



Business Solutions

Key Person

Consumer Brochure





KEY PERSON

Whether you own a large company or a small family-operated business, the success of your business depends on smart strategy and planning. It's important to protect your hard work. North American Company offers business solutions to help ensure that all the effort and money invested in a business won't disappear when the unexpected happens.

HIGHLIGHTS	KEY EMPLOYEE PROTECTION
Why life insurance?	Life insurance provides funds to cover the loss of a key employee.
Who can benefit?	Employers, owners, or stockholders could benefit.
How does it work?	The company/employer is named beneficiary of the policy and collects the death benefit upon key employee's death.

Key Person Life Insurance

Most companies have a person whose position is vital to the success of the business. A key person may be an owner, partner, or employee without whom your business would suffer serious consequences, such as loss of credit, loss of key accounts, diminished earnings, unexpected replacement costs, or even the loss of your remaining employees' confidence in the future of the company. Ultimately, every business will be in this position sooner or later, due to a death, disability, or a key employee deciding to leave the company.

Why Life Insurance?

From modest family operations to multi-billion dollar corporations, the death of a key person can seriously cripple the stability of a business. With life insurance, the business can use the death benefit proceeds to help cover the expense of hiring and training a replacement. If the key person becomes disabled or leaves the company, the policy's accumulated cash value could provide a source of income or money to find a replacement. Often a key person is also an owner of the company. If an owner were to die, a life insurance policy could help to protect remaining owners from a forced sale or loss of control of the business. Life insurance can be a cost-efficient, relatively simple solution, and the funding can be guaranteed and is generally tax-free.¹

Who Can Benefit?

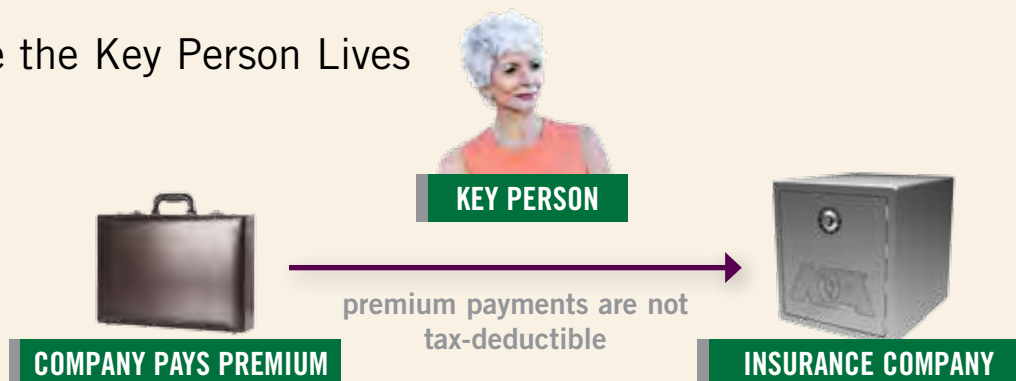
Purchasing key person insurance helps to protect business owners from shouldering the financial burden of replacing the deceased employee. Depending on how much the key person's contribution is worth to the business, it can be expensive and difficult to compensate that kind of loss to company operations. Surviving owners may have to borrow the funds necessary to hire and train a replacement at expensive interest rates, which could damage the business. It could mean liquidating business capital still needed by the business, which could also have negative effects. Sometimes, borrowing isn't an option at all – especially when the stability of the company is in question. Surviving owners could be forced to use their personal property – homes, cars, etc. – as collateral on a private loan. And ultimately, if none of these risky options work, the business could lose the confidence of outside investors, customers and employees.

How It Works:

It's simple. The business purchases a policy on the key employee's life, pays the premiums, and is the beneficiary of the policy. If the key employee dies while the policy is still in force, the company receives the death benefit proceeds to help cover financial losses resulting from the employee's death. These financial losses could include:

- Loss of managerial skill and experience
- A decrease in sales
- An adverse effect on production
- A restriction on credit to the company
- Expense of recruiting and training a replacement

While the Key Person Lives



When the Key Person Dies



The accumulated cash value of the insurance policy can also be used while the key employee is still alive. If, for example, the employee becomes disabled, is terminated, or leaves the company voluntarily, the owner of the policy (the business) could use the cash value to help with the financial impact of the situation.²

Placing a dollar value on a key employee's worth to a company can be difficult. There are many things to consider, like the employee's current salary, net business profits directly attributed to the key employee, and the employee's future value to the company. Your North American agent can help you estimate how much life insurance is right for your company's particular needs.

You've worked hard to make your business a successful one. Help ensure its continued success by planning for the unexpected.

Contact your North American representative today to learn more about this essential business solution.

North American Company for Life and Health Insurance has been providing quality life insurance products since 1886. As one of the leading life insurance companies in the U.S., we'll make it as easy as possible for you to become one of our insureds. Please visit our Website at www.NorthAmericanCompany.com to find out more about our company.

1 Neither North American Company for Life and Health Insurance nor its agents give legal or tax advice. Please consult with and rely on a qualified legal or tax advisor before entering into or paying additional premiums with respect to such arrangements.

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2 Income and growth on accumulated cash values is generally taxable only upon withdrawal. Adverse tax consequences may result if withdrawals exceed premiums paid into the policy. Withdrawals or surrenders made during a surrender charge period will be subject to surrender charges and may reduce the ultimate death benefit and cash value. Surrender charges vary by product, issue age, sex, underwriting class, and policy year.



We're Here For Life[®]

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