




Is Your Business At Risk?

By Ged Dixon, Independent Financial Adviser, iimia Corporate Services

Protecting your business is vital in today's market conditions. All too often, the impact of an enforced change of ownership due to the loss of a business partner/director or key personnel through illness or death can have a devastating effect on a business. Let's look at the three key areas of Business Protection that we can help you and your business with.

Key Person Protection

Key Person Protection helps safeguard a business against the financial effects of death, terminal illness, or critical illness of a Key Person. The loss of a Key Person may result in reduced sales, loss of profit/turnover, wasted time, recruitment costs, the disruption of development plans or increased workloads for remaining staff.

A Key Person is an employee whose continued absence would affect the profits of the business. Someone whose skills, knowledge, experience or leadership are important to its continued financial success. Examples of a Key Person include, but are not limited to:

- Sales director
- IT specialist
- Managing director
- Head of product development
- Technicians and R&D personnel

If your business has an individual or individuals who are fundamental to its success, you should consider Key Person Protection.



Partner/Director Share Protection

The loss of a partner or director may destabilise the business and can quickly lead to financial difficulties. Partner/Director Share Protection means if the worst does happen, the remaining directors or partners can stay in control of the business.

In the event of a partner or director dying, falling terminally or critically ill, Partner/Director Share Protection can provide a sum of money to the remaining partner(s) or director(s). This means that in the event of a valid claim the policy could pay out an amount sufficient to purchase the deceased or critically ill partner's/director's interest in the business.



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Is Your Business At Risk? (continued)

Business Loan Protection

The loss of the person or people who have guaranteed a loan is particularly serious for a business. Business Loan Protection helps you pay an outstanding overdraft, loan or commercial mortgage, should the guarantor die or become terminally or critically ill.

Business Loan Protection is life assurance (sometimes life assurance and critical illness cover) written on the life of an individual or individuals. When a valid Business Loan Protection claim is made, a sum equal to the outstanding debt could be paid to either the business or directly to the lender.

Protect Your Business

Business Protection is designed to prepare your business for circumstances like these. You can choose the benefits you need and tailor them to your business needs. In addition, you can change your benefits as your business needs change.

How can we help you?

Failure to protect a company or partnership from the effects of the early death or long-term illness of key staff could have disastrous implications for the business. We can put together a plan both to protect and to compensate the business and ensure that all the necessary legal documentation is drawn up to make sure that any monies are paid out to the right place, at the right time, and tax efficiently.

Should you wish to find out how to protect your business from the issues raised in this bulletin, or indeed want to review your existing Business Protection arrangements, please call 01392 475900 for details of your local office or send an email to enquiries@iimia.co.uk.

Did you know?

Approximately 95% of businesses in the UK do not have any form of Business Protection, putting these businesses at severe risk. Are you one of them?



Corporate Services



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