



Protect your business with insurance

Advisor tips

This tip sheet can help you use the [Protect your business with insurance \(form 46-10319\)](#) brochure with business owner clients. For additional help, speak with your sales partners at the sales and marketing centre.

Why use Protect your business with insurance?

Business owners often don't have a lot of spare time, even when it comes to financial security planning conversations. This brochure can help you start the conversation with business owner clients by focusing on a key idea: How individual insurance can help business owners plan for the unexpected and address their business needs.

When to use it

Use it as a conversation opener during one of your initial meetings with business owner clients or send it after an impromptu conversation with a prospect to reinforce your conversation and the value you can bring to their business. Tailor your approach to focus on certain topics depending on their needs or business stage (for instance, new, growing or established business owners).

Positioning

Clients may not realize how versatile insurance can be, and that it can help meet their business needs. The next time you meet with business owner clients, try using this speaking point:

Insurance can do a lot more than you might realize. Part of running a successful business means you're prepared for the unexpected. Insurance is one of the best ways to do so. I can help you put together a customized financial security plan to help meet both your business and personal needs.

Topic 1 - Protect your business today

Ask the client	Insurance solution
Would your business be protected if one of your key employees died, became seriously ill or couldn't work because of an injury?	You can protect your business by insuring key people in a couple of ways: <ul style="list-style-type: none"> • Term life insurance



	<ul style="list-style-type: none"> • Critical illness insurance <p>Both provide money to help:</p> <ul style="list-style-type: none"> • Attract, hire and train new employees • Cover lost revenue • Convince creditors you'll be able to meet commitments • Assure existing employees and customers that your company may have the means to continue
<p>Who will pay off your business loans when you die?</p>	<p>Life insurance may meet your needs better than creditor insurance. Here are some benefits:</p> <ul style="list-style-type: none"> • It's not tied to your loan, so if you switch lenders, your insurance coverage stays. • If your health changes, your insurance coverage stays the same and you don't have to medically re-qualify if your policy is kept in force. • Your coverage stays the same throughout – it doesn't go down as you pay off the loan balance. As long as you haven't changed your policy – for instance, decreased coverage or benefits, taken out a policy loan or made a withdrawal.
<p>Do you have a business partner? Do you have a plan in place that spells out exactly what would happen if you or your partner had to leave the business unexpectedly?</p> <p>Would you have enough money to buy their share of the business? Could they buy your share if something happened to you?</p>	<p>It's important to have a buy/sell agreement in place.</p> <p>A buy/sell agreement is a legal agreement between each partner/co-owner about what will happen if one partner is forced to leave the business because of a disability or death. A buy/sell agreement explains in detail how the remaining partner(s) agree to buy out the injured/deceased partner's shares.</p> <p>The purpose of a buy/sell agreement is to put everything in writing to help prevent disagreement later.</p> <p>Your lawyer or tax professional can help you establish a buy/sell agreement.</p> <p>However, it's crucial you have funding for the agreement in place. I can help you do this and recommend using life, critical illness or disability insurance. All of these choices can help you fully or partially fund a buy/sell agreement.</p>



<p>How would you and your family cover expenses if you weren't able to run the business due to a serious illness or injury?</p> <p>What if you died?</p>	<p>I can work with you to put together a financial security plan using individual insurance so you're covered if the unexpected should happen.</p> <p>Three options:</p> <p>Critical illness insurance: If you experience a covered critical illness, you receive a one-time lump-sum payment you can use however you want.</p> <p>Disability insurance: If you're disabled and can't work, disability insurance can give you a percentage of your monthly income over the short- or long-term, to help cover ongoing expenses.</p> <p>Life insurance: When you die, whomever you choose (family, successor, the business) receive insurance proceeds, called a death benefit.</p> <p>Permanent life insurance includes features that can grow money inside your policy over time. You can access this money while you're still alive to help you do what you've always wanted - more retirement income means you can choose how you'd like to transition your business (immediate or gradual). Or you could leave a larger legacy for whomever you choose. The choice is yours.</p>
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Topic 2 – Exit strategy for their business

Ask the client:

Have you thought about how you'll transition your business when you retire? It's important to have a plan in place to ensure a smooth transition. Insurance can help you do more with your money and fund your transition plans. Have you thought about your options?

- **Sell your business** – to a business partner, current employee or someone else
- **Liquidate your business** – split up and sell parts of your business separately
- **Pass it along to family** – keep the business in the family by passing it to children (and do so efficiently and fairly)

I can help you plan for a smooth transition using individual insurance.



Topic 3 - Their estate

Ask the client	Insurance solution
<p>Do you have a plan in place to take care of your loved ones when you die?</p>	<p>Although we hope to live a long life, in reality that's not always the case.</p> <p>Life insurance can help protect your business and your family financially when you die.</p>
<p>Are you growing your wealth in a tax-efficient way?</p>	<p>Life insurance is about more than just providing money to whomever you choose when you die.</p> <p>Permanent life insurance includes features that can provide major tax saving benefits while you're alive.</p> <p>You can pay less tax in two ways:</p> <ol style="list-style-type: none"> 1. Tax-advantaged growth With many investments, you're taxed on growth each year. Permanent life insurance is different. If money grows within the policy*, it's not taxed until it's withdrawn. 2. Tax free benefit payment for recipients When you die, individual insurance proceeds go to whomever you choose tax-free – perhaps family, creditors, successor, business. Both options can help a business save money on taxes. This means you can have more money to spend while you're alive and more for your estate when you die. <p>*Within legislative limits</p>
<p>What about your estate?</p> <p>Will there be any challenges when it comes time to split up assets between family members?</p>	<p>Life insurance can help equalize your estate and split up assets equally between recipients as it provides more assets available for division.</p> <p>It's not always easy to do this – for example, if you want to leave the business to only one child.</p>



Common objections

Objections	Opportunity
I want to think about it.	I understand. Do you have any specific concerns/questions about what we've just talked about? I want to make sure you have as much information as possible before you leave today.
I'll take my chances and deal with it if it happens.	<p>The best time to buy insurance is when you don't need it – in other words, when you're young [if applicable to the client], healthy and things are going great. If a time comes when you do need insurance, you might not be able to get it.</p> <p>Your business could face significant challenges if something unexpected happens.</p> <p>While you could set aside money on your own to cover expenses if you/a business partner/key employee were too sick or injured to work, or died, is that the best use of your hard-earned money?</p> <p>It may be better for you to use money from an insurance company rather than your own funds.</p>
All of my money is tied up in running the business. I'll look into this later when I have more cash available.	<p>Right now is probably the best time for you to get coverage – you're young [if applicable to the client] and healthy and that makes it easier to qualify and protect your future.</p> <p>And we have options so your coverage can grow as your business and cash flow do.</p> <p>Many insurance products include choices so you can start with a smaller coverage amount and increase it later, without having to answer further health questions.</p>
It's too expensive.	<p>If the unexpected happens and you don't have insurance coverage, it may be far more expensive to you and your business.</p> <p>If money is an issue, let's look at your monthly budget and see if there's a way to carve out money to cover those costs.</p>
I don't think it's going to happen to	Whether we realize it or not, we're all at risk. Nearly half of all Canadians will experience a critical illness, disability or die before age 65.* This statistic shows the likelihood that an average 30 year old non-smoking Canadian may need critical illness, disability or life insurance.



me.	<p>[Refer to Age table - Risk of disability, critical illness or death before age 65]</p> <p>Let's look at this table, which shows the likelihood an average Canadian in your age range could experience a critical illness, disability or die before age 65. So based on your current age, your risk could be [insert percentage here]</p> <p>Let's look at how critical illness, disability or life insurance can help protect what matters to you if the unexpected should happen.</p>
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*Based on a 30-year-old male or female, non-smoker, standard risk. Sources: Canadian Institute of Actuaries critical illness standalone base incidence tables. Statistics Canada life tables and the 1985 Commissioner's Individual Disability A Table (1985 CIDA).

Additional resources:

Client presentation: *Your business, your future: Opportunities with insurance*
 Fact find: corporate business owners (form 99-5661)

Client brochures:

- *Funding a buy/sell agreement* (form [B2959](#))
- *Accessing the cash values in your life insurance policy* (form [46-4923](#))
- *Boss Plus at a glance* (form [B2653](#))
- *Partner buy-out at a glance* (form [B2694](#))
- *Business owner solutions- Manage risk for you and your business* (form [46-8375](#))

Tools:

- *Critical illness insurance to protect your assets* (available on [Your Key Connection](#))
- *Funding a buy/sell agreement* (available on [Your Key Connection](#))
- *Corporate asset transfer with cash withdrawal* (available on [Your Key Connection](#))
- *Corporate Save it, spend it, leave it* (available on KeySource)
- *Corporate tax grind* (available on KeySource)