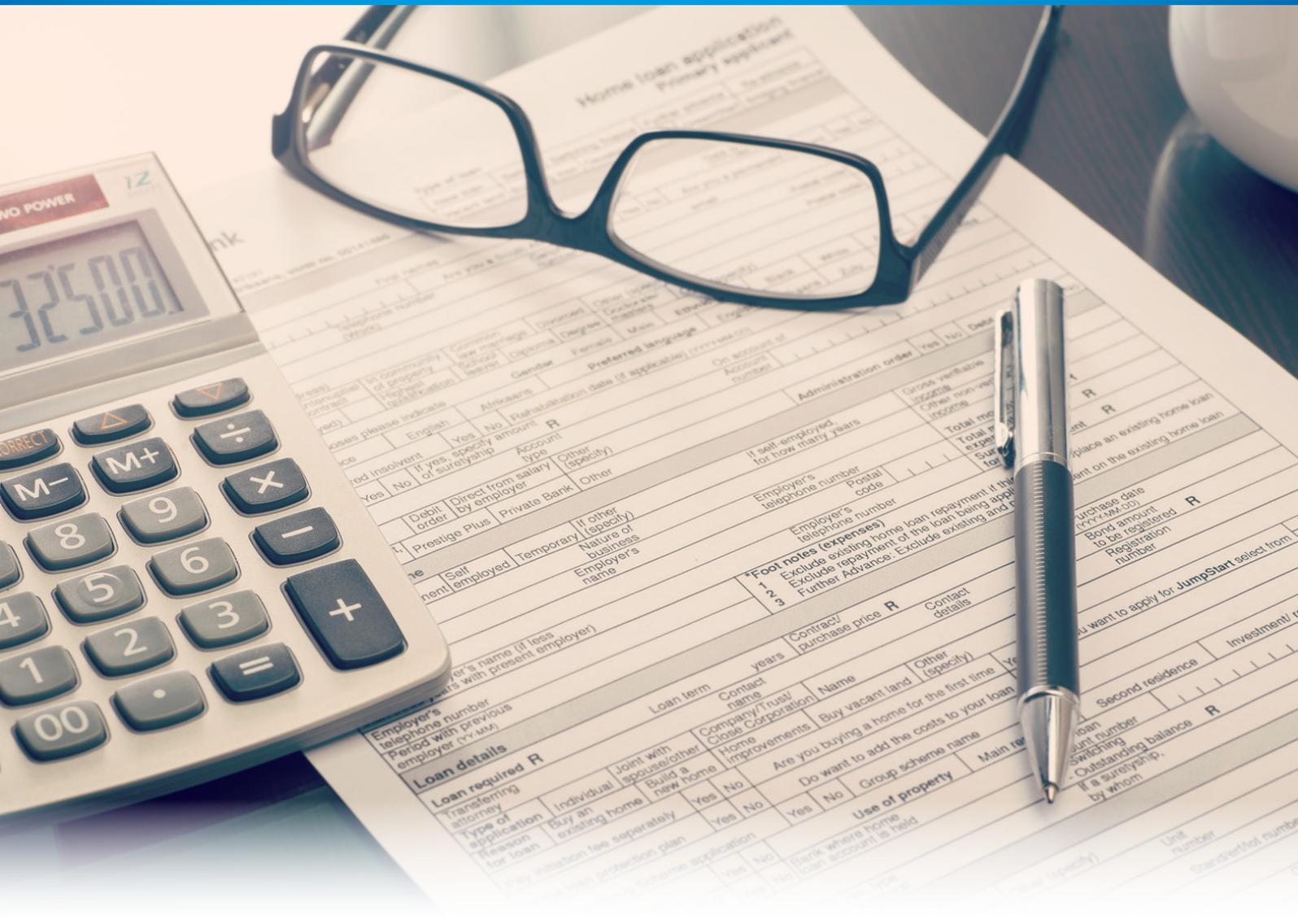




# Business Loan Protection

## General Guide



[www.thmarch.co.uk](http://www.thmarch.co.uk)



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INSURANCE BROKERS SINCE 1887

## Have You Lent Your Business Money or is Your Business Borrowing Money?



Whatever the reason, you're not alone. In May 2015 Legal & General research revealed:-

- **57% of businesses surveyed had some form of borrowing**
- **£344,000 was the average amount borrowed**
- **£229,000 was the average directors loan account**
- **25% of Directors were unaware that a director's loan account would need to be repaid on death**

### What is it?

Business Loan Protection is normally a life assurance policy or a combined life assurance and critical illness policy taken out to repay debt if you or a key person in your business dies or falls critically ill. The insurance cover provides the business with a **lump sum of money** so the debt can be repaid. Sometimes lenders insist on it.

### Why Do I Need It?

If you don't have it, banks may call in loans or reduce overdraft facilities, restricting your business's cash flow at a critical time. This often results in the forced sale of assets or the business folding.

### How Much Do I Cover?

The amount and the term of the cover will normally be designed to pay off the debt for the term of the loan.

### Who takes out the policy?

Normally the business, as it is the business that the policy is protecting so the debt can be repaid. If your business is a company it will be the company that applies for the policy and will be the policy owner, with you or the key person being the life assured. As the policy owner the company is responsible for paying the premiums and if you or the key person die or become critically ill, the company will receive the claim proceeds (unless they are assigned to the lender).

### What about tax?

Tax always seems complicated. It is important, so normally we work with your other professional advisers to make sure the cover is set up in the right way for your business.

Rest assured we will explain what actions you need to take, but would normally refer you to your accountant for tax advice.

### What about health?

Expect to fill in a medical questionnaire and expect the insurer to ask your GP for a report. In some cases insurers ask the life to be insured to attend a full medical. These are normally paid for by the insurer. If you have any existing medical conditions or have suffered any in the past, it's your duty to disclose them. Don't be put off considering cover, we will talk to the underwriters. Many people will have (or will have had) similar conditions; the underwriters have lots of experience in dealing with most of what can affect us.

### Summary

You'll be surprised how little Business Loan Protection can cost for a very large sum assured. We'll make sure a solution fits your budget.

Give me a call on **01822 855 555**.

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