

K7 Key Person - Product Summary

KIC Key person insurance is a life or disability policy that a business purchases on a crucial employee, such as an owner or top executive. The company pays the premiums and is the policy's beneficiary, receiving the death benefit if the insured individual passes away or becomes disabled.

The maximum age for coverage under this policy is 85.

The policy term shall not exceed 10 years from the inception date, contingent upon the insured's continuous employment with the same employer.

Additionally, coverage is subject to annual reviews of the insured's employment status and health.

Coverages Highlights:

K1: Death Due to Accident:

KIC provides a lump sum payment to the insured's designated beneficiary in the event of accidental death. If a dependent child passes away, payment will be made to the policyholder.

K2: Permanent Accidental 100% disability threshold:

KIC offers financial support if the insured suffers a complete and irreversible disability due to an accident, which prevents them from engaging in any occupation.

K4: Death from Illness:

KIC offers financial protection to the insured's beneficiaries in the event of the insured's death resulting from a covered illness. In the unfortunate event of the insured's death due to a covered illness, a lump-sum payment is made to designated beneficiaries, providing financial support during a challenging time.

K5: Permanent Disability from 100% Illness:

KIC provides financial support to the insured in the event of a permanent and total disability resulting from a covered illness, ensuring stability during a life-altering situation by a lump-sum payment if the insured suffers a 100% disability due to a covered illness, which prevents engagement in any occupation permanently.

K7: Death from Any Reason:

This comprehensive policy provides financial protection for beneficiaries in the event of the insured's death, regardless of the cause. Covering death due to both accidental and non-accidental causes, it offers broad and inclusive support, ensuring that the insured's loved ones are financially protected.

Factors Influencing Cost:

The cost of key person insurance varies based on several factors:

- **Type of Policy:** Term life insurance is generally more affordable than permanent life insurance.
- **Coverage Amount:** Higher coverage amounts result in higher premiums.
- **Key Person's Profile:** The age, health, and role of the insured individual significantly impact the premium.
- **Business Details:** The company's industry, financial health, and size can also affect costs.

Estimated Costs:

While exact premiums depend on the specific circumstances, some general estimates include:

- **Term Life Insurance:** Premiums can range from approximately \$100 per month to \$1,000 per month, depending on the coverage amount and the insured's profile.
- **Permanent Life Insurance:** These policies are more expensive due to their cash value component and lifelong coverage.

Determining Appropriate Coverage:

To assess the necessary coverage amount, businesses often consider:

1. Annual Compensation Multiplier

Multiply the annual compensation of the key person by the number of years estimated for a replacement to reach full productivity. This could be 3 to 5 years, depending on the role's complexity.

2. Revenue Contribution

Estimate the key person's direct contribution to the company's revenue or profit. This might be a percentage of revenue they influence or a direct sales contribution.

3. Replacement and Recruitment Costs

Factor in recruitment fees, training, and onboarding costs to bring in and prepare a replacement.