future of your business
- Recuperate losses
- Provide funds necessary in order to contract and train employee replacements
- Compensate economic loss