

For customers | Business Protection

The need for business continuity and succession planning

Businesses look to protect themselves against every eventuality, buying cover for their buildings, contents, cars and materials. But the majority don't cover their single biggest asset – their employees.

Likelihood of at least one partner/director dying before age 65*

Age	Number of partners/directors				
	2	3	4	5	10
35	13%	19%	25%	30%	51%
40	13%	18%	24%	29%	49%
45	12%	17%	23%	27%	47%
50	11%	16%	21%	25%	44%

Likelihood of at least one partner/director getting a critical illness before age 65**

Age	Number of partners/directors				
	2	3	4	5	10
35	50%	65%	75%	82%	97%
40	49%	64%	74%	81%	97%
45	47%	62%	72%	80%	96%
50	44%	58%	68%	76%	94%

*Source: www.actuaries.org.uk. Based on mortality data from TMN00 (temporary assured lives, male non-smokers, 1999-2002) at five+ years' duration.

**CIBT02. Based on 1971-2003 population data and experience, published in SIAS paper *Exploring the Critical Path, 2006*. Males, stand-alone, extended cover, including own occupation total and permanent disability.

Business continuity – key person protection

Key employees can have:

- a direct effect on turnover or profit
- business contacts vital to the company
- specialist skills, or
- a bearing on the credit rating of the business with you or other investors

Would you be able to continue trading or would your business suffer financially if you lost an employee key to your business? Having key person protection cover in place can help your business:

- cover any short-term loss of profit
- repay any outstanding loans
- repay any directors' loans
- fund a permanent or temporary replacement employee
- make it through a period of reduced activity

Business succession – shareholder protection

Where would your business interest go if you died or decided to leave your business? Shareholder protection gives the remaining shareholders the peace of mind that the money, assets and control of your business fall into the right hands, at the right time, if the appropriate share option agreements and trusts are in place. Having shareholder protection in place can help:

- the dependants of a deceased shareholder receive a fair price for their shares
- make sure the shares remain with the existing shareholders
- allow a critically ill shareholder/partner to sell their shares and the co-owners to keep control of the business
- protect the financial well-being of the company, its shareholders/partners and their dependants

For more information and advice on business protection, please contact your financial adviser.

