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KEYMAN CONCEPT

AIA BHD (KK MJP)

WHO IS A KEYMAN?



A person who contributes substantially to the financial well-being of the business



Whose premature death or disability will cause major disruption to the business



A person whose talent, knowledge, ability, leadership are responsible for the success and growth of the business



May or may not be a business owner or a shareholder



WHAT ARE THE ADVERSE CONSEQUENCES ASSOCIATED WITH DEATH AND DISABILITY OF KEYMAN?

1. Costly and fatal interruption of business
2. Decline in profits due to increased expenses in sustaining the business until a suitable keyman is brought in
3. Reduction of income due to loss of value-added services a particular keyman can bring in

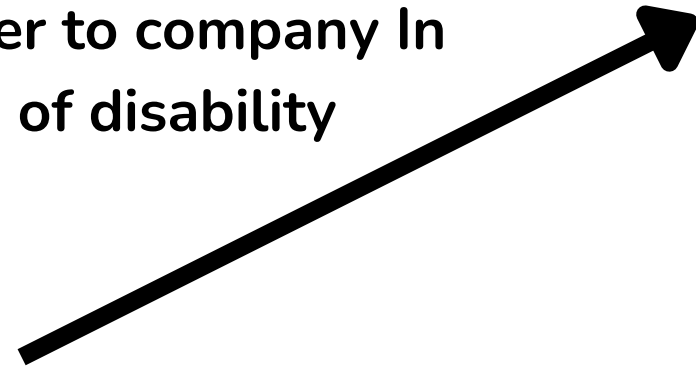
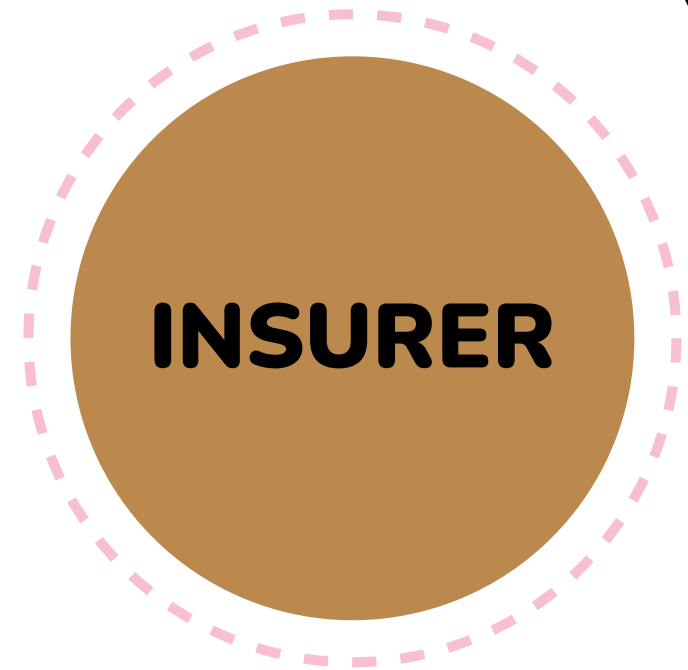


WHAT ARE THE AVAILABLE SOLUTIONS TO THESE PROBLEMS?

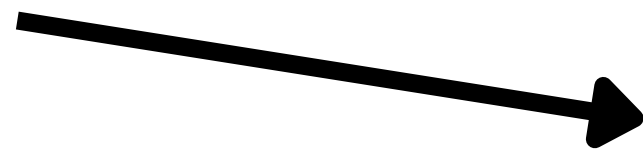
- 1** Timely cash to sustain the company during the loss of the keyman, which could result in decrease in income and increase in expenses.
- 2** To have adequate funds without compromising company's reserve or assets, which can stabilise the income and expenses and at the same time hire and train a suitable replacement.
- 3** By obtaining a suitable keyman policy, the company will be able to avoid liquidating assets, avoid new borrowings, and at the same time able to pay off the next of kin or buy off the shares of the departed shareholder. This will also allow the other shareholders the choice of bringing in a new shareholder.

BASIC DIAGRAM

Proceeds are paid out by insurer to company in the event of an untimely death or disability



Shareholders/Keyman are insured, and premiums paid by company



OTHER COMMON QUESTIONS (KEYMAN & BUY-SELL AGREEMENT)

1. Considering one of the shareholders faces an untimely death or disability due to illness: If the shareholder is also keyman in the business and their next of kin would be in line to take over their shareholding,

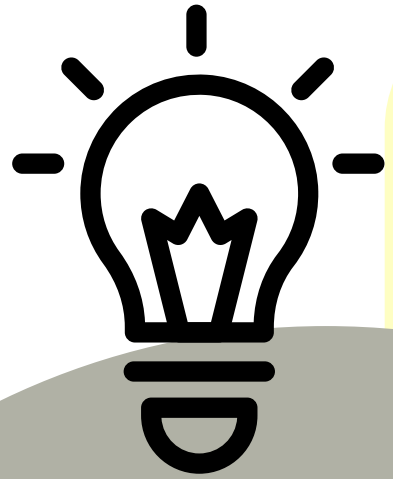
A) Are they qualified to carry on the responsibility?

B) Can they work well together with other shareholders?

C) If they are qualified and can work well together, can they bring in the same revenue?

D) What are the immediate measures that can be taken to ensure, the business doesn't suffer significant losses due the untimely death or disability of shareholder/keyman

OTHER COMMON QUESTIONS (KEYMAN & BUY-SELL AGREEMENT)



2. How would the proceeds be paid out and are they taxable?
3. How much should a shareholder be insured?
4. What policies and regulations would fit the company and be in line with regulations set by LHDN?
5. What type of coverage and policy would suit the shareholders?
6. In the event all shareholders remain healthy and retire at a desired age
 - A) Will the company be entitled for a cash out?
7. How often should the buy sell/Keyman agreement be reviewed?

KEYMAN PROPOSAL

Items	Option 1a	Option 1b
Basic Coverage:		
A) Added Benefits	RM 8,000,000	RM 8,000,000
i) Accidental death	RM 16,000,000	RM 16,000,000
ii) Accidental death in public conveyance	RM 24,000,000	RM 24,000,000
iii) Death due to natural disaster	RM 33,000,000	RM 33,000,000
B) Total Permanent Disability		
i) Presumptive disability	100 %	100 %
ii) Any occupation	100 %	100 %
iii) Suited occupation	(10% 1 st year) (10% 2 nd year) (80% 3 rd year)	(10% 1 st year) (10% 2 nd year) (80% 3 rd year)
C) Critical Illness	RM 1,000,000	-
D) Premium Waiver	YES	YES
E) Premium	RM 114,917	RM 103,370
F) Total Premium Paid Over 8 years	RM 919,336	RM 829,840
G) Total Account Value at 8 th year (Estimated)	RM 296,000	RM 273,850
H) Net Cost (Estimated) (Total Premium Paid in 8 years – Total Estimated Account Value After 8 Years)	RM 623,336	RM 555,990
I) Average Net Cost Per Year	RM 77,917	RM 69,499

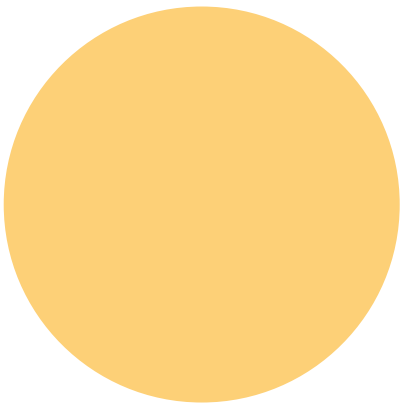
BASIC PLAN DESCRIPTIONS:

Death Benefit

- In the event of death of the insured, the higher of Sum Assured of the basic plan plus Protection Booster, or Account Value in Protection Account and Savings Account, shall be payable.
- The coverage for Death Benefit is up to age 70.

A-Plus Disability Care (APDC)

- APDC provides coverage for Total and Permanent Disability (TPD).
- APDC benefit is issued for issue age 69 and below. The APDC Sum Assured may vary depending on the final result of AIA Bhd.'s underwriting assessment on age, occupation and/or medical conditions.
- The amount payable is the higher of APDC Sum Assured plus Protection Booster, or the account value in Protection and Savings Account
- If the account value in Protection and Savings Account is payable, a lump sum payment shall be paid.
- If APDC Sum Assured plus Protection Booster is payable:
 - In the event of TPD, where the disability conforms to the 'Suited Occupation' definition as described in the contract, an advance payment of 10% of the total of APDC Sum Assured and Protection Booster shall be payable for the first 2 years and the remaining advance payment of 80% of the total of APDC Sum Assured and Protection Booster shall be payable in the third year.
 - In the event of TPD, where the disability conforms to the 'Juvenile Disability', 'Presumptive Disability' or 'Any Occupation' definition as described in the contract, a lump sum payment of the APDC Sum Assured plus Protection Booster shall be payable.
 - The Sum Assured of basic plan shall be reduced by the advance payments made under APDC.
- The coverage for APDC is up to age 70 or expiry of the basic plan, whichever is earlier.



Accidental Death Benefit

- In the event of accidental death of the Insured, the following shall be payable:
 - Protection Booster plus 200% of the Sum Assured of the basic plan, or Account Value in Protection Account and Savings Account, whichever is higher
- The coverage for Accidental Death Benefit is up to age 70 or expiry of the basic plan, whichever is earlier.

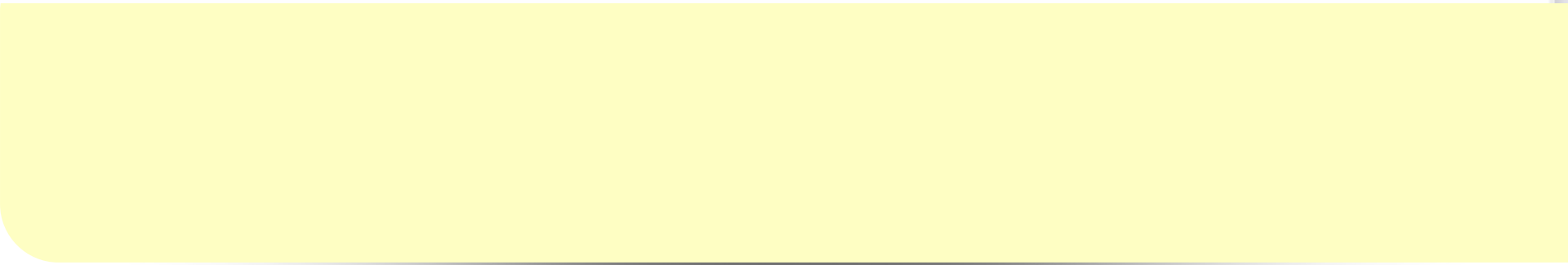
Accidental Death in Public Conveyance Benefit

- In the event of accidental death in public conveyance of the Insured, the following shall be payable:
 - Protection Booster plus 300% of the Sum Assured of the basic plan, or Account Value in Protection Account and Savings Account, whichever is higher
- The coverage for Accidental Death in Public Conveyance Benefit is up to age 70 or expiry of the basic plan, whichever is earlier.

Accidental Death due to Natural Disaster Benefit

- In the event of accidental death due to natural disaster of the Insured, the following shall be payable:
 - Protection Booster plus 600% of the Sum Assured of the basic plan, or Account Value in Protection Account and Savings Account, whichever is higher
- The coverage for Accidental Death due to Natural Disaster Benefit is up to age 70 or expiry of the basic plan, whichever is earlier.

Note: Only any one of the Death Benefit, Accidental Death Benefit, Accidental Death in Public Conveyance Benefit or Accidental Death due to Natural Disaster Benefit is payable.





"Presumptive Disability" means the occurrence of any of the following:

- (i) Total and irrecoverable loss of sight of BOTH eyes;
- (ii) Severance of TWO (2) limbs at or above wrist or ankle; or
- (iii) Total and irrecoverable loss of sight of ONE (1) eye and loss by severance of ONE (1) limb at or above the wrist or ankle.

"Total and Permanent Disability (Any Occupation)" means total, permanent and continuous disability where:

1. the Insured as a result of injury, sickness or disease, has not performed any work for a continuous period of at least six (6) consecutive months solely due to the same injury, sickness or disease; and
2. the Insured is attending a Registered Medical Practitioner and has undergone all reasonable and usual treatment including rehabilitation for the injury, sickness or disease; and
3. in Our opinion the Insured, despite optimal medical care/treatment and rehabilitation efforts, is unable ever again to work in any occupation or regular duties; and
4. for the purpose of the definition of Total and Permanent Disability (Any Occupation), it is immaterial whether a business, occupation or regular duty is remunerated or not.

For the purpose of this Supplementary Contract, the definition of "Disability" as referred to in the Disability Section Provisions and this Supplementary Contract shall follow the definition of "Total and Permanent Disability (Suited Occupation)" or "Total and Permanent Disability (Any Occupation)", as applicable, as provided for in this Supplementary Contract.

"Total and Permanent Disability (Suited Occupation)" means total, permanent and continuous disability where:

1. the Insured as a result of injury, sickness or disease, has not performed any work for a continuous period of at least six (6) consecutive months solely due to the same injury, sickness or disease; and
2. the Insured is attending a Registered Medical Practitioner and has undergone all reasonable and usual treatment including rehabilitation for the injury, sickness or disease; and
3. in Our opinion the Insured, despite optimal medical care/treatment and rehabilitation efforts, is unable ever again to work in:
 - (a) any occupation or regular duties for which he or she is reasonably qualified by knowledge, training or experience; or
 - (b) any full time or part time occupation or regular duties in the case that the Insured or Insured was not in paid employment in the month immediately preceding the onset of Disability; and
4. for the purpose of the definition of Total and Permanent Disability (Suited Occupation), it is immaterial whether a business, occupation or regular duty is remunerated or not.

A-Plus CI Advance (APCIA)

- APCIA is a Unit Deducting Rider (UDR) that provides coverage for 45 critical illnesses.
- In the event of being diagnosed with any one of the 45 covered critical illnesses or actually undergoes a Covered Surgery, the APCIA Sum Assured or Account Value, whichever is higher, shall be payable, except for Angioplasty and Other Invasive Treatments for Major Coronary Artery Disease.
- In the event of Angioplasty and Other Invasive Treatments for Major Coronary Artery Disease, 10% of the APCIA Sum Assured shall be payable, subject to a maximum of RM 25,000 (limited to 1 payment only). The APCIA Sum Assured shall be reduced by this advance payment.
- Please refer to the “List of Critical Illnesses” section for the covered critical illnesses under this rider.
- The Basic Sum Assured of basic plan shall be reduced by the advance payments made under APCIA.
- Once 100% of the Rider Sum Assured is paid, the rider will terminate.
- The coverage for APCIA is up to age 70.

A-Plus Waiver (APW)

- APW is a Unit Deducting Rider (UDR) which the Company shall continue the premium payment of RM 114,917.00 per annum on behalf of you up to the end of the premium payment term upon diagnosis of any one of the 44 covered critical illnesses.
- Please refer to the “List of Critical Illnesses” section for the covered critical illnesses under this rider.
- The coverage for APW is up to the premium payment term of basic plan.

LIST OF CRITICAL ILLNESSES:

- The list of covered critical illnesses under APW, APCIA is as follows:

1) Stroke	24) Alzheimer's Disease / Severe Dementia
2) Cancer	25) Motor Neuron Disease
3) Heart Attack	26) Parkinson's Disease
4) Coronary Artery By-Pass Surgery	27) Terminal Illness
5) Serious Coronary Artery Disease	28) Encephalitis
6) Angioplasty and Other Invasive Treatments for Coronary Artery Disease	29) Benign Brain Tumour
7) Heart Valve Surgery	30) Major Head Trauma
8) Fulminant Viral Hepatitis	31) Bacterial Meningitis
9) End-Stage Liver Failure	32) Brain Surgery
10) Primary Pulmonary Arterial Hypertension	33) Medullary Cystic Disease
11) End-Stage Lung Disease	34) Loss of Independent Existence
12) Kidney Failure	35) HIV Infection Due To Blood Transfusion
13) Surgery to Aorta	36) Cardiomyopathy
14) Chronic Aplastic Anaemia	37) Full-blown AIDS
15) Major Organ / Bone Marrow Transplant	38) Occupationally Acquired Human Immunodeficiency Virus (HIV) Infection
16) Blindness – Permanent and Irreversible	39) Systemic Lupus Erythematosus with Severe Kidney Complications
17) Deafness – Permanent and Irreversible	40) Apallic syndrome
18) Loss of Speech	41) Chronic Relapsing Pancreatitis
19) Coma	42) Creutzfeldt-Jakob Disease (Mad Cow Disease)
20) Third Degree Burns	43) Elephantiasis
21) Multiple Sclerosis	44) Poliomyelitis
22) Paralysis of Limbs	45) Progressive scleroderma
23) Muscular Dystrophy	

Note: Critical Illness no. 6 (Angioplasty and Other Invasive Treatments for Coronary Artery Disease) is not applicable for APW.



FIVE (5) YEARS GUARANTEED COVERAGE PROVISIONS

If the Account Value is insufficient to cover the Cost of Insurance and the Monthly Service Charge within the first five (5) Policy Years from the Policy Date, the Basic Policy and its attachable Supplementary Contracts (if any) will continue to be in force, provided all the following conditions are met:

- (i) the Regular Premium and A-Plus *Saver* Premium, if any, have been paid on the due date or during the Grace Period or the Late Payment Period as shown in the Premium Provisions; and
- (ii) the Premium Holiday as shown in the Premium Provisions has never been exercised; and
- (iii) the revised Regular Premium and A-Plus *Saver* Premium, if any, for the increase of Cost of Insurance for any benefits under the Policy have been paid on the due date or during the Grace Period or the Late Payment Period as shown in the Premium Provisions; and
- (iv) there are no changes effected to this Policy, including but not limited to withdrawal of Account Value and investment requests, which results in the increment of the Cost of Insurance or any reduction in the existing or future Account Value, compared to as if there had not been any change to this Policy.

In the above circumstances, the unpaid Cost of Insurance and Monthly Service Charges will be deducted from the Account Value on the monthly anniversary when the following events happen until they are totally repaid:

- (i) the Regular Premium and A-Plus *Saver* Premium, if any, are paid; or
- (ii) the Top-up Premium is paid; or
- (iii) the Account Value becomes sufficient.

In addition, the unpaid Cost of Insurance and Monthly Service Charges will also be deducted from any benefit payment of the Basic Policy and the attachable Supplementary Contract (if any).

UNDERWRITING REQUIREMENTS

MEDICAL

- PREFERRED EXAMINER
- BLOOD PROFILE A
- ATTENDING PHYSICIAN'S STATEMENT
- TREADMILL (STRESS TEST)

FINANCIAL

- FINANCIAL QUESTIONNAIRE
- FINANCIAL EVIDENCE
- Example: Past 2 years tax returns or Borang BE with tax receipts, past 3 years full audited financial accounts

*Insurer may require further requirements deem necessary.

Application Process

1. Application submitted under individual name
2. Underwriting will update on required financial or medical underwriting requirements
3. Once all requirements are fulfilled policy will be set in force
4. Then the policy will be assigned to company accordingly.



Thank
— you!!!



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