

Product Target Market

Product Name	General Product Description	Additional Comments (if applicable)
Key Person Life Cover	<p>Life cover designed to pay a lump sum to a business in the event a key member of staff dies or is diagnosed as terminally ill.</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 of whom a significant portion of their profit can be attributed to a key employee</p> <p>Increasing Cover is suitable for those who wish to protect against inflation.</p> <p>Negative target market: Key person cover should not be sold on a decreasing basis unless in relation to a loan as the profitability of a key person 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 – 89 (attained)	
Sex	All	
Income/Social Grade	Established Investors Money Makers Growth Phase	
Family Background	Suitable for individuals or businesses, regardless of family background who want to insure their business against financial hardship in the event of the death of a key employee.	
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

Product aim		
Mortgage /Debt/ Loan repayment	<p>This product can be used to cover a business loan in the event of the death of a key person</p> <p>Decreasing cover is designed to cover a loan.</p> <p>Negative Target Market: An increasing benefit would not be relevant in covering a loan as the liability will only decrease (or remain level in the case of interest only borrowings)</p>	The death of a key person could detriment the business profits to the extent they are no longer able to keep up with loan payments.
Life Changing Event	This would allow a business to maintain a comfortable level of profit in the event they were to lose a key employee	
Unable to work for a prolonged period	Negative Target Market: This is will not protect anyone in the event they are unable to work for a period of time.	
Customers for whom this product is not considered appropriate		
Companies where large portions of the profit cannot be attributed to a singular employee	The company would be able to survive relatively unaffected without the benefits of such a policy	
Companies where the Key Person is easily replaceable	The company would not need a lump sum pay out to hire a replacement	
Companies where the key person is responsible for too much of the business profits	In this scenario the company is unlikely to be able to continue even with the pay out and therefore the protection will not help	
Product Complexity		
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 these make it complex	
Any impact of charges?	N/A	

Any tax status implications?	<p>Company Owned: Premiums could be deductible against Corporation Tax if the person covered does not have a significant shareholding. Benefits would be taxable as a trading receipt though. If they are a shareholder then there would be no Corporation Tax relief but the benefits would be paid tax free</p> <p>Own life in trust: 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</p>	
Client Objectives and Needs		
Death/TI	Yes	
Life Changing Event	No	
Unable to work for extended period	No	
Time Horizon	Selected Term (> 62 years)	
Maturity Date	End date selected	
Distribution Strategy		
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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