

Insurance Considerations for Business Owners: What Established Owners Often Overlook

By: HB Wealth, featuring insights from Bryan Walls, J.D., Wealth Advisor at HB Wealth, Greg Belatti, J.D., MBA, Wealth Advisor at HB Wealth, Jeremy Bird, Sales Vice President at Gallagher Insurance, and Mark Jagor, Area Vice President at Gallagher Insurance

For established [business owners](#), wealth tends to accumulate in layers: equity in the business, personal real estate, collections, vehicles, and investable assets managed alongside a financial advisor. Yet insurance, the very tool designed to protect all of it, is often one of the least reviewed components of a business owner's financial life. Policies get purchased at one stage of growth and left untouched for years, even as the business evolves, personal assets expand, and the legal landscape shifts.

[Insurance](#) considerations for business owners extend well beyond selecting a policy. They involve evaluating how coverage aligns with the business's current value, the owner's personal risk exposure, and the strategies already in place for succession, [estate planning](#), and wealth preservation. When these elements are coordinated, insurance becomes a meaningful layer of protection. When they are not, gaps can quietly erode the very wealth the owner has spent decades building.

As Bryan Walls, Wealth Advisor at HB Wealth, noted during a recent internal discussion on insurance risk management for business owners, the goal is to work with insurance professionals who bring "clarity and honesty to evaluating not only existing policies, but clearly outlining available options and practical next steps so clients can make informed decisions with confidence."

Funding Buy-Sell Agreements: A Critical Starting Point

One of the most common insurance planning needs for business owners is centered on buy-sell agreements. These agreements govern what happens to ownership shares when an owner dies, becomes disabled, retires, or departs the business. Jeremy Bird, Sales Vice President at Gallagher Insurance and a specialist with over two decades of experience working with business owners and RIA clients, describes the reality he encounters regularly: "The business was formed 15, 20 years ago. Yes, we have an agreement. Have you had it reviewed since? The answer 90% of the time is no."

This is a significant concern. A buy-sell agreement that has not been reviewed may contain outdated valuations, inadequate funding mechanisms, or language that no longer reflects the ownership structure. Funding these agreements typically involves one of three approaches: cash reserves, installment notes, or life insurance. In many cases, life insurance is the most cost-effective path. In one real-world example Bird cited, a 60-year-old business owner with \$5 million in equity funded the agreement through life insurance at a cumulative cost of \$2.19 million, compared to nearly \$6.5 million through an installment note structure.

Bird also emphasized the importance of a goals-first approach: "The goals of your client, whether or not the insurance is the right solution or not, have to be determined first. Way too many people, especially in my world of insurance, are overselling insurance."

The Connolly Decision and Its Impact on Business-Owned Insurance

Business owners who fund buy-sell agreements through entity-owned life insurance should be aware of the Connolly Supreme Court decision from 2023. Under this ruling, life insurance death benefits owned by the business entity now count dollar-for-dollar toward the deceased owner's estate value. For policies in the millions, this can create a substantial and unexpected increase in estate tax exposure.

Bird emphasized the scope of the issue: "Is it a \$2 million policy? Is it 10 million? That's a massive increase in the valuation of the deceased estate." Solutions may include restructuring from an entity-owned agreement to a cross-purchase arrangement or utilizing insurance trusts to hold the funding policies. Business owners with existing entity-owned agreements should consult with their legal and financial advisors to evaluate whether remediation is warranted.

Key Person and Executive Benefit Coverage

Beyond ownership transitions, established businesses rely on key individuals whose absence could significantly disrupt operations or revenue. Key person insurance, funded through life or disability policies, provides the business with liquidity to manage that disruption. This type of coverage is relevant for sole owners, partners, and highly compensated executives alike.

Executive benefit designs also play a role in attracting and retaining established talent. Options can range from supplemental disability coverage and carve-out life insurance to hybrid long-term care solutions. These programs

can be tailored to the business's size and structure and serve as both a risk management tool and key differentiator in the hiring market.

Personal Insurance: Where Business Owners Are Most Exposed

For many business owners, personal insurance is where the most significant gaps exist. Mark Jagor, Area Vice President at Gallagher Insurance's private client and family office practice, outlined the patterns he sees most frequently: policies that have not been reviewed in years, replacement cost estimates that are either too low or inflated by automatic annual increases, and deductibles that do not reflect the client's actual financial capacity.

He described a common scenario where a lakefront home insured through a standard carrier might carry a replacement cost of \$1.2 million, while actual reconstruction costs have risen to \$700 or \$800 per square foot, leaving the property meaningfully underinsured. On the other end, long-standing policies with high-net-worth carriers can experience replacement-cost increases of 7 to 12% annually without review, resulting in premiums for coverage the client does not need.

Jagor's philosophy on deductible strategy is straightforward: "Let's take a deductible that the client can afford, maybe a \$25,000 or \$50,000 deductible, and let's use those premium dollars that we're saving and buy higher excess limits." This approach shifts resources toward protecting against the larger, less predictable risks rather than subsidizing frequent small claims.

Why Excess Liability Coverage Deserves More Attention

In an environment of rising social inflation, growing plaintiff litigation funding, and elevated jury verdicts, excess liability coverage has become one of the most important and often underweighted components of a business owner's personal insurance program. Georgia has been ranked among the top judicial environments for plaintiff-favorable outcomes, and while recent tort reform may provide some relief, the effects will take time to materialize.

Jagor was direct about the priority: "The most important coverage that our clients can buy is having proper excess liability limits to protect their financial goals, protect what they've built." For business owners with significant net worth, standard umbrella limits may be insufficient relative to the potential size of a claim, particularly for those with watercraft, rental properties, or young drivers in the household.

After a Liquidity Event: When Insurance Gaps Are Most Likely

Business owners who have recently experienced a liquidity event are particularly vulnerable to insurance gaps. New purchases happen quickly: homes, vehicles, collections, and recreational assets. Jagor noted that "sometimes insurance gets set up really quickly and maybe not every variable has been considered." Policies may be placed with carriers that are not equipped for high-value assets, effective dates may be scattered across the year, creating coverage gaps, and newly acquired properties held in trusts or LLCs may not be properly listed on the policy.

A coordinated post-transaction insurance review is one of the most practical steps a business owner can take to protect the wealth they have just realized

The Fee-Only Difference in Insurance Planning

During the discussion, Greg Belatti, Wealth Advisor at HB Wealth, raised a question that clients often have: Does working with a [fee-only fiduciary advisor](#) mean the client pays more for insurance coverage? Bird clarified that the premium is the same regardless of whether the client works through a broker or goes directly to a carrier. There is no additional cost embedded for the client, and there is no discount available by going direct. The distinction is that a fee-only advisor like HB Wealth has no financial incentive tied to which insurance product is selected, helping ensure that the guidance a client receives is based solely on their needs and goals.

Ongoing Review: Treating Insurance as a Living Strategy

One of the clearest themes from insurance professionals who work closely with business owners is that insurance should not be treated as a static decision. Bird recommends setting calendar reminders for policy reviews, whether that means a 2-year check-in on a term policy or an 18 to 24-month review of permanent life insurance performance through in-force illustrations. On the personal side, annual reviews of property, casualty, and excess liability coverage help ensure that protection keeps pace with changes in asset value, lifestyle, and risk exposure.

Start With a Conversation

Insurance risk management for business owners requires the same rigor and coordination as [tax planning](#), [investment strategy](#), and [estate](#) design. If your coverage has not been reviewed recently, or if your circumstances have changed due to a [business transition](#), liquidity event, or growth in personal assets, a conversation with a qualified advisor is a practical next step.

[Connect with one of our wealth advisors who specializes in working with business owners](#) to evaluate how your insurance strategy fits within your broader financial plan.

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