

Business Life Insurance

HOW DO YOU PLACE A VALUE ON EMPLOYEES?

Agency Producers



As an agency owner, your agency revenue is your most valuable asset. The quality personnel you've selected help ensure that revenue continues to grow. Are there people in your agency you would have trouble replacing if they were no longer there?

Consider this:

A seasoned producer brings in \$600,000 of commission revenue per year. He or she makes 40 percent first-year and 35 percent renewal, earning approximately \$225,000 per year. How would you replace this individual in the event of an unforeseen death from accident or illness? Who will provide service to these accounts?

Recommendation:

A key-person life insurance policy from The Cincinnati Life Insurance Company reimburses the agency for economic loss due to the death of a key employee and provides funds necessary to recruit, hire and train replacements.

Here's how it works. The agency:

- notifies the producer that it will purchase a specified amount of life insurance on the producer's life
- receives the producer's consent in writing
- applies for the life insurance policy and is designated as the owner, payer and beneficiary
- receives the death benefit if the producer dies

Policy premiums are not tax deductible, and the death benefit is usually not subject to federal income tax

Next steps:

How much life insurance should you get? The most common method is the "multiple of earnings" method. Multiply the producer's total compensation by 5 to 15 times depending upon the producer's age to arrive at a reasonable replacement amount.

Contact the Advanced Markets department, 866-888-1071, or your Cincinnati Life sales field representative to discuss your agency's specific needs.



Everything Insurance Should Be®

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This is not a policy. For a complete statement of the coverages and exclusions, please see the policy contract. All applicants are subject to underwriting approval. Products and riders available in most states.

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