

North American's business solutions

Key person agent worksheet

Identify all key people.

This may include anyone whose loss would have a direct or indirect financial impact on the company.

KEY PERSON ROLE	NAME	SALARY
High-level executives		
Key relationship contacts		
Specialized skills		
Specialized knowledge		
Key sales and marketing		
Managers and directors		
Special project coordinators		
Owners		
Other		

Identify types of potential financial loss.

TYPE OF LOSS	ESTIMATED COST
Cost of temporary replacement	
Cost of recruiting/training permanent replacement	
Profit losses due to decreased sales	
Profit losses due to delay or cancelation of project	
Replacement/outsourcing of specialized knowledge	
Loss of business value to stockholders/share holders	
Loss of guarantee on business loans	
Business continuity (loss of an owner)	

Identify coverage length.

- Short-term _____
- Long-term _____
- Ongoing _____

Identify type of coverage.

- Term life insurance
- Universal life insurance (without cash value)
- Universal life insurance (with cash value)

Discuss planning for future needs of the company.

Notes:

Determine valuation method.

- Multiples of income method** – Simply multiply the key employee’s salary by about 5-7 years. This method is both common and easy to use.
- 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 = _____).

Estimate total of coverage needed. _____

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