

# Reference Business insurability coverage

**Business Insurability coverage for business-owned life insurance enables the purchase of additional life insurance during the first 10 years of the policy based on the increased value of the business during that time – without new proof of insurability.**

## Target market

- Business owners, whether sole-proprietor, shareholder or partner, who expect to see the value of their ownership stake increase significantly over the next 10 years.
- Businesses currently lacking the financial capacity to cover financial loss as a result of the death of an owner.

## Key features and benefits

Business Insurability coverage is the ideal solution to meet the life insurance needs of a growing business. Offered on all life coverages from Desjardins Insurance, Business Insurability coverage enables a business owner to acquire additional insurance based on the increased value of their share of the company without the need for new proof of insurability.

### The benefit could be used to:

<b>1</b>	Fund a buy-sell agreement.
<b>2</b>	Pay capital gains taxes for the increased value of the company.
<b>3</b>	Pay down debt.
<b>4</b>	Cover other financial consequences resulting from the death of a business owner.

## Eligibility

To be eligible for Business Insurability coverage, the business must be headquartered in Canada and have been operating for at least the past three consecutive years.

In addition, the initial amount of the Business Insurability coverage cannot exceed 200% of the insured's total amount of life insurance.

# Business insurability coverage

## SUMMARY

Issue age (Age nearest birthday)	18 to 65 years old
Policy owner	<ul style="list-style-type: none"> <li>The company</li> <li>One policy per company</li> </ul>
Insured	<ul style="list-style-type: none"> <li>Owner(s) of the company</li> <li>The insured must have a life insurance coverage in the contract</li> <li>If there are multiple owners, they can be on the same policy if the policyowner is the same</li> </ul>
Coverage amount	<ul style="list-style-type: none"> <li>Minimum: \$100,000</li> <li>Maximum:               <ul style="list-style-type: none"> <li>The lesser of \$3.3 million and 200% of the sum insured</li> <li>The maximum amount cannot be greater than the insured's share of the fair market value of the business</li> </ul> </li> </ul>
Maximum cumulative insurance amount that can be exercised	<ul style="list-style-type: none"> <li>Up to three times (300%) the Business Insurability coverage amount.</li> </ul>
Termination of the Business Insurability coverage	<p>The option terminates when any of the following occurs:</p> <ul style="list-style-type: none"> <li>After 10 years</li> <li>Death of the insured</li> <li>When the maximum cumulative amount has been exercised (three x the Business Insurability coverage amount)</li> <li>The business name (i.e. policy owner) is changed</li> <li>The business is dissolved</li> <li>The insured's life insurance coverage ends</li> </ul>

## EXERCISING OPTIONS

Insurance amount	Business Insurability coverage can be exercised on each policy anniversary during the first 10 years of the policy.
Maximum amount	<p>The lesser of:</p> <ul style="list-style-type: none"> <li>The increased value of the owner's share in the fair market value of the business, and</li> <li>The maximum cumulative insurance amount less any amounts previously exercised.</li> </ul>
Financial requirements	<ul style="list-style-type: none"> <li>Financial statements covering the last three fiscal years</li> <li>A document indicating the insured's ownership share of the business.</li> </ul>

## PRODUCTS AVAILABLE

Traditional Life insurance	<ul style="list-style-type: none"> <li>T10, T15, T20, T25, T30 and Term to 65</li> <li>Term to 100</li> <li>Whole Life Guaranteed 10, 15 and 20 Pay</li> <li>Whole Life Guaranteed to 65 and to 100</li> </ul>
Participating Life insurance	<ul style="list-style-type: none"> <li>Whole Life 5 Pay</li> <li>Whole Life 10 Pay</li> <li>Whole Life 20 Pay</li> <li>Whole Life to 100</li> </ul>
Universal Life insurance	<ul style="list-style-type: none"> <li>T10, T20 and T100</li> </ul>

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