Pro-Seminars

SSC # 75 – KEY PERSON INSURANCE: QUANTIFYING HUMAN CAPITAL

This course is eligible for:

4.0 Life & A&S CE Credits if you have 1 license for both in BC, SK, MB & ON.

1.0 A&S CE Credits if your license is for A&S ONLY in BC, SK, MB & ON.

4.0 Life & 1 A&S ONLY CE Credits for AB.

Target Audience

This course is designed for licensed Canadian insurance advisors, financial planners, group benefits specialists, and corporate-planning professionals who advise business owners, incorporated professionals, and small-to-mid-sized enterprises. It is also suitable for advisors involved in succession planning, business-continuity strategies, shareholder agreements, and risk-management frameworks for privately held corporations.

Participants should have foundational knowledge of life and health insurance products and a working understanding of corporate structures, taxation basics, and business-owner planning.

Course Overview

Key Person Insurance — Quantifying Human Capital provides advisors with a comprehensive, practical framework for identifying, valuing, and protecting the individuals whose expertise, relationships, and leadership drive a company's financial performance. The course integrates actuarial concepts, corporate finance principles, behavioural insights, and real-world case studies to help advisors quantify the economic exposure created by the loss of a key individual and structure insurance solutions that align with corporate objectives.

Advisors will learn how to evaluate human capital risk, determine appropriate coverage levels, compare ownership structures, and integrate key person insurance into broader business-continuity, tax, and succession strategies. The course emphasizes compliance-aligned documentation, advisor-client communication, and defensible recommendations.

Purpose of the Course

The purpose of this course is to equip advisors with the technical, analytical, and communication skills required to:

- Identify key individuals whose loss would materially impact a business
- Quantify the financial consequences of losing a key person using structured valuation methods
- Recommend appropriate insurance solutions that support continuity, liquidity, and shareholder stability
- Navigate corporate vs. personal vs. shared ownership structures
- Document recommendations in a manner consistent with regulatory expectations and best practices

Ultimately, the course strengthens advisor competency in business-owner planning and enhances the advisor's ability to protect corporate clients from operational, financial, and strategic disruption.

Learning Objectives

Upon successful completion of this course, participants will be able to:

1. Human Capital & Key Person Risk

- Define "key person" within a corporate context and identify the roles most likely to create concentrated risk.
- Explain how human capital contributes to enterprise value, revenue stability, and competitive advantage.
- Recognize behavioural and cognitive biases that cause business owners to underestimate key person exposure.

2. Quantifying Human Capital

- Apply multiple valuation methods—including revenue-based, profit-based, replacement-cost, and contribution-margin approaches—to determine appropriate coverage levels.
- Assess qualitative and quantitative factors that influence the economic value of a key individual.
- Interpret financial statements to identify dependency risks and revenue concentration.

3. Ownership Structures & Tax Considerations

- Compare corporate, personal, and shared ownership structures for key person insurance.
- Evaluate tax implications, premium funding considerations, benefit flows, and creditor-protection issues.
- Determine when corporate ownership is appropriate versus when personal or hybrid structures better align with planning objectives.

4. Integration with Business-Continuity & Succession Planning

- Position key person insurance within broader continuity strategies, including buy-sell agreements, shareholder protection, and contingency planning.
- Identify how key person coverage interacts with corporate liquidity, debt obligations, and operational risk management.
- Communicate the strategic value of key person insurance to business owners and stakeholders.

5. Compliance, Documentation & Advisor Practice

- Document needs analysis, valuation rationale, and ownership recommendations in a compliance-aligned manner.
- Demonstrate best practices for disclosure, suitability, and client communication.
- Apply ethical and regulatory considerations when advising on corporate-owned insurance.