



# THE PLUS GROUP

America's Premier Disability Marketing Organization

Please contact your local Plus Group office for more information.

Go to [www.plusgroupus.com](http://www.plusgroupus.com) and click on the office locator map to find an office near you

or

call 800/831-1018



# Key Person Disability Coverage

Thomas Petersen, Petersen International Underwriters

Who is a Key Person

**Knock Knock!**

# The CEO

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- ▶ Take the Case of.....
- ▶ Disney
- ▶ How valuable is the CEO?
  - ▶ Depends on what they bring to the table!



# The Rainmaker

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- ▶ Take the Case of
  - ▶ 20 Lawyer firm

Is there a need  
for Key person DI?

# The One Person Company

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- ▶ Take the Case of.....

Cola Company buys Fruit  
Juice Company



# The Medical Clinic

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- ▶ Take the Case of.....

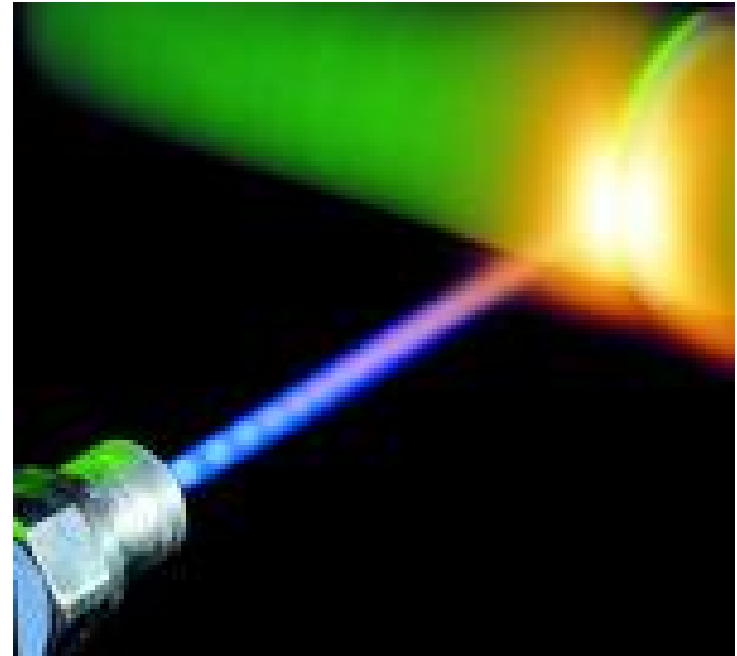


# The Engineer

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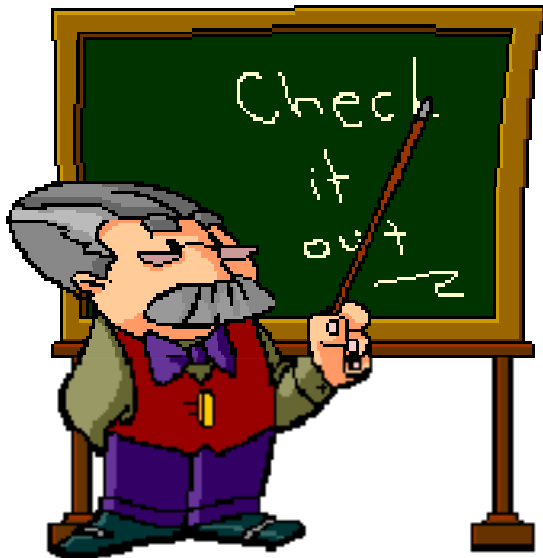
- ▶ Take the Case of.....

Laser Optics



# The Consultant

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- ▶ Take the Case of Dr. K
  - ▶ Financial Backers (3)
  - ▶ Staff (3)
  - ▶ Other issues:
    - ▶ Previous Heart Attack
    - ▶ Age 62

# Why Key Person Coverage?

Stats and Stuff We Often Don't Realize!

# Body Parts Versus Machinery Parts

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- ▶ **Machines Break downs**

- ▶ Cost to business \$\$
  - ▶ Non-operating machine
  - ▶ Repair
  - ▶ Lost revenue

- ▶ **Body Break Down**

- ▶ Cost to business \$\$
  - ▶ Non-Performing
  - ▶ Repair
  - ▶ Lost Revenue

# The Two Line Story



Firm's Revenue

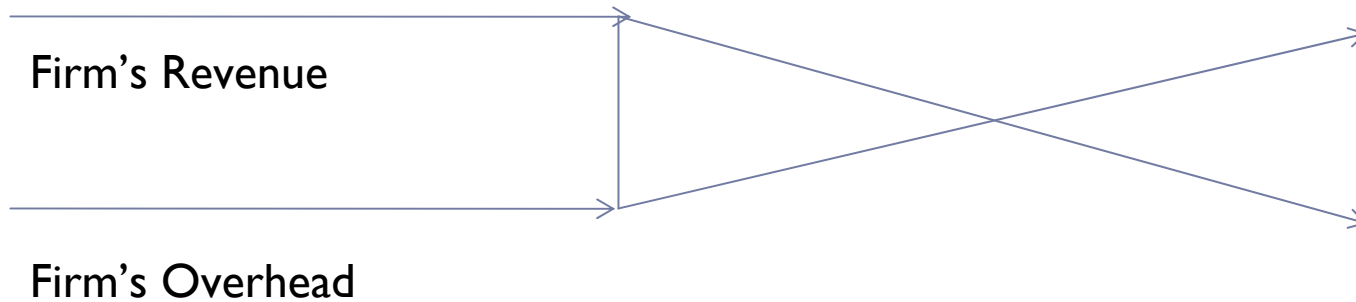


Firm's Overhead



# The Two Line Story

A Disability Strikes!



# Disability Statistics

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- ▶ **In the U.S., a disabling injury occurs every 1 second, a fatal injury occurs every 4 minutes.**  
National Safety Council, Injury Facts 2008 Ed.
- ▶ **Three in 10 workers entering the work force today will become disabled before retiring.**  
Social Security Administration, Fact Sheet January 31, 2007
- ▶ **Over 6.8 million workers are receiving Social Security Disability benefits, almost half are under age 50.**  
Social Security Administration, Fact Sheet January 31, 2007
- ▶ **While many people think that disabilities are typically caused by freak accidents, the majority of long-term absences are due to back injuries and illnesses, such as cancer and heart disease.**  
Council for Disability Awareness, Long-Term Disability Claims Review, 2007
- ▶ **In the last 10 minutes, 498 Americans became disabled.**  
National Safety Council, Injury Facts 2008 Ed.

# Disability Statistics

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- ▶ **An illness or accident will keep 1 in 5 workers out of work for at least a year before the age of 65.**  
Life and Health Insurance Foundation for Education, November 2005
- ▶ **One in 7 workers can expect to be disabled for five years or more before retirement.**  
"Commissioners Disability Table, 1998," Health Insurance Association of America, the New York Times, February 2000
- ▶ **The average long-term disability absence lasts 2.5 years.**  
Commissioner's Individual Disability Table A

# If We Lose our Key Person.....

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- ▶ The company will survive!
  - ▶ Really?
  
- ▶ That would be detrimental!
  - ▶ Santa Barbara CFO



# We Have Life Insurance!

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- ▶ We don't need Disability Insurance too!



- ▶ Foreclosures (HUD)

- ▶ Tax Consequences

# We Have a Buy Sell!

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- ▶ **Buy Sell Purpose**
  - ▶ Partners and Owners
    - Packaging a Buy Sell with a Key Person is a great 1 – 2 punch!
- ▶ **Business Overhead?**



# What are My Options?

Plan Designs

# Plan Designs

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- ▶ Monthly Benefits
- ▶ Lump Sum Benefit
- ▶ Income Replacement or Revenue Replacement

# Action Plan for this Economy

# Action Plan

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- ▶ Look through current files
- ▶ Add the words “Key Person” into vocabulary!
- ▶ Discuss the impact of the business as well as family and self to prospects
- ▶ Are you prepared to make more sales??



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