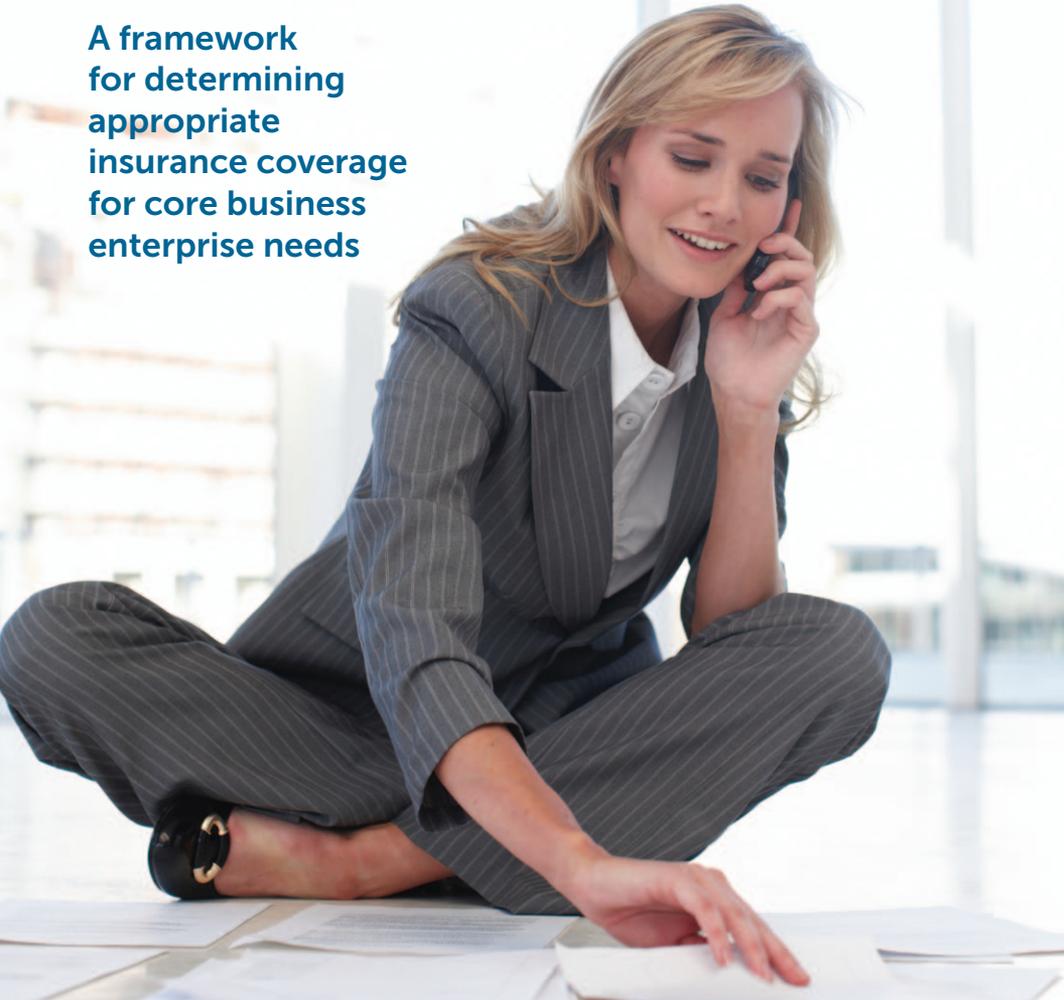


# BUSINESS/CORPORATE LIFE INSURANCE NEEDS ANALYSIS

A framework  
for determining  
appropriate  
insurance coverage  
for core business  
enterprise needs



# 1. Business history

The following data is required for proper record-keeping and to provide a reasonable understanding of the business operation. Given the limited space on the present form, the data is best recorded on a separate paper using the number scheme laid out in this document.

- a) Current date
- b) Company name
- c) Trade name/s
- d) Contact name/#
- e) Full address
- f) Other locations
- g) Start date & form
- h) Current form
- i) Incorporation date
- j) Phone
- k) Bus. summary
- l) Brief history

# 2. Owners & key employees

- a) Names, titles/duties and ownership interests of each owner and key employee
- b) Any owners related by marriage or blood?
- c) Any owners have other business interests?
- d) Restrictions on transferring ownership interests/ shares? Shareholder buy/sell agreement?
- e) Business continuation plan? In writing?
- f) How are major decisions made?
- g) Matrimonial law issues to consider?
- h) Is creditor protection an issue for the business and/or key people, now or in the future?
- i) Availability of capital gains exemptions?

# 3. Business planning

- a) Short-term business goals (1-2 yrs)
- b) Medium-term goals (3-6 yrs)
- c) Sundown/harvest goals (7+??)
- d) Current employees critical to these plans?
- e) Does business use employee benefits as well as compensation to attract/ keep talent? Details
- f) Additional skills or experience needed?
- g) Will skills or experience be developed from within, or through new employees?
- h) How to attract/retain key people?
- i) Special benefits to key employees?
- j) Why benefits as opposed to increased compensation?

## 4. Key advisors and plans

- a) Advisor contact info: Lawyer, Accountant, Banker, P&C ins. broker, Life/ health ins. broker, Investment advisor, Others?
- b) Who is considered the primary advisor?
- c) Which advisor provides tax advice?
- d) Is there a multi-corporate structure? Details
- e) Are trusts employed in the business structure?
- f) When was the last time you reviewed your business insurance program... Owner/ executive? Employee benefits? P&C?
- g) Insurance policies the business carries?
- h) Any insurance earmarked for debt protection?
- i) How are lines of credit secured?

## 5. Financial data Yr-2, Yr-1 & this yr

### a) Income data

- 1. Gross income
- 2. Salary to owners
- 3. Bonuses to owners
- 4. Other expenses
- 5. Inc. taxes paid
- 6. Net profit
- 7. Dividends
- 8. To ret'd earnings

### b) Tax-specific data

- 1. Private Corp?
- 2. Qualified CCPC?
- 3. Qualified SBC?
- 4. Pension plan
- 5. RRSP balances
- 6. ABIL balance
- 7. Each sh'r's ACB
- 8. CDA balance
- 9. CNIL balance
- 10. FMV, as in b/s?
- 11. PUC balance
- 12. RDTOH balance

### c) Balance sheet

- 1. Cash
- 2. Accounts receivable
- 3. Inventory
- 4. Pension plan
- 5. Other S/T
- 6. Equip ACB&UCC
- 7. Real estate
- 8. Invest L/T
- 9. Life ins CSV
- 10. Loans to sh'hr
- 11. Other L/T
- 12. **TOTAL assets**
- 13. Accounts payable
- 14. Mortgages
- 15. Notes/Bonds
- 16. Taxes unpaid
- 17. Emp'ee ben pbl
- 18. Sh'hr loans
- 19. Other liabilities
- 20. **TOTAL liabilities**
- 21. Stock
- 22. Ret'd earnings
- 23. Other equity
- 24. **TOTAL equity**

	Purpose	Amount	Duration	Structure
Buy-Sell Funding	Facilitating buy-out of deceased's business interest by surviving shareholders	Increases as business grows; a shareholder's need is in proportion to share interest held	Temporary need up to disposition; could become permanent to finance buy out	Corporation owns all OR personal on one another OR each personal on self with others as beneficiaries
Key Person Protection	Maintaining the ongoing business in the absence of a key contributor	Based on person's value to the business; sometimes subsumed under buy-sell need	For corporation as long as person can contribute; truncated if the interest is disposed/sold	Corporation as owner, payor and beneficiary
Estate Liability Needs	Deemed disposition/ realization taxes and other liabilities	Increases as business grows; tax on excess over cost base; reduced by LCGE; rollover deferrals	Permanent need up to death; may be used to recoup tax from life sale; deferral opportunity by spousal rollover	Each owned personally (or spouse) with spouse/ family as beneficiary directly or via estate or trust
	Replacing lost income to dependents	Declines as number of income earning years decreases	Temporary need; persons intended retirement age less current age	Personally owned with spouse/family as beneficiary, possibly via trust

## STEPUP

Providing you with the estate planning and wealth strategies that matter most, the Sales, Tax, Estate Planning, Underwriting & Product (STEPUP) team is comprised of practicing professionals whose primary objective is to support you as you help your clients reach their financial goals.

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