

## Product Target Market

Product Name	General Product Description	Additional Comments (if applicable)
Shareholder/Partnership Life or CI Cover	<p>Life cover designed to pay a lump sum to the surviving shareholders of a business in the event of the death or critical illness of a shareholder</p> <p>It is possible to have the cover on a level, increasing (by either Retail Price Index or a fixed rate between 2-5%), or decreasing basis (on a chosen interest rate from 0-15%).</p>	<p>The target market is small to medium size businesses with more than one business owner (not including married couples) where the shareholders do not wish for the estate of another shareholder to become part owners of their business and they have invoked a cross or single option agreement to that effect.</p> <p>Increasing cover is suitable for those who wish to protect against inflation.</p> <p>Negative target market: Shareholder protection is not designed to be sold on a decreasing basis as the value of a business would not be expected to steadily decrease over time. Decreasing cover is designed to reduce in line with an outstanding loan balance.</p>
Customer Type		
Personal Protection	No	Negative Target Market: This is not designed for personal protection.
Business Protection	Yes	This is part of the business protection menu.
Demographic Factors		
Age	18 – 84 (attained)	
Sex	All	
Income/Social Grade	Established Investors Money Makers	
Family Background	Suitable for individuals or businesses, regardless of family background who want to insure themselves against having to share their business with the families of a fellow shareholder/partner in the event of said shareholder/partner's death or diagnosis of a critical illness.	
Literacy capabilities	Literate	

Health Background	We are happy to underwrite lives in good health and with pre-existing non-life threatening conditions.	Normal medical underwriting standards will apply
<b>Product aim</b>		
Mortgage /Debt/ Loan repayment	This product is not designed to protect a loan	
Life Changing Event	This would allow a shareholders or partners in a business to protect themselves against having to share their business with the families of a fellow shareholder/partner in the event of said shareholder/partner's death or diagnosis of a critical illness.	The cover provides funds to the surviving shareholder/partner to buy out the share of the deceased or ill shareholder/partner from them or their estate. This purchase will have already been pre-agreed in the cross or single option agreement.
Unable to work for a prolonged period	This would protect the business in the event of a shareholder or partner being unable to work for a period of time but only if the absence is due to a critical illness	The company could still buy out their ill partner's shares in the event of a critical illness but if a single option is in place the ill party could choose not to sell if they felt they would be able/want to return to work in the future. In this case the benefits could essentially be used as key person cover by the business
<b>Customers for whom this product is not considered appropriate</b>		
Businesses that are owned 100% by one person (or couple)	There would be no surviving shareholders or partners to purchase the shares	A married couple would not need to set up such cover as the survivor would fill the role of both the estate and the surviving shareholder and they would not need to purchase the shares from themselves.
PLC's or any publicly traded business	Ownership of such companies is usually spread over a large number of shareholders who do not have direct control of the business.	
<b>Product Complexity</b>		
Low		
Low-Medium		
Medium		
Medium to High		
High	Despite the life cover itself being a simple cover the different ways of setting the policy up and the differing tax implication of	Can set up as a company share purchase or a director's share purchase agreement. In both cases a cross or single option

	these make it complex	agreement should be in place to enforce the sale of shares.
Any impact of charges?	N/A	
Any tax status implications?	<p>Company Owned (company share purchase): Premiums would not be deductible against Corporation Tax but benefits would be paid tax free to the company</p> <p>Own life in trust (directors share purchase): Premiums are treated as a benefit in kind but are deductible against Corporation Tax for the company. The benefits are paid tax free into a trust for the benefit of the surviving shareholders. Premium equalisation should be undertaken to establish the correct benefit in kind for each shareholder.</p>	
<b>Client Objectives and Needs</b>		
Death/TI	Yes	
Life Changing Event	No	
Unable to work for extended period	No	
Time Horizon	Selected Term (1 – 50 years)	
Maturity Date	End date selected	
<b>Distribution Strategy</b>		
Execution Only	No	No – Negative Target Market: product should not be sold on an Execution only basis
Non-Advised Sale	Yes	Although occasionally sold by remote advisers, the complex nature of business protection means that it is best sold on an advised basis.
Fully Advised Sale	Yes	Most commonly sold by general practitioners, wealth managers and risk specialists.

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