

# Protecting your business

What would happen to your business if a key person, was unable to work through critical illness or death?



# Let us help you find the best cover

visit our  
website or call  
01822 855555  
for more  
advice

What would you do without that leader, what would happen to the finances and the credit rating of your business? A Key Person Insurance policy is taken by a business to cover the loss of profits that would occur if they died or fell critically ill. The company is the beneficiary of the plan and would pay the insurance premiums.

## Why Do We Need Key Person Insurance?

If your business needs to recruit immediately to cover your key person's skills then you may have to pay over the odds to attract the right person. The insurance cover provides the business with a lump sum of money, or a regular payment, so they can continue trading reducing the possibility of banks calling in loans, suppliers refusing to supply and customers switching to a competitor.

## Who is the Key Person?

A key person is someone whose death or critical illness would have a serious effect on your future profits, or the survival of the business. You may have one or more employees who make a vital contribution to your profitability. The size of an individual's shareholding will not necessarily indicate who is a key person. Please contact us at T H March for information on Shareholder Protection.

A person may be key to your business if they:

- Have valuable sales contacts which might be lost if they are no longer with you
- Design or manufacture a vital proportion of the products you offer
- Are the main driving force behind the business
- Are heavily involved in the development of a new product because of their knowledge or expertise

- Are at the top of their line of work and have been time-consuming and expensive to recruit, so it might be difficult and expensive to recruit a replacement
- Are key sales people who contribute a significant amount to your profits

## How Much Do I Cover?

There is no set method for working out an appropriate amount of cover. The insurance provider will want to make sure that they are insuring an appropriate amount, can request to see financial accounts. Call us to discuss the key needs of your business.

## What is needed to take out Key Person Insurance?

The key person may need to fill in a medical questionnaire and the provider may ask their GP for a report. In some cases insurers ask for the key person to attend a medical assessment. These are normally paid for by the insurer. If they have any existing medical conditions, or have suffered any in the past, it's their duty to disclose them. A previous illness does not necessarily need to be a barrier to a business in taking out Key Person Insurance; T H March can help to navigate the nuances of policies and find a solution to fit your budget. You might be surprised by how little Key Person Insurance can cost for a very large sum insured, especially when you compare it to your other insurances.

We carefully research the market and work with the best providers ensuring the most appropriate cover for you. Find out more on our website or call 01822 855555.