KEEPING YOUR BUSINESS ON COURSE

Helping you protect your business
As a business owner you know what you need to make your business a success. Suitable premises, machinery or tools, and your computer systems may all be important. But have you protected what’s probably your most important asset — your people?

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People are important
In most small and medium sized companies the success of the business depends on just one or two key people. If you've worked with these people for many years it’s easy to underestimate just how valuable they are, how much they know about the company, how many extra hours they put in. But we can never be sure what’s around the corner. Sometimes, without warning, life throws the unthinkable at us. And that’s why business protection is so important. You can’t predict what will happen in the future, but you can make sure you have the right protection in place to help keep your business afloat if a key person becomes critically ill or dies.

What is business protection?
It’s an insurance contract that helps protect your business from the effects of key people being diagnosed with a critical illness or dying. You can use business protection to protect financial commitments as well as key people.

Without the right business protection in place, you could end up risking everything you’ve worked so hard to achieve.

Types of business protection
• Loan protection – insurance to make sure a loan is repaid on the death or critical illness of a key member of the business
• Partnership and shareholder protection – insurance which gives the owners of the business a cash sum to buy the share of a co-owner who becomes critically ill or dies
• Key person protection – insurance against the loss of profits that could result from the critical illness or death of a key person, by paying out a cash sum so the business can continue trading.
What is loan protection?

One of the biggest challenges to the success of many businesses is finding the money to set up or expand. And if you’re not fortunate enough to find someone willing to invest in your business, you may have to borrow to realise your plans.

Quite often your ability to repay any borrowing depends on one or two key people in your business.

If these people were off work for a long time, sales might fall, customers may go elsewhere and profits could drop making the repayment of these debts very difficult. The pressure of trying to run your business and deal with mounting debts is likely to take its toll.

If you have protection in place to cover the loan, you’re making sure that even if a key person suddenly becomes ill or dies, the loan will be paid off.

And although you may think you have enough savings and investments to rely on, they’re likely to run out more quickly than you’d expect.

With the right cover in place, if you or a key person were to die or be diagnosed with a critical illness you could:

- Repay loans
- Recruit a temporary or permanent replacement
- Train one of your other employees to step into the key person’s shoes
PARTNERSHIP AND SHAREHOLDER PROTECTION

Who will control my business?
Losing a partner, member or shareholding director can have a major impact on the success of any business. But it’s not just about the loss of profit a business could suffer. Could your business continue if one of the owners were to die or suffer a critical illness? Who would take their place? Not only in performing their day-to-day duties, but in deciding how your business is run in the future?

Security for your business
Imagine if one of your co-owners were to die. Not only could your business suffer financially because they’re no longer there, but what would happen to their share of the business? You could be forced to work with someone new, like one of their family members for example. That person may have no knowledge of your business and no interest in it either. But because they now own a share, they have just as much say as your co-owner had before they died. And if your co-owner suffers a critical illness this creates even more uncertainty. Will they be able to return to work and if so, when? Will they want to sell their share of the business, and who will buy it?

By having partnership and shareholder protection in place all of these problems can be avoided. Business protection insurance gives you and your co-owners the security of being able to keep the ownership of the business in the hands of those who have built it. It also makes sure an owner who becomes ill, or the family of an owner who dies, receives a fair value for their share of the business.

Have you considered what might happen if you or one of the owners of your business becomes critically ill or dies?
- They or their family might want to sell their share of the business. This could be to a competitor or some other unsuitable buyer.
- They could force the winding up of the business.
- Perhaps their family may wish to become involved in the business, which at best could be disruptive or at worst unacceptable to the other owners.
- The other owners may have to use funds they intended for other purposes to buy the share of the stricken owner.
What is key person protection?
Put simply, it insures a business’s key people in case they die, become critically ill or find themselves unable to work due to long-term sickness. The success of almost all small and medium sized businesses depends on a few people who make a significant contribution. So making sure the business is covered in the event of their death or serious illness is a fundamental step.

What would happen to your business if you or another key person were unable to work due to illness or injury?

Just some of the consequences of losing a key person:

- Sales could fall
- It could rock the confidence of your lender, suppliers, customers and your other employees
- Loans may be called in
- Suppliers may demand payment up front
- Without the leadership of you and/or your key person, your employees may decide it’s time to move on

Who are the key people?
The key person may be you, the business owner, or it could be the sales manager, whose contacts and relationships with customers make sure that sales stay on target and the business is profitable.

Here’s some ideas of who the key people might be:

- Owner/proprietor
- Managing director
- Sales director
- Finance director
- Product designer
- Production manager
- Specialist staff
- Technical staff

With key person protection you can either insure your key people and receive a lump sum, or you can choose Key Person Income Protection which will pay you an income each month to cover the amount of profit the key person would have been bringing into the company. This will help you continue to pay the monthly loans, utility bills and running expenses.
The Business Menu Plan

Our Business Menu Plan offers a comprehensive range of covers providing financial benefits.

The menu allows you to mix and match up to 10 covers within the same plan – for different amounts and terms.

And regardless of the number of covers you choose, you’ll only have to fill out one application form, pay one plan charge and set up one direct debit. Your adviser will be able to talk you though which cover or combination would be best to suit your needs.

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<td>Money if the person covered dies or is diagnosed with a terminal illness that meets our definition</td>
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<td>Critical Illness Cover</td>
<td>Money if the person covered is diagnosed with a critical illness or total permanent disability that meets our definition</td>
<td>Single life</td>
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<td>Life or Critical Illness Cover</td>
<td>Money if the person covered dies, or is diagnosed with a terminal illness, critical illness or total permanent disability that meets our definition – whichever happens first</td>
<td>Single life</td>
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<tr>
<td>Income Protection</td>
<td>A monthly income if the person covered is unable to work because of illness or injury, and meets our definition of incapacitated</td>
<td>Single life</td>
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<tr>
<td>Key Person Income Protection</td>
<td>A monthly income if the key person covered is unable to work because of illness or injury, and meets our definition of incapacitated</td>
<td>Single life</td>
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<td>Waiver of Premium (Sickness)</td>
<td>Relief from paying your premiums if the person covered is unable to work because of illness or injury, and meets our definition of incapacitated</td>
<td>Single life</td>
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A protection plan that can **change and grow with your business.**
Changing your plan
You can change your Business Menu Plan at any time. For example, as your profits grow or if you take out a larger business loan.

These are some of the general changes you can ask to make to your plan at any time:

- Change from smoker to non-smoker rates
- Increase or reduce the amount of cover or term
- Change the way you pay your premiums
- Add or remove a cover
- Change between level, decreasing and increasing cover
- Add or remove a person covered

You might not be able to make these changes on every cover, and for some we’ll ask questions about the health of the person covered or ask for medical evidence. Some changes may increase or reduce your premiums.

Other changes
If your plan is on standard rates, we also include some options to increase the cover where we won’t ask for any extra medical information. This makes it easy for you to quickly update your plan for situations like:

- An increase in the value of the key person
- An increase in your business mortgage or loan
- An increase in the value of a partner’s or shareholding director’s interest in the business
SUPPORT FOR YOU, YOUR FAMILY AND YOUR BUSINESS

We understand that your finances would only be part of your worries if you lost a key person.

That’s why we give you access to our Helping Hand service from the day your Business Menu Plan starts. This service can support your business in a number of ways and you won’t need to pay anything extra to use it.

A dedicated nurse service
The person covered by the plan, their partner and their children, will have access to a dedicated nurse who can give tailored and personal support for as long as it’s needed.

If the worst happens to an essential person in your business, the dedicated nurse can provide long-term support as well as bereavement counselling for the family members (partner and children) left behind.

Or if they’re diagnosed with a serious illness like cancer, the nurse can help them to understand a diagnosis or provide advice on how to manage the side effects of treatment.

Depending on the type of illness they have, the nurse can also recommend a number of additional services if they think it’s going to help, including:

- a second medical opinion
- support recovering from a heart attack
- speech and language therapy after a stroke
- complementary therapies to help manage symptoms or to help with recovery

The dedicated nurse can also help the business understand a key member of staff’s condition, in general terms, and give you advice on how to support them back to work.

A recruitment specialist
You can get advice from Cazden, a specialist recruitment company. If your business loses a key person, they’ll help with recruiting a replacement, writing job specifications, drafting adverts and briefing recruiting agencies. Details of potential candidates can usually be given within 48 hours.

Independent legal advice
You might find you need legal guidance to help you deal with difficult situations. This service gives you access to professional help on legal issues like shareholder options and managing sickness and absence.

Helping Hand is a package of support services, provided by third parties that aren’t regulated by the Financial Conduct Authority. These services aren’t part of our terms and conditions, so can be amended or withdrawn at any time.
We want to provide an excellent service.

That’s why our customer service team is always on hand to help. They can provide you with any information you need about your plan but they won’t be able to give you any financial advice.

You should always contact your financial adviser first if you have any questions about your plan or your financial situation.

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Helping Hand can support your business in a number of ways **and you won’t need to pay anything extra to use it.**
Proud to be different
We’re a different kind of financial services company. Unlike our main competitors, we’re a mutual. That means we don’t have shareholders. Instead, we’re owned by our members – people like you. So you can be sure everything we do has your best interests at heart.

As the UK’s largest mutual life, pensions and investment company with 150 years’ experience and an A rating¹ and an A2 rating², we offer our customers firm foundations of financial security.

Not only that, we’re committed to being easy to do business with. That’s why everything we do is underpinned with award-winning technology and excellent customer service. We were awarded Company of the Year in 2017³ and we were also awarded 5 Stars for customer service in the Financial Adviser Service Awards 2017.

¹ Standard & Poor’s, July 2017.
² Moody’s, June 2017.
All literature about products that carry the Royal London brand is available in large print format on request to the Marketing Department at Royal London, 1 Thistle Street, Edinburgh EH2 1DG.

All of our printed products are produced on stock which is from FSC® certified forests.

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