

Business Protection

Business protection is all about insuring for the unexpected. Put simply, it's a way of protecting your business should something go wrong. Even though you may have had first-hand experience of ill health or bereavement in your family it is still easy to believe 'it won't happen to me'. But the unfortunate reality is that the unthinkable does happen.

Many businesses across the UK take the time to consider employment benefits, pension schemes, general insurances or staff protection, yet the business itself can be overlooked.

Business protection can help businesses continue to trade if an owner or other person key to the business dies or becomes terminally or critically ill. Proceeds from the policy could help ensure that key individuals are replaced, debt is protected and shares from the deceased partner's or director's estate are purchased.

What are the risks businesses face?

- 5.5m private sector businesses
- 65% businesses have some form of business debt
- £176k av. Borrowing
- Director's loan account repayable on demand upon death
- 53% of businesses would cease trading in under year if they lost a key person
- Over half of businesses have no formal instructions regarding shares

What are the risks individuals face?

- 1 in 2 people born after 1960 will develop cancer during lifetime
- Approx 990 new cases of cancer per day
- Every 3 mins someone dies in the UK from cardiovascular disease
- 28% of all death in the UK are cardiovascular disease related
- Over 26k people killed or seriously injured on UK roads
- Over 600k people die in the UK each year and this is increasing

What are the options for protecting my business?

Many people think that arranging business protection is a lengthy, complicated process. In fact, the principles are similar to most other types of protection. The main differences are that business protection generally involves higher sums assured.

Tax efficient life protection

This protection provides a lump sum on death. If the protection is funded through the business rather than personally the tax savings are typically over 50%.

- Provides cash for employee's family
- Tax efficient
- No P11D
- Corporation tax relief
- Benefits paid tax-free

Tax efficient income protection

Provides income replacement on a percentage of remuneration for directors' or employees' if they cannot work due to accident or sickness.

- Tax efficient
- Significant saving if paid via the business
- Employer pension contributions can also be included
- No P11D
- Corporation tax relief

Business protection might not be high on your priority list, but it could make the world of difference to your business, your employees and your family should your circumstances change.

Ask yourself


- What would the impact be on your business if you or one of your key people were no longer around?
- How would you get cash, service debt and repay directors loans? Many company directors are unaware that director loans are repayable on demand upon death and as the sums involved are often guaranteed by their greatest asset, the family home, the impact can be wide ranging and potentially devastating.
- Have you made a business will? What do you want to happen to your share of the business on death and critical illness? Have you got a plan in place?



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