

## Product Target Market

Product Name	General Product Description	Additional Comments (if applicable)
Loan Protection Life or Critical Illness Cover	<p>Cover designed to pay a lump sum to a business in the event a key member of staff dies or is diagnosed with a critical illness with the purpose of paying off business debt.</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 who have taken out sizable business loans.</p> <p>Decreasing cover is designed to reduce in line with an outstanding loan balance.</p> <p>Negative target market: Increasing cover is not designed to protect borrowings as the amount of debt would not be expected to steadily increase over time. The liability would be expected to decrease over time (or at least remain level in the event of an interest only borrowing)</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 Growth Phase	
Family Background	Suitable for individuals or businesses, regardless of family background who want to insure their business against not being able to pay off their loans in the event of the death or critical illness of a key employee or shareholder/partner.	
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 is designed to be used to cover a business loan in the event of the death or critical illness of a key person or shareholder.</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 (or long term absence due a critical illness) of a key person or shareholder could detriment the business profits to the extent they are no longer able to keep up with loan payments.
Life Changing Event	In the event of the death or critical illness of a key person or shareholder this is designed to pay of the business debt.	
Unable to work for a prolonged period	This would protect the business debt in the event of a shareholder or key person being unable to work for a period of time but only if the absence is due to a critical illness	
<b>Customers for whom this product is not considered appropriate</b>		
Companies with no debt	No need for the cover	
<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 implications of these make it complex	
Any impact of charges?	N/A	
Any tax status implications?	<p>Company Owned:            Premiums are not likely to be deductible against corporation tax. Benefits would be tax free.</p>	Policy would be company owned if the debt was in the business name. If the shareholders were personally responsible for the debt then the best approach would be own life in trust.

	Own life in trust Premiums are treated as a benefit in kind but are deductible against corporation tax for the company. Benefits paid tax free into a trust for the benefit of the surviving shareholders	
<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.

The Royal London Mutual Insurance Society Limited is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. The firm is on the Financial Services Register, registration number 117672. It provides life assurance and pensions. Registered in England and Wales number 99064. Registered office: 55 Gracechurch Street, London, EC3V 0RL. Royal London Marketing Limited is authorised and regulated by the Financial Conduct Authority and introduces Royal London's customers to other insurance companies. The firm is on the Financial Services Register, registration number 302391. Registered in England and Wales number 4414137. Registered office: 55 Gracechurch Street, London, EC3V 0RL.