



## Coverage Insights

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### Key Person Disability Insurance

If an employee crucial to the function of your business becomes disabled, would day-to-day activity continue as usual or would disorder and uncertainty ensue? Would you be able to maintain the same level of business expectations and revenue stream? How will you cover for the financial loss of the employee or pay for a temporary replacement during his or her recovery? Key person disability insurance could help you answer these questions with confidence. It is designed to provide financial stability in a time of stress and anxiety due to the sudden loss of an important employee.

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#### Who Needs Key Person Disability Coverage?

Lots of businesses benefit from key person disability insurance, like those with the following:

- Employees who would be extremely difficult, time-consuming or expensive to replace (ex: central decision makers, chief executives, vital sales managers or employees whose ideas have critical commercial impact)
- Highly skilled employees with unique training
- Employees with exclusive ties to key clients, like sports stars
- Narrow profit margins where a staff loss would mean financial trouble
- The need to protect their revenue stream from loss (ex: hospitals protecting against the loss of a high-earning, respected surgeon)
- A potential devastation if a high revenue-producing client (ex: actor, writer or other entertainer) became disabled and unable to perform

In the event a vital employee becomes disabled, this type of insurance provides the company with disability income checks to make up for financial loss or use for temporary replacement costs.

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#### Key Person Disability vs. Key Person Life

When most business leaders think of purchasing key person disability coverage, they turn to life insurance. However, industry leaders point out that the chance of losing a key person to disability is 17 times greater than losing a key person to death, and the costs of hiring a recruiter to replace the key person and training him or her for a short period of time could be much more exorbitant than finding a permanent replacement.

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## Requirements and Coverage Options

To obtain key person disability coverage, the individual must be a consenting employee and you must illustrate that would incur substantial financial loss without him or her. To qualify as a key person, most insurers require that the employee's salary be in a top percentage of the company. Qualifications vary based on the insurer. All key person disability policies are written specifically for the employee in question. To learn about coverage options, limits and other plan details, call 562.435.4267 to talk to an expert at Bryson Financial.

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