



Prudent business owners know the importance of thorough business planning and the impact that the death or disability of a principal owner could have on the future operations of any company. Disability buy-out or disability buy-sell insurance is the best way to protect the business in the event that an owner becomes permanently disabled.

Disability buy-out insurance is designed to provide the funds needed to purchase a disabled owner or partner's interest in the business if they become disabled. Disability buy-out insurance should be made part of any business continuation plan or business succession plan as it will assure that the disabled business owner receives a fair market value for his or her interest in the business. At the same time, it will protect all business owners from the threat that a disability may impose on the company by allowing them to buy-out the disabled owner's interest at an agreed upon price set forth in a buy-sell agreement.

The statistical probability of an individual disability is greater at any age than the likelihood of death in that same year. The disability of an owner who is active in the day to day operations of the business can present huge financial problems. To understand more about the potential threat a disability may be to your organization, ask yourself the following questions:

- What impact would the disability of a partner who is a key contributor have on the company's income?
- Where will the money come from to pay an income to the disabled owner?
- Does the business have adequate funds to buy out the disabled partner's share?
- Will the firm have to borrow money to buy out the disabled partner?

Before a disability buy-out policy can be purchased, the business must be properly valued and a buy-sell agreement must be executed. Once a fair market value for the business has been determined, a sales price can be agreed upon and a disability buy-out policy can be purchased on the life of each business owner or partner to provide the needed funds in the event he or she becomes disabled.

*When you are considering disability buy-out insurance, look to us here at **SIG** to locate you the best policy that fits the needs of your key executives and your organization. There are a myriad of disability buy-out insurance policies out there, and we pride ourselves in working directly with our clients to understand their needs.*

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or

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*and we will be in touch with you right away!*

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