

# Business Protection

Helping you run your business as usual



**Business Protection:** For small and medium sized businesses



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# What is business protection?

What would happen if someone you rely on in your business were to be injured, diagnosed with a specified critical illness or suddenly pass away? Would you be able to operate without them?

Business protection helps you stay in business if you lose an owner or a key employee.

It can help you cover the cost of hiring a replacement, repay debts or find the funds to buy shares from a deceased owner's estate. Giving you peace of mind that your business could live on.

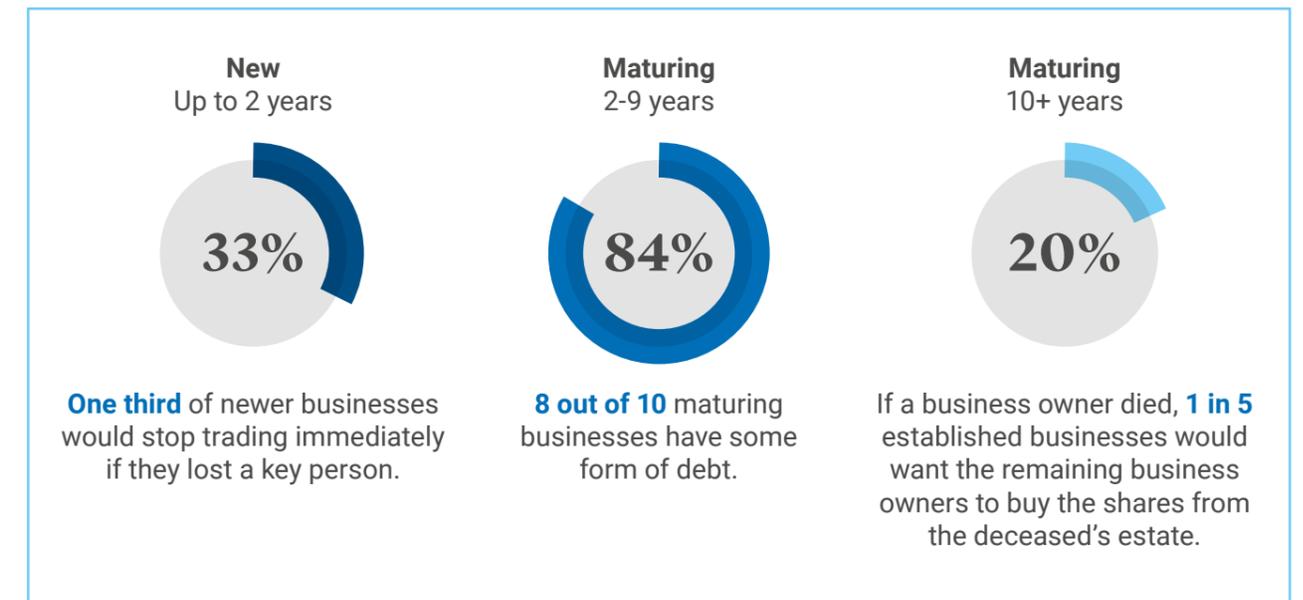
Simply put, it helps you run your business as usual if the worst happens.

## Who needs this cover?

Most businesses insure their buildings and contents. Many provide employee benefits and pension schemes. But not all insure the business itself.

So it's important to consider how your business would manage if one of your key people was taken out of action, temporarily or for good.

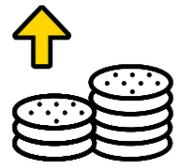
- Do one or more people play a significant role in the success of your business?
- Could your business continue to function without these people?
- What would happen to your business' shares if one of your shareholders died?
- How would your business be affected if an owner were to die, get injured or become critically ill?



# What does this cover do?

Business protection safeguards your business in three areas, lessening the financial impact of unexpected events.

Your financial adviser can help you think about what you might want to protect. Ask to see our handy business-risk checklist.



## Profit

Small businesses often depend on one or two key people for their profit.

These key individuals are responsible for driving business and generating profit, as well as providing essential guidance and leadership.



## Debt

Businesses borrow money for various reasons, including start-up costs, funding growth and emergencies. Types of borrowing include commercial loans, private/family loans and director-loan accounts.

Businesses must ensure they can repay these loans.



## Ownership

If a shareholder, owner or partner dies, their stake in the business may pass to their family. This could mean the remaining owners lose control of the business.

It's important to consider the involvement of beneficiaries in your business and the effect such a loss could have.

**Of the 5.6 million private-sector businesses in the UK, 95% have fewer than 10 employees.**

Source: .gov.uk 2023

# What types of cover are there?

There are different types of business protection. Your adviser can help you choose the most suitable policy for the size and type of business you run.

|  | Name of cover                      | How it works  | Who it covers  | Who it benefits   |
|--|------------------------------------|---|--|---|
|  <p><b>Protecting your key people</b></p>             | <b>Key Person Protection</b>       | Helps protect your business from the impact of critical illness, injury, terminal illness (if life expectancy less than 12 months), or the death of your most integral employees. | Anyone critical to your business, e.g. owner/founder, CEO, COO, IT manager, sales/marketing lead or employees with lots of contacts. | Your business. Use the benefit to address a reduction in gross profits, meet the costs of hiring a new employee or pay loans.                                     |
|  <p><b>Protecting loans or debts</b></p>              | <b>Business Loan Protection</b>    | Helps protect outstanding loans or debts after the loss of a guarantor or key individual due to critical illness, injury or death.  | Anyone who's guaranteed these debts, usually the owner, but sometimes a partner or director.   | Your business. Use it to repay debts at a difficult time.   |
|  <p><b>Protecting partners and shareholders</b></p> | <b>Share Protection</b>            | Helps business owners buy the shares after the death of a partner, member or shareholder.   | Your business' owners.   | Your business. Remaining owners get the funds to buy the shares for a fair value from the deceased's estate, helping them keep control of the business.           |
|  <p><b>Protection for your employees</b></p>        | <b>Relevant Life Plan</b>          | Provides a tax-efficient way to offer a death-in-service benefit to employees.  | Your employees.  | Your business and your employees, including directors. Their loved ones receive a payment following death in service and you're more likely to attract talent.    |
|  | <b>Executive Income Protection</b> | Protects your small business from the financial impact of an employee becoming ill or injured and unable to work.   | Your employees.  | Your business and your employees. Your business receives a monthly benefit in the event of a valid claim that can be used to fund the employees ongoing sick pay. |

# Business protection in detail

## Protecting your key people



### Key Person Protection

This cover offers compensation for the loss of a key person's skills, knowledge, experience and leadership. It can provide support for:

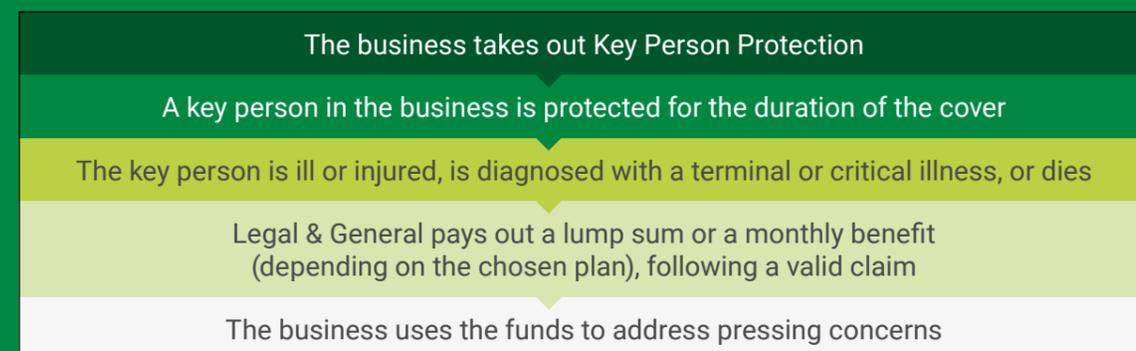
- Loss of profits
- Recruiting or training a replacement
- Loss of important personal and business contacts
- Loss of confidence in the business by customers and suppliers
- Outstanding loan repayments.

There are three types of policy:

- Key Person Protection (Life Insurance)
- Key Person Protection (Life Insurance with Critical Illness Cover or Critical Illness Extra)
- Key Person Income Protection.

Key Person Protection is owned and paid for by you as the employer, so any pay-out or monthly benefit is paid to you rather than to the key person or their beneficiaries.

### How it works



## Protecting your loans or debts



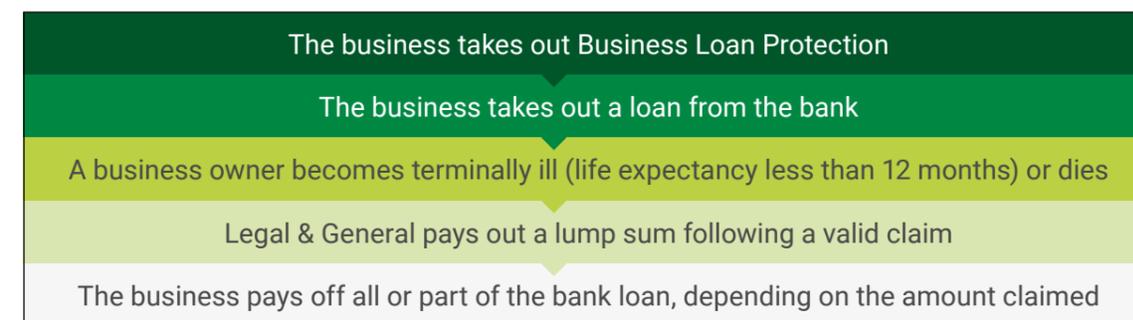
### Business Loan Protection

Many small businesses have some form of debt, from overdrafts to loans or mortgages. And, while these are often protected by a personal guarantee, they may not have protection to back the debt should something happen.

Business Loan Protection covers any type of commercial debt to prevent it becoming a liability:

- Overdrafts
- Commercial loans
- Commercial mortgages
- Directors' loans.

### How it works



# Protecting your partners and shareholders



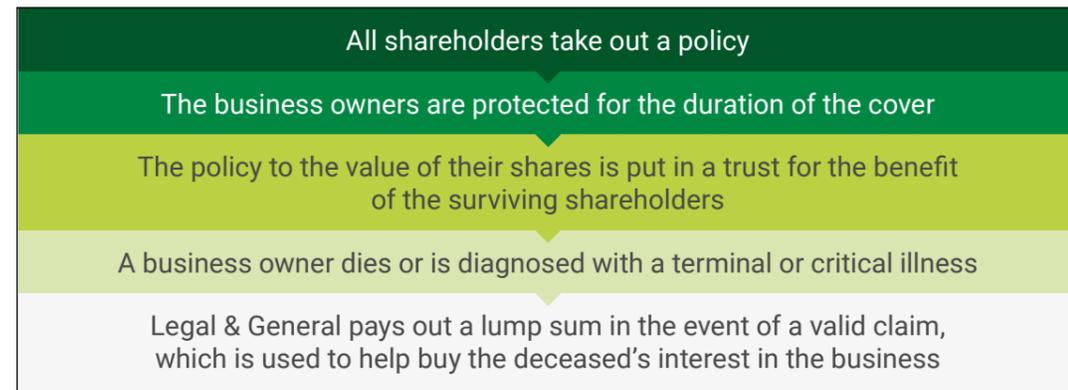
## Share Protection

If a shareholder, owner or business partner dies, their stake in your business may pass to their family. Share Protection ensures that any remaining shareholders have access to the money they need to buy the deceased's shares, as well as the rights to buy it, so that they maintain control.

There are two parts to this insurance:

- Life insurance, which is designed to pay out on death of one of the owners
- A legal agreement, which sets out when and how the share or shares will be bought back and at what price.

## How it works



# Protection for your employees



## Relevant Life Plan

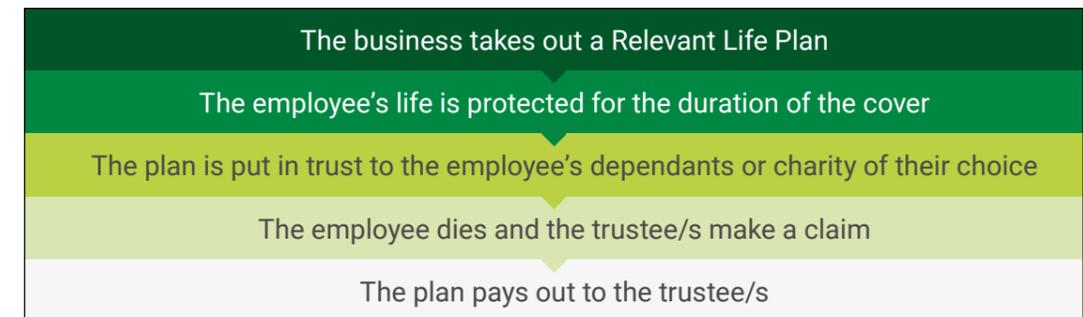
This life cover for employees provides a tax-efficient way to offer a death-in-service benefit to your employees, helping you attract and retain talent.

It can count as a business expense and, with Corporation Tax-relief, there's no additional income tax or National Insurance to pay.

- Offers a high level of cover for employee salaries, bonuses and regular dividends.
- Premiums can be classed as an allowable business expense.

Each plan is written in trust for the benefit of the employees' dependants to be paid outside of their estate, which could be beneficial for Inheritance Tax.

## How it works



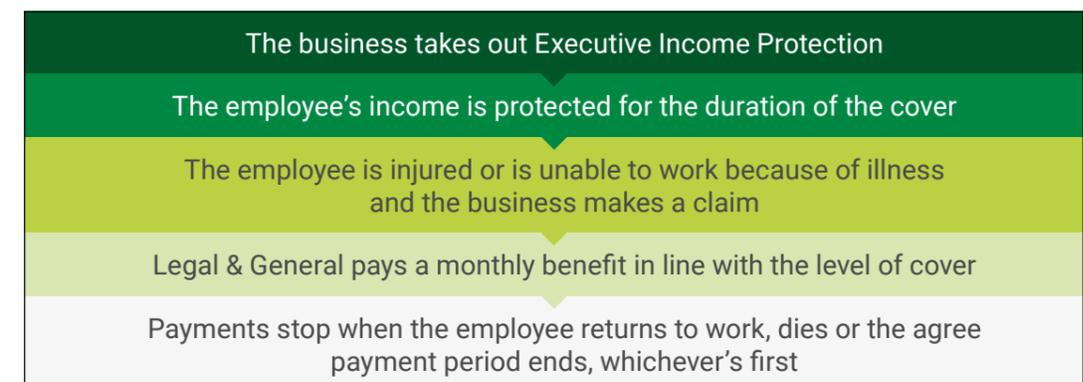
## Executive Income Protection

Many small businesses offer enhanced sick pay if their employees are unable to work. This cover helps fund the employee's ongoing sick pay.

Further cover can be arranged at an extra cost to cover employer pension contributions and National Insurance contribution. Executive Income Protection covers:

- Salary
- Dividends
- Overtime/bonuses
- Spouse/registered-civil-partner earnings and dividends.
- P11D benefits

## How it works



# Support with Umbrella Benefits

We offer a range of added-value services that keep on working for you behind the scenes, ready to help against the unexpected.

We include these Umbrella Benefits services as standard for you and your employees. They focus on physical and mental health and later-life-care support.



## Wellbeing Support

This service, created in partnership with RedArc Assured Ltd and their registered nurses, provides personalised practical and emotional support for your key employees and their loved ones.

Experienced nurses are available to help with a variety of mental or physical health concerns. And they can arrange a second medical opinion if you or one of your key people is dealing with a serious illness.

Everybody's needs are different, and so each support route is too. Whatever your employee's situation, Wellbeing Support is just a call away.



## Care Concierge

This free service gives you and your employees access to confidential telephone advice to help you navigate later-life care options, including understanding, finding and funding the most suitable plan for a loved one.

The Care Concierge team has extensive knowledge in the care industry and is entirely impartial. Whether you have an immediate need for care, you're doing some research or you'd just like an informal chat, their experts are on hand to support you.



## Rehabilitation Support Service

Available with Key Person Income Protection and Executive Income Protection, this early-intervention service helps get your key people back up and running quicker. It can help with a wide range of physical or mental-health related concerns.

The team of UK-wide, in-house clinical healthcare experts will create a tailored rehabilitation plan to support a faster return to work and good health. They'll then manage their absence every step of the way, backed with support from specialist healthcare partners.

# Why choose us?



We've been helping customers like you for over 180 years, so you can rely on us.



We're a specialist provider for SMEs with a complete suite of business protection products.



You can tailor your plan around your business needs.



In 2022 we paid out over £883 million in claims to support individuals and their families.



If you need to make a claim, we're here to help you every step of the way.





**Speak to your adviser to find out how business protection could work for you.**

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Registered office: One Coleman Street, London EC2R 5AA. We are authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

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