

SPLIT-DOLLAR CRITICAL ILLNESS

Comprehensive Protection

A serious illness affecting a business owner or key employee hits both the person and the company. Critical illness insurance can protect both, and a split-dollar arrangement lets the business and the individual share the cost in a tax-efficient way.

Split-dollar critical illness from Nova Star Insurance Consultant structures one policy so your business is protected if a covered illness strikes, while the individual can recover the premiums they paid if no claim is ever made. We work with your accountant to design an arrangement that fits.

What is Split-Dollar Critical Illness?

It's an arrangement where a corporation and an individual, typically an owner or key employee, share a critical illness policy that includes a return of premium rider. The corporation pays for and owns the critical illness benefit, while the individual pays for and owns the return of premium rider.

How Split-Dollar Critical Illness Works

A typical arrangement includes:

- The corporation pays the base premium and receives the lump-sum benefit if the insured is diagnosed with a covered condition
- The individual pays for the return of premium rider
- If no claim is made, eligible premiums are refunded to the individual under the rider's terms
- The refund is generally received tax-free, subject to the policy and current tax rules
- A written agreement sets out each party's rights and responsibilities

What Each Party Gets

- **The business** gets funds to cover lost revenue, hire help, or keep operations running during a serious illness
- **The individual** can recover premiums if no claim is made, building value from coverage they might otherwise lose

Tax treatment depends on how the arrangement is structured. Nova Star advisors will work with your accountant to make sure it's set up correctly.

Why Split-Dollar Critical Illness Matters

- A split-dollar critical illness arrangement:
- Protects your business if a key person becomes seriously ill
- Uses corporate dollars to pay for most of the coverage
- Gives the individual a potential tax-free return of premium
- Helps attract and retain key people
- Can be tailored to owners, partners, and executives

Company Profile

Nova Star Insurance Consultant is an independent insurance brokerage serving businesses and individuals across Ontario, Quebec, Alberta, Nova Scotia, New Brunswick, and Newfoundland & Labrador. As an independent broker, we are not tied to any single carrier — our only goal is finding you the right coverage at the most competitive rate.

Our licensed advisors handle all research, carrier comparisons, applications, and ongoing coverage reviews — so you don't have to. Whether you need protection for yourself, your family, or your business, Nova Star is your trusted partner for the long term.

Contact

For inquiries or to book a complimentary needs assessment, contact us:

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Nova Star Insurance Consultants *Simplifying Insurance, Securing Your Future.*