HEALTHREFORMGUY

EXECUTIVE LIFE & DISABILITY INSURANCE

A practical guide to protecting key employees and executives

Why a well-designed program matters, what strong programs include, and examples that work in the real world.

INSIDE THIS GUIDE

- Why executive protection matters
- Core design elements
- Use cases and examples
- Implementation checklist

HEALTHREFORMGUY

WHY THIS MATTERS

A well-designed executive life and disability program protects both the individual and the business.

1. INCOME PROTECTION

Many executives have compensation that far exceeds group disability caps. A strong program helps replace a more meaningful share of income if illness or injury prevents them from working.

2. FAMILY SECURITY

Executive life insurance can help protect a family's lifestyle, education goals, and long-term financial stability if a key employee dies unexpectedly.

3. RETENTION & RECRUITMENT

Targeted executive protection can strengthen a total rewards strategy and help attract and retain top leadership talent.

4. BUSINESS CONTINUITY

Key person life and disability coverage can provide liquidity to help offset lost revenue, recruiting costs, lender concerns, or transition expenses.

COMMON PROBLEMS IN POORLY DESIGNED PROGRAMS

- Group LTD caps leave high earners underinsured
- Basic life insurance amounts are too low
- Bonuses and incentive pay are not adequately protected
- No portability or individual policy layer for executives
- Critical business roles are uninsured from a key person perspective

HEALTHREFORMGUY

WHAT STRONG PROGRAMS INCLUDE

The best executive protection strategies combine broad foundational coverage with targeted layers for higher-paid or critical employees.

LIFE INSURANCE COMPONENTS

- Employer-paid base group life coverage
- Supplemental or executive carve-out life coverage
- Optional employee buy-up coverage
- Key person life insurance for critical roles
- Buy-sell funding for owners when appropriate

DISABILITY INSURANCE COMPONENTS

- Group long-term disability as the foundation
- Individual disability insurance to layer above LTD caps
- True own-occupation coverage when appropriate
- Residual or partial disability benefits
- Portability and guaranteed renewable features

DESIGN PRINCIPLES

- Match coverage to compensation and role importance
- Protect bonus, commission, and incentive income where possible
- Coordinate employer-paid and voluntary layers
- Review taxation, ownership, and beneficiary structure
- Revisit the strategy annually as compensation changes

> **Well-designed programs are intentional, layered, and aligned with both executive needs and business risk.**

USE CASES & REAL-WORLD EXAMPLES

Different roles require different layers of protection.

1. SENIOR EXECUTIVE INCOME GAP

A CFO earns $350,000 per year, but the group LTD plan caps benefits at $10,000 per month. That leaves a large income replacement gap.

BETTER PROGRAM EXAMPLE:
Group LTD plus an individual disability layer that adds meaningful monthly benefits, includes own-occupation language, and provides residual disability protection.

2. KEY REVENUE PRODUCER

A head of sales drives major client relationships and revenue. If that person becomes disabled or dies unexpectedly, the business may face lost sales and expensive replacement costs.

BETTER PROGRAM EXAMPLE:
Employer-owned key person life and key person disability insurance designed to provide liquidity during a leadership or revenue transition.

3. RECRUITMENT & RETENTION FOR TOP TALENT

A growing company wants to recruit a COO and retain a high-performing leadership team.

BETTER PROGRAM EXAMPLE:
A layered executive benefits package using employer-paid life insurance, group LTD, and supplemental individual disability coverage as part of a more competitive total rewards strategy.

TAKEAWAY

The right solution is rarely one-size-fits-all. Strong programs are tailored to compensation, business risk, and the role each person plays.

HEALTHREFORMGUY

WHAT GOOD LOOKS LIKE

Examples of thoughtful program design and a practical implementation checklist.

EXAMPLE A: EMERGING LEADERSHIP PROGRAM

- Base group life and group LTD for all salaried leaders
- Voluntary life buy-up option
- Individual disability layer for executives above the LTD cap
- Annual beneficiary and coverage review

EXAMPLE B: MATURE EXECUTIVE PROTECTION STRATEGY

- Group life and LTD as the foundation
- Executive carve-out life insurance
- Individual DI with own-occupation and residual features
- Key person life and DI on critical leaders
- Buy-sell funding for owners when appropriate

IMPLEMENTATION CHECKLIST

- Identify critical people and revenue-driving roles
- Measure life and disability coverage gaps
- Determine business continuity exposures
- Decide which layers should be employer-paid or voluntary
- Review taxation, ownership, and beneficiary details
- Communicate clearly and review annually

BOTTOM LINE

A strong executive life and disability program helps protect people, preserve leadership continuity, and strengthen the overall value of the employer's benefits strategy.