

Zurich Business Protection

Target market statement



This document is designed to provide advisers with the appropriate information to enable them to understand the identified target market and expected distribution strategy for the Zurich Business Protection product and the various optional benefits available.

The **Zurich Business Protection** product has been designed to be suitable for business customers who wish to protect against the financial implications of death or serious illness. In particular, examples will include customers who need a lump sum to:

- Cover the loss of a key person to the business.
- Purchase the shares owned by a director or partner in the event of their death.
- Cover an interest only business loan.

Zurich Business Protection may not be suitable for:

- Businesses who have no financial obligations caused by the death or serious illness of a key person in the business.
- Businesses who are willing to self-insure and have sufficient funds to cover any liabilities.

For **critical illness** specifically it will be suitable for businesses who in addition to protecting against the death of a key person or business owner also wish to protect themselves against the financial cost of that individual suffering a serious, life changing illness. It can help the company pay off debts such as a commercial loan or compensate for a loss of income to the business that may occur as a result of the illness.

The core market is likely to be between ages 25-55 (although younger and older ages than this are possible).

Zurich Business Protection includes two levels of critical illness cover: **Critical Illness** and **Critical Illness Select**. The core level of cover provides a comprehensive package for businesses looking to protect the business in the event the life insured suffers a critical illness. Zurich Critical Illness Select offers a number of additional features and may be suitable for businesses where budget is less of an issue and who want to extend the cover to provide additional cover and additional features.

Critical illness may not be suitable for:

- Businesses where existing cashflows within the business would allow the business to meet any financial detriment caused by the serious illness of a key employee.

Cover type

Level cover will typically be suitable where the protection need remains stable. Often this will be suitable for business protection cases where the business wants to protect against the loss of a key individual.

Increasing cover will typically be suitable for businesses who want their cover to keep pace with inflation or rises in the value of the business during a growth phase.

Decreasing cover will typically be suitable for business with a commercial loan to repay, where the debt is decreasing over time and the business wishes to ensure any outstanding amount will be cleared on death or critical illness of a shareholder or business owner.

Children's benefit (optional benefit)

Including **children's benefit** (alongside critical illness cover) on a policy is likely to be suitable where the life insured has children up to the age of 22, and where the business wishes to protect against the risk of any profit losses in the event the life insured has to take time off work to care for a child suffering a serious illness.

Children's benefit would not be suitable if the life insured has children grown up beyond 22 and has no plans to have or adopt further children.

Renewal option (optional benefit)

The **renewal option** may be suitable 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, long term or critical illness of an owner or key person. A short term plan with the flexibility to renew could be suitable here 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.

Conversion option (optional benefit)

The **conversion option** may be suitable 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.

Total permanent disability (optional benefit)

The **total permanent disability** benefit may be suitable for businesses who want to protect themselves against any eventuality (not covered by the conditions under the policy) that would mean the life insured or key person is never able to do their own occupation again before they turn 60 due to any illness or injury.

Waiver of premium (optional benefit)

The **waiver of premium** optional benefit may be suitable for business owners who want to ensure that the premiums for the business protection policy continue to be paid in the event the life insured is ill and unable to work for more than six months.

Distribution strategy

Zurich Business Protection has been designed for businesses who value the help of an insurance intermediary. We expect this product to be sold through an **intermediated distribution strategy**.

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

Zurich Assurance Ltd.

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