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HOODSWEENEY

Key Person Insurance

What would happen to your business if your main income producers were unable to work?

One of the most valuable assets of a business is the one that produces the most profit. Unlike material assets, human assets cannot be replaced easily.

In the event that a significant income producer in your business prematurely died, became totally and permanently disabled or suffered a trauma and was unable to work, would your business be able to survive the following:

- The potential loss of income and revenue brought into the business by your major income producer?
- The loss of key accounts or potential clients?
- Repayment of any loans to your key individual's estate?
- The loss in revenue while locating and training a suitable replacement?

Key person insurance provides financial protection against potential lost revenue, profits and capital value should a key person suffer a major illness, injury or death.

Key person insurance provides a pre-determined benefit upon death, total and permanent disability or trauma, which provides the business owners some breathing space to stabilise and maintain the value of the business.

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How do you identify a key person?

A key person can be described as one whose death, disablement or trauma might have an adverse financial impact on the business.

A key person may vary from company owners and directors to sales staff and business development managers. Anyone who, when lost to the business, would be difficult and costly to replace, whether it is because of their knowledge, talent, overall contribution or business presence.

What can key person insurance cover?

Key person insurance can help a business to cover the following:

- Compensation for falls in revenue
- Costs to locate, recruit and train a full-time replacement
- Cost of a temporary replacement until a full-time replacement can be recruited
- Loss of goodwill to owners
- Repaying the key person or their estate for loans made to the business
- Repaying other business debts that may be called in
- Replacing lines of credit guaranteed by the key person

Most businesses take out insurance cover for assets which don't make them a profit - plant, equipment, vehicles etc - but it is the human asset that can turn capital and assets into a profit.

Hood Sweeney Securities is our Financial Planning arm including a life risk specialist, assisting you with:

- Key person planning
- Income protection insurance
- Life insurance protection
- Permanent disability insurance
- Trauma insurance
- Business succession planning
- Group insurance
- Guarantee/debt protection
- Business overhead insurance.

The road to a prosperous future starts by managing your current cash flow and generating enough income to establish a clear financial position, allowing you then to create a portfolio that will sustain you into retirement.



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