

Case In Point:

Key Person – Hospital CEO

Background

A local non-profit hospital client underwent an extensive search for a new Chief Executive Officer. To help attract the right executive, the hospital offered a competitive compensation package that included group benefits, including long-term disability, vision and life insurance. However, the new CEO was a key employee, bringing unique skills and experience not easily replaced, so they also felt it was crucial to secure key person insurance.

Solution

The hospital secured Principal Life Insurance Company's Key Person Replacement insurance policy with a 90-day Elimination Period and \$10,000/month benefit, followed by a 365-day Elimination Period with a \$110,000 lump sum benefit. If the executive suffers a disabling illness or injury, the hospital can use the benefits as needed to fill the key man gap. In many cases, these benefits are used to pay for the cost of recruiting and hiring a temporary or permanent replacement.

Compensation¹

\$2,295 in annual premium; \$1,148 in first-year commission; \$459 in renewal commissions over five years.

¹ Assumes Series 700 compensation, 100 percent persistency and no annual coverage increases. Renewals projected over a five year period.

Key Person Replacement insurance is not available in all states. Go here for more information.

Please remember to abide by the company's policy on disclosure of compensation. You can obtain more information, as well as a disclosure form, at www.principal.com.