

# Target Market Statement

## Zurich Business Protection

The Zurich Business Protection target market statement supports intermediaries and helps them understand the distribution strategy and identify the likely characteristics and eligibility of the customers in the target market. It outlines:

- What the product is designed to do
- How it should be distributed
- Target market customer characteristics and risk profile
- Key eligibility criteria for customers in the target market
- Key features of the benefit and how they meet customer needs
- Who the product won't be suitable for (the non-target market)

### What the Zurich Business Protection product is designed for



To provide businesses with financial protection so that on a key person's death, or diagnosis of a critical or terminal illness during a fixed term, the business will receive a lump sum payout to help cover the costs of things like replacing a key person, covering the loss of profits or purchasing shares back from the life assured's estate.

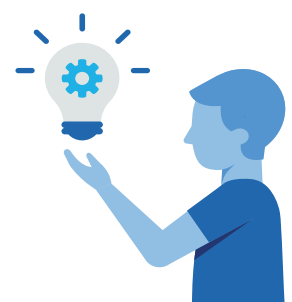
A claim for terminal illness will be paid where there is a definite diagnosis that the illness either has no known cure or has progressed to the point where it cannot be cured, and the illness is expected to lead to death within 12 months.

### Distribution Strategy

This product is designed for businesses who want to buy with the help of an insurance intermediary. It may be sold either face-to-face or by telephone but must not be sold on an execution-only basis.

Due to the nature of the product and its various options, the Zurich Business Protection product should only be sold on an advised basis.

Where an intermediary becomes aware of a change in the business's circumstances or as part of a regular customer review process, the intermediary should assess whether the product remains appropriate and suitable to meet the business's long-term needs and objectives. To support intermediaries, Zurich provides customers with annual statements detailing their current options and what changes can be made to their policy.



# The target market

## Customers that have a specified need for:

- A lump sum payout when a life assured dies or is diagnosed with a critical or terminal illness during the term of the policy.

## They'll also understand that:

- It's designed as a long-term commitment and must pay premiums for the duration of the policy term.
- Missing premiums for two consecutive months will result in the policy ending and loss of cover with no refund of premiums.
- If the lives assured don't fully, honestly and accurately answer all the underwriting questions in their application, this could mean we won't pay out when a life assured dies, or is diagnosed with a critical or terminal illness, or we could pay a reduced amount.
- It's a long-term commitment and the real value of the payout could be impacted by inflation, unless Increasing Cover is chosen.
- It isn't an investment product and has no surrender or cash value.

## Eligibility criteria for customers in the target market



### Customers (lives assured) must:

- Be a UK resident with no current intention or plans to live abroad.
- When applying for the product, be aged between 18 and:
  - 83 for Life Cover (or 82 if the conversion option is selected and 68 if the renewal option is selected)
  - 69 for Life Cover and Critical Illness or Critical Illness Cover (64 if the renewal option is selected)
- Be registered with a UK doctor when the policy starts and for at least six months before applying for the product.
- Allow access to their medical records during the application and claim process.
- Not be undergoing any medical investigations for unexplained symptoms when they apply for the product which would impact our ability to offer acceptance terms.
- Not have any existing health conditions that is likely to mean they'll fail Zurich's underwriting requirements. This would include but may not be limited to customers who have already been diagnosed with a critical or terminal illness or receiving palliative care.

### Customers (policyholders) must:

- Be a UK resident, if they are an individual, with no current intention or plans to live abroad.
- Be registered or incorporated in the UK if they are a business.
- Pay the premiums from a UK bank account.

## Likely needs of the target market

### Key person protection

Want to protect the business should a key person die or be diagnosed with a critical or terminal illness.

### Loan protection

For those wanting cover to help to pay off outstanding business debt or a commercial loan.

### Business Inheritance

Has an interest in a partnership or company and wants to ensure the business has funds available to purchase any shares from the life assured or their estate.

## Available product options to support customer needs



### Increasing cover

As a long-term product, the Increasing Cover option is suitable where the business needs to help protect against the impact of inflation and reduce the risk of the sum assured being insufficient to meet the business's objectives and needs. This option is only available to be chosen when the policy starts.



### Decreasing cover

This option is suitable for businesses that would like the sum assured to decrease each month in line with the outstanding amount on a commercial loan at a set interest rate (chosen by the business) and reduce to zero by the end of the term.



### Critical Illness

This option is for businesses that want our standard, comprehensive critical illness cover. It provides protection against 39 conditions that would pay the full sum assured. It also covers 2 less severe conditions that would payout up to £25,000.



### Critical Illness Select

This option is for businesses that want our broadest range of critical illness cover. It provides protection against 52 conditions that would pay the full sum assured and 33 less severe conditions that would payout up to £25,000. It also provides additional cover for 8 life changing critical illnesses if diagnosed before age 50.



### Children's Benefit / Enhanced Children's Benefit

This option is designed for businesses wishing to protect against the risk of any profit losses in the event the life assured must take time off work to care for a child suffering a serious illness or following the death of a child. Covers the life assured's children until their 22nd birthday at which point the option should be removed.

## Available product options to support customer needs (continued)



### **Conversion Option (available on Life Cover only)**

Designed for business owners who do not have a fixed retirement date or who will continue to be owners indefinitely and do not want or cannot afford large whole of life premiums at this stage. This option may also be suitable for business owners who may create an Inheritance Tax liability when they sell their business.



### **Renewal Option**

Designed for businesses with a liability that does not have a fixed repayment term. This could be a commercial loan liability or interest only borrowing that would need repaying on death or following a critical illness diagnosis of an owner or key person. A short-term plan with the flexibility to renew could be suitable to match the flexible nature of the liability.

This option may also be suitable for business succession plans on death or critical illness (shareholder/partnership protection) where the business owner does not have a fixed retirement date or key person cover where there is uncertainty around how long the employee will remain key to the company.



### **Total Permanent Disability (available on Life Cover and Critical Illness and Critical Illness Cover only)**

Designed for businesses who want to protect themselves against an eventuality (not covered by the critical illness conditions under the policy) that would mean the life assured is never able to do their own occupation ever again, or at least three of six work tasks if the work tasks definition applies, due to any illness or injury.



### **Waiver of Premium**

Designed for businesses who want to ensure that the premiums for their protection policy continue to be paid in the event the life assured is ill and unable to work for more than six months. This benefit is only available where the life assured is age 54 or younger when the policy starts and will end the day before their 70th birthday.



### **Trust options**

Trusts provide clarity as to who any benefits should be paid to at the claim stage.

Suitable to support businesses access to the proceeds of the policy to enable them to purchase a person's business interest from the life assured or their estate or to cover a financial loss that may arise on a key person's death or diagnosis of a critical illness. We provide both a Flexible Business Trust and a Partnership Keyperson Trust to support customer needs.

## Who the product won't be suitable for (non-target market)

**The Zurich Business Protection product won't provide the intended value to customers (businesses) who:**



- Want cover for the rest of the life of the key person or employee – unless the conversion option is selected.
- Want an investment product or cash-in value.
- Need a replacement income for periods where the life assured can't work because of an illness or injury.
- Are unable to pay the premiums for the duration of the policy.

**It will also not provide the intended value to the business where the lives assured:**

- Are under the age of 18 or over the age of:
  - 83 for Life Cover (or 82 if the conversion option is selected and 68 if the renewal option is selected)
  - 69 for Life Cover and Critical Illness or Critical Illness Cover (64 if the renewal option is selected)

These customers are outside of the age eligibility criteria.

- Have any unexplained, or existing health conditions that could affect their access to the product.
- Don't fully, honestly and accurately answer all the underwriting questions during the application.
- Don't provide consent to Zurich to access their medical records.
- Are at risk of death as a result of suicide or self-inflicted injury in the first 12 months of the policy.
- Decide to move abroad and reside in a country where we're unable to properly assess and manage their claim.

**For financial advisers only – not for use with your clients.**

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NPL85006901 (LIFKAC179) (06/25)

