

CALCULATION SHEET

Business Insurability Coverage

Business Insurability coverage is a complement to life insurance that's tailored to the changing needs of your client with a growing business. It enables the purchase of additional life insurance – **without new medical evidence** – during the first 10 years of the policy if the value of the business increases during that time. Here is how to determine the amounts.

Step 1: Determine the fair market value

The fair market value is the average net profits of the business during the last 3 fiscal years multiplied by 10 and then multiplied by the percentage share in the company of the insured.

Note: This valuation method is used to approximate the fair market value of the business. Underwriting may accept this valuation or use any other method that it considers appropriate based on the situation of the company.

Business name					RESET DATA
	Net earnings	Non-recurring income	Non-recurring expenses	Adjusted net earnings	
Last year completed	-	+	=		
1 year prior	-	+	=		
2 years prior	-	+	=		
			Total =	A	
Average	A ÷		3	=	B
Fair market value	B ×		10	=	C
Life insured's share	C ×		%	=	D
Fair market value for the insured is					D

Step 2: Choose the business insurability amount

Choose from a minimum of \$100,000 to a maximum of your Fair Market Value (D), not to exceed the lesser of \$3,333,333 and 200% of the sum insured.

Enter the business insurability amount desired	E
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Step 3: Determine the maximum amount that can be purchased

This option can be exercised up to 3 times. Therefore, the maximum amount of life insurance that can be added to the coverage is:

The maximum coverage amount	E × 3 =	% =
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200 Rue des Commandeurs, Lévis, QC G6V 6R2 / 1-866-647-5013