



2016 MDRT Annual Meeting e-Handout Material

Title: Skills That Succeed In the Untapped Business Insurance Market

Speaker: Russell Collins, Dip LI

Presentation Date: Wednesday, June 15, 2016

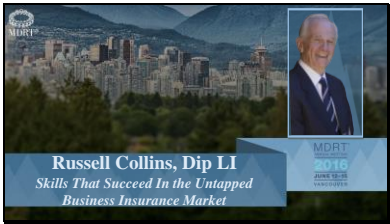
Presentation Time: 10:00 - 11:00 a.m.

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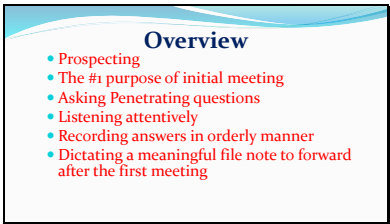
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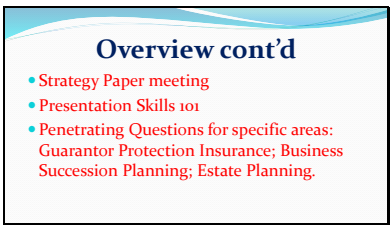
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Slide 2



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Slide 4

Why I moved into the business owner market

Slide 5

Prospecting:

ACTIVITY = PRODUCTIVITY = PROFITABILITY

Slide 6

Dear (business owner)

Unfortunately I do not know anybody falling into the category of a mutual friend who might be good enough to introduce us. Thus I am taking the opportunity to contact you direct on the possibility that I could meet with you to discuss the following ideas that have been of value to other business owners.

Key person insurance
Partnership insurance
Guarantor protection insurance
Disability insurance

I will contact you shortly to see if we can arrange a mutually convenient time for a meeting.

Yours sincerely
Russell Collins

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Prospecting:

Referral Process

Would you have any objection or hesitation in referring me to two people who fit this specific profile?

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BUSINESS OWNER

- Entrepreneurial attitude
- Good cash flow
- Interested in wealth accumulation
- Appreciation of family and the need to provide for them financially
- Acceptance of own mortality

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BUSINESS OWNER

- Too busy with business, etc., not to need me
- Open mind on estate/financial planning ideas
- Responsible, balanced individual
- Ability to make a decision based on fact
- Economic growth potential

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Dear Fred,

During a recent conversation with a mutual friend, Daryl LaBroy, your name was favourably mentioned. At that time Daryl indicated he would have no objection to my sending you this letter.

My purpose in writing is to ask for the opportunity to meet with you personally and share some ideas with you that have been of value to Daryl and other self-employed people.

I will contact you shortly to see if we can arrange a mutually convenient time for a meeting. In the meantime you might like to talk to Daryl about the type of work I have done for him.

Yours Sincerely
Russell Collins

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The #1 purpose of the initial meeting

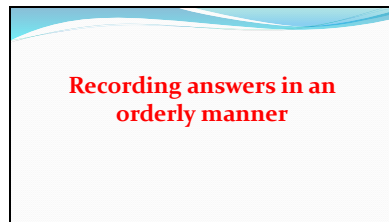
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Asking Penetrating Questions

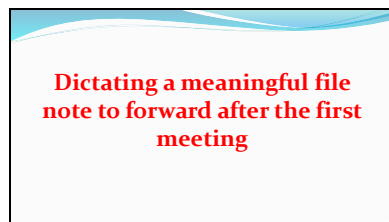
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File note sample:

MEETING WITH (NAME). On (date) I met with (name) in/at (location) on referral from (name). During the meeting I asked (name) a number of questions and these questions and his/her answers are set out below:

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Q: In the event of death, what would you want happen to the mortgage on your business premises?

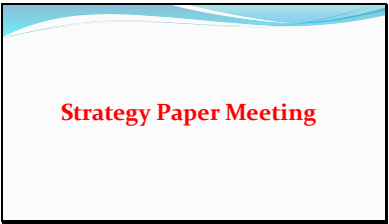
Jim: Indicated "would definitely want it paid out!" I then asked him what provisions he had made to ensure his wishes in this regard could be met – he advised that he has some life insurance but not sure of the total sum insured. He will check this out and let me know the details.

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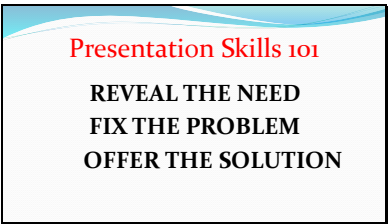
Q: In the event of your death, would you like your family's current standard of living to continue?

Jim: advised that he "would certainly want that to happen". That being the case I then asked him how much income they would require had he died yesterday. After some discussion, he indicated "not less than \$100,000 net per annum".

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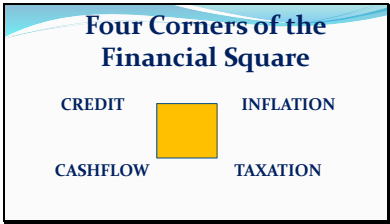
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Slide 21



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Sign Twice
100% +100%
Fail safe/hostages to fate
First heir to estate
"The debt should last no longer than the person who created it!"

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What would be the maximum amount of corporate liabilities in your business at any one time in the year?

Have you/your spouse/partners had to back these liabilities with personal guarantees and/or collateral security?

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Are the guarantees joint and several?

Are you aware of the ramifications of joint and several personal guarantees if one of the guarantors dies or is disabled long term?

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- What would be the maximum amount of corporate liabilities in your business at any one time in the year?
- Have you/your spouse/partners had to back these liabilities with personal guarantees and/or collateral security?
- Are the guarantees joint and several?
- Are you aware of the ramifications of joint and several personal guarantees if one of the guarantors dies or is disabled long term?

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(Strategy Paper page 1)

IF PAUL HAD DIED YESTERDAY!

"The debt should last no longer than the person who created it"

NEED	
Pay out bank loan \$750,000	\$750,000
HAVE	
Life insurance	<u>\$200,000</u>
SHORTFALL	\$550,000

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Where will the shortfall come from bearing in mind:

- Personal guarantees/collateral security given by Paul & Eleanor
- Bank first heir to estate
- Bank in "fail safe" position
- Eleanor and family "hostages to fate"

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(Strategy Paper page 2)

IF PAUL HAD DIED YESTERDAY

SOLUTION:

"GUARANTOR PROTECTION INSURANCE"

- Bank loan paid out by insurance upon Paul's death
- Bank happy
- Personal guarantees/collateral security released by bank
- The Family restored as first heir to the estate

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Penetrating Questions for specific areas: Business Succession Planning; Estate Planning;

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Business Succession Planning

Do you have an exit strategy for the business?

What is the current market value of the business?

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Assume that I am a willing buyer and you are a willing seller. Walk in - walk out. Leave me your staff, plant, equipment, customer contracts - everything! What would you want for the business?

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What does your buy/sell agreement provide for in the event of the death or long-term disability of a shareholder / stockholder or partner?

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In the event of the death or long-term disability of a shareholder/stockholder or partner, what options are open to the surviving owners regarding that person's equity?

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Five Options

1. Windup the business.

2. Take in the deceased's family as a "working" partner

3. Continue to do 100% of the work but split profits with the deceased's family

4. Hire a replacement, but still split profits as in 3.

5. Buy out the deceased's equity

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Estate Planning

• What would you like happen to your estate when you die?

• What if you had died last night?

• Do you have an estate equalisation plan for your children?

• If you and your spouse had died yesterday, do you have any concern about accumulated wealth falling into the wrong hands?

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