



Executive Retention Insurance



Running a successful business means having the right people to work with you.

Every business has a few key executives who are an integral part of the team. They are vital in creating and sustaining the success of your company. Replacing them will be difficult and incur high cost. Offering an attractive executive benefit package will help you attract, reward and retain top talents.



The loss of key executives may...

- cause disruptions to operation
- take a hit on profits
- incur high cost in executive recruitment and training
- threaten your competitiveness should the key executives join your competitors

Possible solution

Zurich offers you flexible executive retention solutions using insurance policy to tailor unique benefit package for your key executives. On top of regular salary and fringe benefits, insurance can be a form of long-term benefits that reward employees who stay with the company for a long time.



How it works?

Here are the two main types of executive retention insurance plan:

1

Executive bonus

The employer pays the bonus in the form of premiums of an insurance policy which provides financial protection for the key executive who will own the policy and has access to the policy's cash value.



How it helps?

For employers:

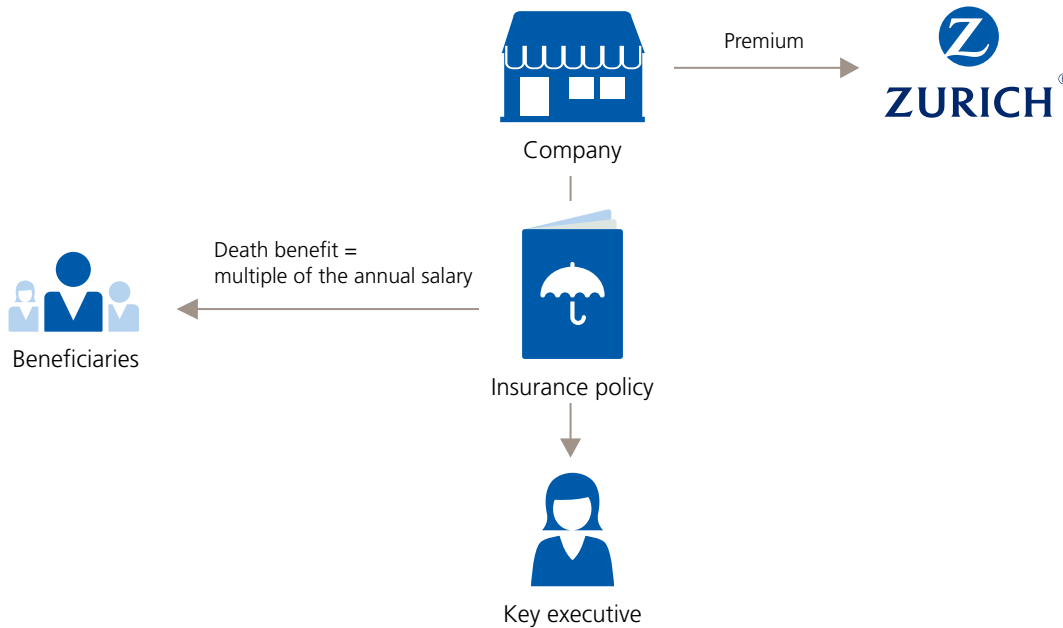
- ✓ An attractive benefit to hire and retain key executives
- ✓ Easy and simple to implement with few administrative hassles

For employees:

- ✓ Ownership of the policy
- ✓ Discretion in choosing beneficiaries
- ✓ Protection for the family
- ✓ Potential cash value accumulation
- ✓ Freedom to withdraw cash value for retirement

2 Continued income benefits

The employer will pay the premium of an insurance policy which insures the key executive. This policy will be owned by the employer. Upon the death of the key executive, his/her surviving family members will receive the death benefits which may be a multiple of his/her annual salary.



How it helps?

For employers:

- ✓ Own the insurance policy
- ✓ Can change the life insured if the key executive leaves the company
- ✓ Can create “golden handcuffs” to reward loyal employees

For employees:

- ✓ Ensure your loved ones will have income replacement upon your death
- ✓ Help your family maintain their living standard
- ✓ Cover any unpaid loans for your family

Golden handcuffs

Life insurance can be an effective means of executive retention benefit. You can structure your executive benefit plan to provide a bonus that is tied to the employee’s tenure at the company. This is known as the “golden handcuffs”. You may decide the amount of bonus, who will be entitled to it and the deferred period after which it will be paid out. The executive has to work for the company for a certain period in order to receive the bonus.



Case study

Patrick is a senior executive in one of the local management consulting firms in Hong Kong. Not only may the competitors want to poach him, but the firm's clients may also want to attract him away because of his broad knowledge and capability.

As a way to reward and retain Patrick, the company has structured an executive bonus plan for him with a life insurance policy valued at HKD5 million as part of his remuneration package.

Patrick's profile



Patrick
Senior executive
A management consulting firm

Possesses over 20 years of experiences in the industry

With knowledge and expertise



Although a HKD 100,000 raise in annual salary offered by a competitor may be attractive, Patrick may have to weigh this against the protection and potential payout from the insurance policy.

Stay in the existing company

- ✓ Enjoy a life insurance policy valued at HKD5 million
- ✓ Access the cash value of the policy
- ✓ Death benefit to his family in the event of Patrick's premature death

Take an alternative job offer

- ✓ HKD100,000 raise in annual salary

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Registered in the Isle of Man number 20126C.

Registered office: 43-51 Athol Street, Douglas, Isle of Man, IM99 1EF, British Isles

Telephone: +44 1624 662266

Telefax: +44 1624 662038

Hong Kong office: 25-26/F, One Island East, 18 Westlands Road, Island East, Hong Kong

Telephone: +852 3405 7150

Telefax: +852 3405 7268

www.zurich.com.hk

