

Business Protection  
doesn't have to be hard



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# *The rewards are there for the taking*

This guide brings you everything you need to take advantage of opportunities in the business protection market. Whether you're already writing this type of business or it's a new avenue you'd like to explore, we can help you succeed.

In every UK office, shop and factory there are notices that the employer has insurance for employee accidents. Every car and lorry owned by a business must have at least the minimum level of insurance required by law. And most prudent business people have arranged insurance for their factories, office buildings – and even the desks where they work.

#### ***Overlooking the most important assets***

However, many businesses overlook protecting their most important assets: their owners and key people. Too few businesses cover the things that could finish the company and its income – the death or illness (including critical illness) of a business owner or key person. And this applies to all businesses, whether it's a partnership, limited liability partnership, company, or even a sole trader. They're all likely to have an individual, or individuals, crucial to its continuing activities and prosperity.

#### ***A valuable new income stream***

Business protection can bring you a valuable new income stream, as it often involves multiple plans for each business and high sums assured. Many think it's a complicated area of protection advice. But as you'll see in this guide, it's easy to make the most of opportunities in business protection.



# *Market opportunities*

Different business types and the protection needs they may have.

# 01

First, it's important to understand the different types of businesses in the UK. They all need protection. However, there are some subtle differences between their needs and the solutions that might be appropriate.

TYPE OF BUSINESS	VARIATION	WHAT THIS MEANS
 Limited companies	Public limited company (plc)  Private limited company (Ltd)	The companies are legal entities in their own right. They can own property (including plans) and have the power to contract.
 Partnerships	Limited liability partnerships (LLP) and Partnerships in Scotland  Partnerships (England and Wales)	They are not legal entities in their own right. The business cannot own property or plans. These would be owned personally by the individual owner.
 Sole traders	Sole traders	They are not legal entities in their own right. The business cannot own property or plans. These would be owned personally by the individual owner.

### Every business needs protection

From covering liabilities to safeguarding profits, every business needs protection.

IF THE BUSINESS HAS	THEY MAY NEED TO PROTECT	PLANS TO MEET THESE NEEDS
Business liabilities	Business loans – possibly with personal guarantees.  Loan accounts – this is money owed to a bank or lending institution.  Overdrafts	Life assurance  Critical illness (CI)
Key people – owners or employees who contribute to the success of the business	The business profits  The cost of recruiting and training.	Life assurance  Critical illness (CI)
Shareholders/Partners	Themselves if a co-owner dies or suffers a serious illness.  Their family if they die or suffer a critical or serious illness.	Life assurance  Critical illness (CI)



#### TOP TIP:

When talking to your clients, refer to business protection solutions as risk management rather than just life or critical illness.

# *Building your business*

Identifying opportunities among  
existing clients, professional  
connections and prospective clients.

# 02

There is enormous potential in the business protection market, so how can you start capitalising on it? In this section, you'll find out how to explore opportunities in these three areas:

- Existing clients
- Professional connections
- Prospective clients

### Existing clients

Many of your existing clients may be business owners, and by using the information you've already collected, you can identify likely prospects.

If you hold your clients records on an electronic database, a search taking just a few minutes could result in a wealth of opportunities.

#### Here's what to look for

##### Employment status

For the self-employed, business and personal finances are very closely linked. This means they will need to protect themselves and their family, which could well involve business protection.

##### Occupation

Existing clients who are directors or partners in a business are a good place to start when looking for business protection opportunities. Also, doctors, dentists, lawyers and accountants are often partners in their practices.

##### Existing insurance, savings and investment plans

Ask your clients if they are a member of a corporate-sponsored savings, retirement or protection scheme.

##### Business loans and existing cover

Look into your existing client base to see which clients have existing loans. Ask what they are for. If you have clients with existing covers, check whether they have been assigned or re-assigned.



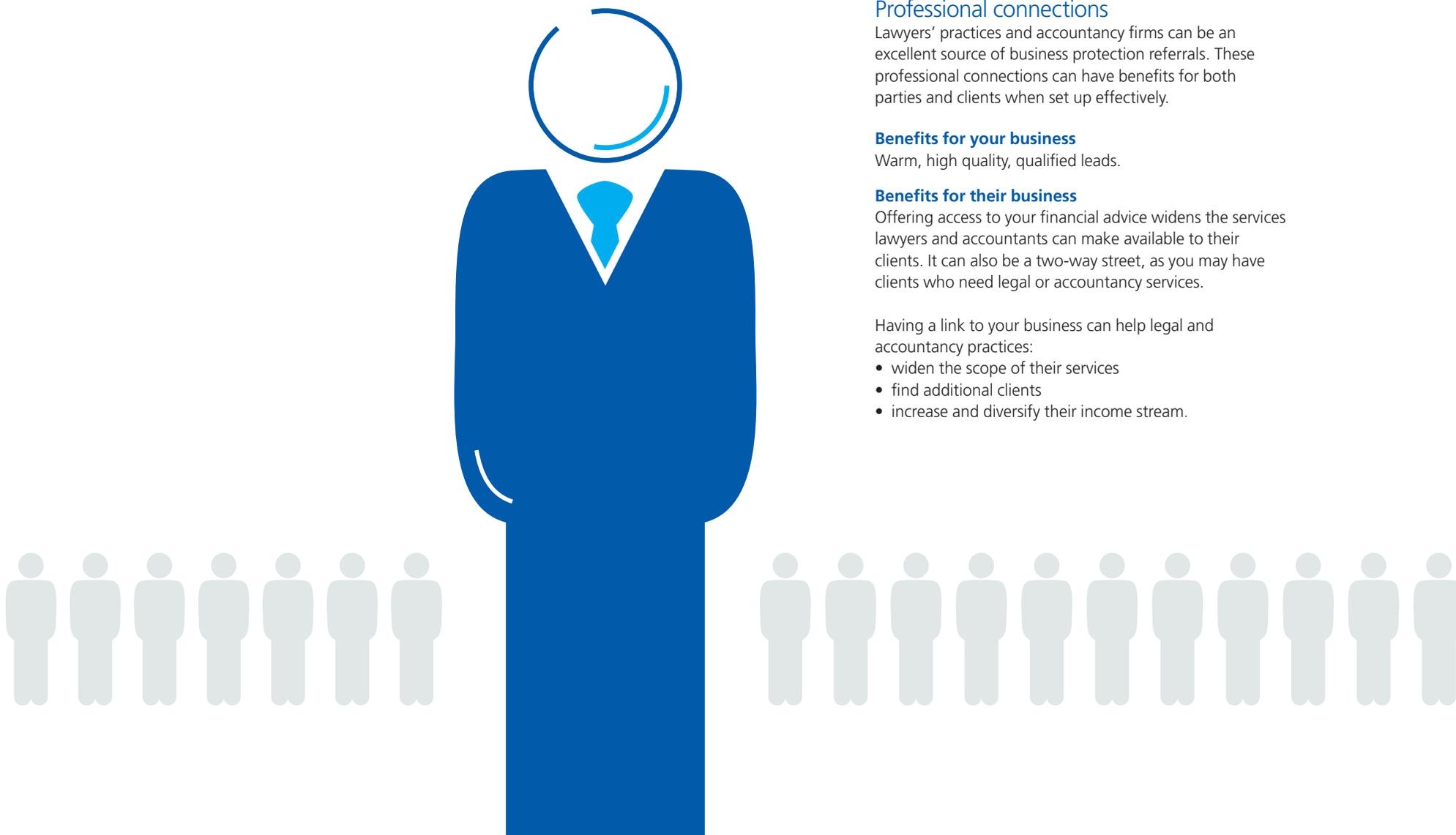
#### TOP TIP:

Take five minutes to think about your own business as an example and who would be your potential candidates for business protection.

#### TOP TIP:

Remember to regularly review any existing business protection arrangements you've put in place for your clients. Business values frequently change, as do key people, and a review may identify new needs or shortfalls to address.





## Professional connections

Lawyers' practices and accountancy firms can be an excellent source of business protection referrals. These professional connections can have benefits for both parties and clients when set up effectively.

### **Benefits for your business**

Warm, high quality, qualified leads.

### **Benefits for their business**

Offering access to your financial advice widens the services lawyers and accountants can make available to their clients. It can also be a two-way street, as you may have clients who need legal or accountancy services.

Having a link to your business can help legal and accountancy practices:

- widen the scope of their services
- find additional clients
- increase and diversify their income stream.

*Here's a five-step process you can follow if you're planning to set up connections with lawyers or accountants.*

### 01. Research

You need to ensure you're approaching the 'right' connections, namely business lawyers or accountants who do not have an in-house financial adviser. For example, if you approach someone who is a family lawyer, they will have few or no leads for business protection.

You'll therefore want to research local lawyers and accountancy practices – for example, by looking at their websites – to find out who is who, who does what and if they already have a relationship with an adviser. The right person in your business needs to approach the right person in theirs. Try to get a feel for the firm's values and how it's positioned – for example, formal or informal – and then mirror this in your approach.

You should look for a small number of long-term relationships rather than a large number of casual ones.

Research will help you to decide if the potential reward justifies the effort required and if you have the resources to handle these leads alongside your existing client bank.

### 02. Approach

Once you've identified the firms you want to work with, write to each of them personally. Keep it short, simple and focus on the benefits. Then follow up the letter a few days later with a phone call to propose a meeting.

When approaching a potential connection, make sure you don't focus exclusively on the financial perspective – your ability to add value to their clients and help them expand the service they offer is equally if not more important.

You could also identify clients in your practice who require legal or accountancy advice. This is a great way to get a professional on side. For example, a client's will should be reviewed at least every ten years and after deaths, divorces or births.

### 03. Meeting

The first meeting is always important and you'll want to ensure you create synergies between your businesses and agree standards.

A good way to demonstrate the value of your proposition is to ask the professional to identify who their key business accounts are and get them to think about the impact on their business if these key accounts failed.

Ask the professional if you can demonstrate your service to one of these key accounts or another business-owning client. They can then see the value you can add to their business by protecting their clients. Once you've converted them into a satisfied client, the professional is likely to open up their client bank further.

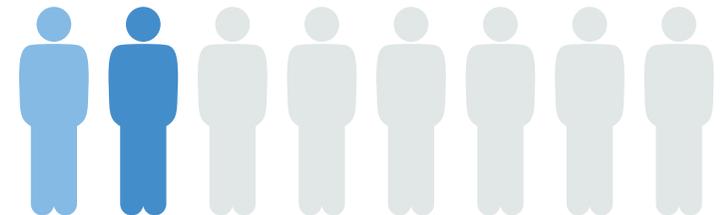
### 04. Proceed

There are various ways to proceed with a professional connection. Many connections are informal, but more formal agreements at either individual or business level may be appropriate.

### 05. Review

It's important to review your professional connections regularly to ensure that you are getting the expected benefits and that clients are receiving the required levels of service from both businesses.

There are many different approaches you can take – regular formal meetings or a more ad hoc approach. Whichever you agree on, ensure you discuss your respective propositions and share regular reporting of business levels and earnings from referrals from your mutual clients.



#### TOP TIP:

Approach your own lawyer and accountant first or those you've previously provided advice to. Working with someone who is already 'warm' to you is a great way to build confidence and refine your approach and proposition.

## Prospective clients

Here are some tried and tested ways of finding new clients.

### Affinity groups

Joining one or more local business groups can provide you with valuable leads.

### Seminars

Running seminars can be a great way to demonstrate the value of your expertise and services to new and existing clients. Make sure you:

- target local businesses
- choose topics that are relevant and interesting to local business owners – for example, adapting to changing economic conditions
- address your invitations to specific individuals
- keep your seminars to a maximum of two hours
- finish your seminars with refreshments and an opportunity for delegates to linger and chat.

## Social media

Use all the social media opportunities available to prospect for clients. Here are some examples.

### Facebook

- Set up a Facebook page explaining why business protection is so important.
- Include the flyer we've produced, so potential customers can find out more if they want to.
- Set up a Facebook group where business owners can discuss their protection needs – this could also help other business owners spot gaps in their insurance.

### LinkedIn

- Set up a LinkedIn group, and invite customers and brokers to join and discuss business protection.
- Encourage customers to submit questions about business protection.
- Ask customers to use the group to tell stories about how business protection helped them.



### Twitter

Twitter is a good tool for generating leads. However, as you have limited characters to provide information, post tweets that direct customers elsewhere for information.

### Direct marketing campaigns

You can prospect for new clients with letters, newsletters, email campaigns and brochures that highlight the need for business protection.

We have everything you need to start your campaign. Speak to your Business Account Manager to access our:

- range of pre-approach email and letter templates
- client-facing brochure and film which highlight the need for business protection
- technical guides designed to support you with setting up business protection cases.



Business Protection client brochure



Business Protection film



#### TOP TIP:

Remember to ask for referrals as you build rapport with your clients. Many business owners will have good working relationships with local business suppliers and are used to asking for referrals themselves.

#### TOP TIP:

Your Business Account Manager can give you a range of pre-approach templates and generic presentations to help you prospect for new business.

# *Getting to grips with business protection*

The three areas and how  
to set up schemes.

# 03

Business protection isn't a complicated area of protection advice, as you'll see in these three sections:

- Business liabilities
- Key person cover
- Shareholder and partnership protection

### Business liabilities

When looking at business protection needs, the business's liabilities are the easiest place to start, as the sale is similar to mortgage protection. In the same way that personal protection can repay a mortgage on the death of a property owner, business protection can repay a loan on the death of a business owner or key person.

If a business fails to cover these liabilities and an owner were to die or suffer a critical illness, the business could falter or even fail – and the owner's family could find their inheritance or income dramatically reduced. If claims are made, the business receives the proceeds to clear debts.

### Example

#### Can your business die of a heart attack?

*It's important to consider the impact when a business owner dies or suffers a critical illness or permanent disability. Business revenues may stop, leading to defaults on loans. Banks could close business accounts, employees could leave and the shareholders' families could be left with a business without value.*

*The typical scenario for cover is:*

- a sum assured equal to the size of the debt
- a term the same as the term of the debt
- the business as the policy owner
- the shareholders as lives assured.

*If claims are made, the business receives the proceeds to clear debts.*

### Key person cover

While the key people in a business will often be the managing director or other directors, this is not always the case. A key person can be defined as:

'Anyone whose loss, either permanent or temporary, would affect the business's ability to maintain turnover or generate profits'.

Setting up key person protection can be simple when you know how, so always use a factfind to ensure you identify the key people within the business.

*The two main steps are:*

- Identify key people by assessing their talents, skills, relationships, etc.
- Agree how to value their contribution.

*The financial need is important to understand and should include:*

- recruitment costs to replace the key person
- the cost of paying the key person's salary
- the loss of revenue due to loss of the key person.



### TOP TIP:

When you're with a business owner who has lent the business a significant sum, ask the remaining owners: "How would you find the money tomorrow if the director were to die?" and "How would you deal with his family when they want the money back from the business?"

A loan account is immediately repayable to the estate on death which may mean selling stock or assets.

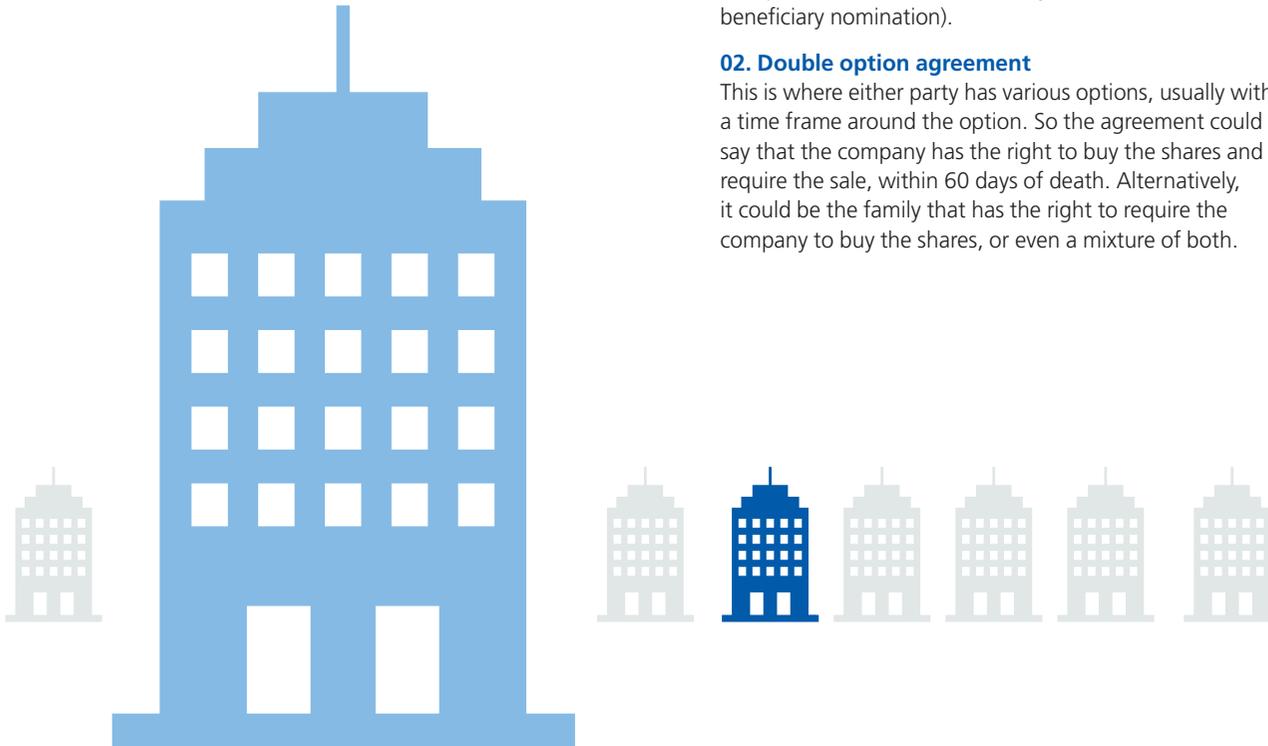
### TOP TIP:

At the meeting, ask for a structure chart or draw one yourself. This will give you a much better understanding of the business structure and who the key people are. When talking to your clients, remember business protection is all about risk management.

## Shareholder and partnership protection

A business may not have debts or key people, however all businesses should have a plan in place detailing what would happen on the death, disability, permanent total disability or critical illness of an owner.

Business succession planning protects:  
the shareholders and partners, their families  
their employees, the business.



There are three options to transfer shares at the point of death (or possibly critical illness).

### 01. Automatic accrual

This is where the memoranda or articles of association states that, upon the death of a shareholder, their share will be redistributed automatically to the remaining shareholders. Sometimes, the percentage share split is also noted, otherwise it is just a redistribution. Obviously the family want to be compensated, so a life policy is set up for the benefit of the family (under trust or beneficiary nomination).

### 02. Double option agreement

This is where either party has various options, usually with a time frame around the option. So the agreement could say that the company has the right to buy the shares and require the sale, within 60 days of death. Alternatively, it could be the family that has the right to require the company to buy the shares, or even a mixture of both.

### 03. Buy back agreement

This is similar to a double option agreement, however a buy back solution states that the shares will be bought and the family must sell them. Again a life insurance policy should be in place to compensate the family.



#### TOP TIP:

Ask your clients: *"Have you got a personal will?"*  
They'll understand how a will distributes the assets according to their wishes.  
Then ask: *"Has your business taken similar steps?"*

#### TOP TIP:

When you are with a business owner who has borrowed significant sums to invest in the business, ask them how the business would be able to repay the loan if one of the other directors were to die. Also, ask if they have considered the impact of having the deceased's heirs as shareholders. And, would they want them to act as shareholders or might buying their share be a more appropriate option.



# *Business protection in action*

Helping you through  
the sales process.

# 04

*This section focuses on how we can make your life easier, by looking at:*

- *business protection factfinding and how you can identify business protection needs using ten simple questions*
- *additional support including draft double option agreement wording and a business protection factfind*
- *how to handle common objections.*

### Focused factfinding

As with any client meeting, factfinding is key. Start with questions designed to give a broad overview. Once you understand the business's objectives, you can identify what threatens the achievement of those objectives – for example, the loss of a key person. This helps to identify protection needs.

### Identify business protection needs with 10 simple questions

In the business protection factfind, you'll find ten simple questions. Ticking any of the boxes indicated will show that your client has a business protection need. For each question, there is a corresponding section in the factfind prompting you to capture all the additional information you'll need to make a recommendation.

There is an additional question on the factfind that will enable you to identify whether there's a need to review personal and family protection – potentially giving you a further opportunity to offer advice.

### Objection handling

Handling objections doesn't need to be complicated or confrontational. Just adopt a simple step-by-step process like the one below.

#### 01. Acknowledge the objection

However valid or invalid any objection may seem to you, it will always be valid in your client's eyes. The first stage of handling any objection is to acknowledge it and gain their approval to discuss it further.

*For example: "I see how this is important to you; can we take a few minutes to discuss this so I can fully understand your concerns and see if we can work through and resolve them?"*

#### 02. Understand the objection

It's important to understand whether the objection is the only reason stopping your client or if there are further objections or areas that also need to be covered. Often, the objection the client gives is hiding their true concern.

#### 03. Answer the objection

Recap on the specific issues that your client has raised and answer them where possible – the next section highlights the most common objections and provides suggested responses.

#### 04. Confirm the client's understanding and agree how to proceed

Ask your client for their response to your answer – for example, have their objections and concerns been answered? Do they still feel there is an issue or can you move forward?

If the objection has been handled successfully then agree how to proceed.

If not, does the objection need further handling or clarification?

### Business Protection Tool

Use this tool to discover your clients' business protection needs through ten simple questions. The tool guides you through the sales process, from factfind to recommendation.



#### TOP TIP:

When collecting the hard facts, such as the business's financial details, where appropriate, always understand what that means to your client, how important it is to them and its level of priority.

#### TOP TIP:

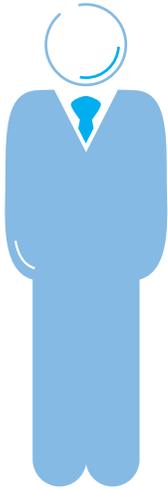
Look positively on the fact that your client has raised objections. It shows they are thinking about the issue and how it concerns them. This is an ideal opportunity for you to build their trust.



## The common objections

### OBJECTION

Our business can't afford it



### ANSWER

Your clients probably already insure their premises, machinery and other assets within the business, but if they lost the most valuable asset – a key person, shareholder/partner – how would they continue the business?

By making a few small adjustments now, their business will be covered in the event of death or critical illness.

### OBJECTION

Why do I need business protection



### ANSWER

Without business protection in place, how would your clients repay their business debts on either their death or critical illness?

Or how would their business afford to pay the surviving spouse the value of the business owned by the partner or director?

### OBJECTION

I already have personal protection



### ANSWER

That's great news – your family would be covered in the event of either your critical illness, disability or death. But what if you suffered a critical illness and needed to continue to work once you'd recovered? Would there be a business to go back to?

If you died, how would your family receive the value of your share of the business?

### OBJECTION

I don't have the time



### ANSWER

I can arrange an appointment at a convenient time for you and I will ensure all the paperwork is handled efficiently to minimise the time needed for the meeting.

### OBJECTION

It's very complicated to set up



### ANSWER

I will take you through it step-by-step and it doesn't need to be any more complex than taking out personal protection for your family.



### TOP TIP:

Don't wait until the end of the advice process to handle objections. Deal with things during your factfinding meeting.

# *Why Zurich for business protection?*

Reasons to choose Zurich  
for business protection.

# 05

Zurich's success is built on strong foundations – the combination of quality products and a respected underwriting proposition. What makes us really stand out from the crowd is the practical support we offer you, from prospecting for clients through to claim.

#### **Business Account Manager**

Access to an experienced and knowledgeable Business Account Manager dedicated to work with you to protect your clients' financial futures and help grow your business by adding value to your proposition.

#### **Protection Specialists Team**

You can call on our team for help in every area of protection, including business, family, mortgage and inheritance tax planning. The team can also help you with:

- **business strategy** developing your protection business model
- **protection training** giving you and your staff expert training and support
- **prospecting** advice on approaching new clients.

#### **Technical Support Team**

You'll receive high-quality pre-sale technical support. You can phone, email and write to the team for timely and accurate responses on every area of your business.

#### **Supportive underwriting team**

With Zurich, you'll have access to:

- expert underwriters who treat each case individually – we're not interested in what other providers say
- a pre-application enquiry helpline for direct contact with our underwriters
- life or critical illness cases above £350,000 or where the monthly premium is £250 or more
- a dedicated large case underwriting team for life or critical cases above £350,000 sum assured
- a 24-hour turnaround, pre-planning service, pre-application medicals, individual case management, and a choice of own doctor or flexible private medicals – for cases above £1 million sum assured or with monthly premiums of £250 or more.



*Strong claim payment record. In 2017:*

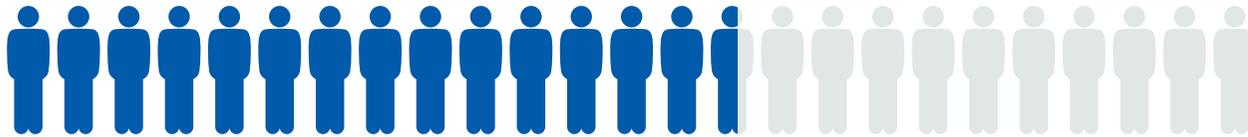
We paid:



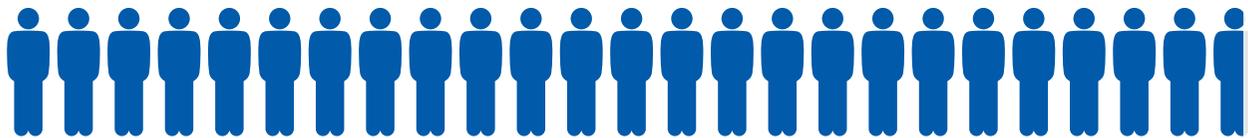
**97%**  
of all protection claims, totalling £235.2m



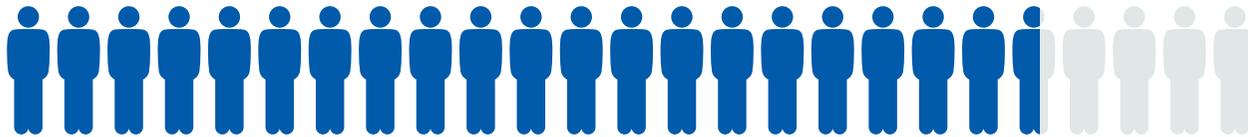
**95%**  
of all critical illness claims total value £65.2m



**59%**  
of critical illness claims were due to cancer



**99%**  
of death claims paid



**87%**  
of Income Protection claims paid,  
totalling £8.8 million

*For more information,  
please contact your  
Zurich Business  
Account Manager on:  
0500 546 546*

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