



# Key Person Checklist

Use this checklist when gathering information alongside the client to help the case go through underwriting efficiently. A separate checklist should be completed for each key person.

## Questionnaire

Key Person Name: \_\_\_\_\_

Salary: \$ \_\_\_\_\_

Title/Position: \_\_\_\_\_

Percent ownership: \_\_\_\_\_

Age: \_\_\_\_\_

Planned retirement age: \_\_\_\_\_

Which of the following impacts would occur due to the death of this key person?

- |  |   |
|--|---|
| <input type="checkbox"/> Cost of temporary replacement                         | <input type="checkbox"/> Loss of business value to stockholders |
| <input type="checkbox"/> Cost of recruiting/training permanent replacement     | <input type="checkbox"/> Loss of guarantee on business loans    |
| <input type="checkbox"/> Profit losses due to decreased sales                  | <input type="checkbox"/> Business continuity (loss of an owner) |
| <input type="checkbox"/> Profit losses due to delay or cancellation of project | <input type="checkbox"/> Other _____                            |
| <input type="checkbox"/> Replacement/outsourcing of specialized knowledge      |   |

How many years of coverage are needed? \_\_\_\_\_

What amount of death benefit is needed? \$ \_\_\_\_\_

What type of coverage is desired?

- Term life insurance
- Guaranteed universal life insurance
- Indexed universal life insurance

Which valuation method was used to determine death benefit amount?

Note: These are not additive. Be sure to select only one.

- Multiples of income method** – Simply multiply the key employee's salary by a factor.  
For example  $100,000 \times 10 = 1,000,000$  death benefit.
- Replacement cost method** – Based directly on the incurred costs associated with a replacement (i.e. salary, ongoing expenses for hiring and training, as well as costs associated with lost revenue).
- Contributions to earnings method** – Calculated based on the amount of profits (%) directly contributed by the key employee. This figure is then multiplied by the number of years needed to train a replacement (e.g. 40% of company profits x 3 years of training = \_\_\_\_\_).

## Next Steps

When ready to proceed, fill out the required business insurance supplement form and submit it along with the completed application.

Including this checklist and a cover letter can also aid the underwriting process.