

Insurance for Business Persons

Insurance is the promise to pay on an event when it is most needed. Business owners are defined as people that take calculated risk to make a profit for themselves and to benefit others. From those two definitions it's seems like a match made in heaven. Like apples and pork, lamb and rosemary or wine and cheese, they just seem to go together.

However, some may ask, "Doesn't the fact that I have a business, show that I have created my own insurance?" Others may even say, "I have enough money to self-insure" or "I'll deal with matters as they arise." Let's delve into why business owners need insurance.

In business, there is a lot of risk and there is nothing that mitigates risk like insurance does. The acronym, SPECCOP, shows how important certain aspects of a business can be and if absent, can bring about the demise of a business.

Have you given thought to:

1. If you are no longer in your business, will the SERVICE stay at the same standard that you established?
2. Will it continue to be as PROFITABLE if you are no longer around?
3. Will the ETHICS in the business be maintained by the person taking over?
4. Will your COMPETITION catch up or even take over without your leadership?
5. Will the CASH FLOW be managed adequately?
6. Will your bankers still extend CREDIT if they are unsure of the future of the business?
7. Will the business continue to OPERATE efficiently?
8. Will PERSONELL or staff stick around when you are gone?

Let us review some insurance options that should be considered.

The Keyman Concept can help solve the issues and concerns that may keep a business owner up at night. Keyman insurance is a life insurance policy that a company purchases to insure the life of an owner, a top executive, or another individual considered critical to the business. The company pays the premiums and is the beneficiary of the policy.

What about businesses that have shareholders? In the event that one party dies, do you feel confident going into business with the person's spouse, children or siblings? This can be a serious cause for concern as the person who their share of the business passes to, will be your new business partner. A Funded Buy/Sell Agreement also known as a buyout agreement can give you a level of comfort. This is a contract funded by a life insurance policy that can help minimize the turmoil caused by the sudden departure, disability or death of a business owner or partner.

What about if staff dies or gets sick? Will you have liquid cash to compensate the grieving relatives? If a staff member gets critically ill and needs major surgery with significant cost,

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where will the cash come from? These eventualities can be covered with Group Life and Group Health Insurance.

What about staff becoming damaged whilst they are engaged in their duties at work or on a job site, or if someone from the public slips and falls or get damaged on your premises? Would cash be readily available to compensate the affected persons? Workmen Compensation and Public Liability is of assistance in such circumstances.

Insurance for business persons is a definite necessity. This article only scratches the surface of all there is to explore, regardless of the type or size of your business.

The Trinidad and Tobago Chamber of Industry and Commerce thanks Ricard Skerritt, Unit Manager, Guardian Life of the Caribbean Limited (a member of the Chamber) for contributing this article.