

## BUSINESS CONTINUATION – KEEPING IT IN THE FAMILY

Case Study Series



### Client profile:

Two owners of a large, successful company looking to establish coverage to protect the future of the business.

### The situation:

The founder and majority owner wants to ensure the family will maintain ownership of the business in the event of the death of the minority owner. While the minority owner performs a critical role in business operations, he is an investor, not a family member. They have already considered multiple scenarios in which a clear business succession plan will be necessary to continue operations. They are looking for coverage solely to buy back the ownership shares of the minority owner.

### The problem:

The owners are interested in permanent life insurance; however, they also need to stay within the budget of the business.

### The solutions presented:

The agent presented two options for the business to purchase:

1. Minority owner – \$4 million 10-pay Whole Life with the Chronic Illness Rider and \$6 million 30-year Term  
Majority owner – \$10 million Paid Up at 65 Whole Life and \$10 million 20-year Term
2. Minority owner – \$10 million Universal Life  
Majority owner – \$20 million Universal Life

### The decision:

After comparing Cincinnati Life's Whole Life product to Guaranteed Universal Life, the business owners chose the first option. While the cost of coverage for whole life was slightly higher than that of universal life, the whole life policies provided guaranteed cash value. This additional benefit was valuable enough to compensate for the initial price difference.

### The takeaways:

The agent worked closely with the company's CFO and attorney to make sure the structure and ownership of the business succession plan is aligned with company needs. The company owns the policies, pays the premiums and is the beneficiary of all death benefits.\* This structure ensures that the family maintains ownership of the business in the event of an owner's death.

\* In situations where the company owns insurance on the life of a current employee, both the employer and the insured must comply with Employer Owned Life Insurance Requirements of Notice and Consent prior to the policy issue date.



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