



Your life is our business.



## Business Protection

### Key People.

Surprisingly only a small number of businesses have adequate cover in place for those people who are key to their future.

Lutine Assurance has had many years of experience providing organisations across the UK and overseas with protection for their **Key People**.

# It pays to arrange **Business Protection** through Lutine.

## Key People

Any new venture or existing business, no matter how large or small has key people within its business.

Most employers know their most important asset is their staff, but this is not always reflected in the cover they proportion to the protection of their business.

Surprisingly only a small number of businesses have adequate cover in place for those people who are key to their future. After all, the early death of a key employee, partner or shareholding director could be very damaging. Business competitors are very unlikely to stand still waiting for a company to reorganise its business affairs.

Lutine Assurance has had many years of experience providing organisations across the UK and overseas with protection for their Key People. The cover we provide can offer invaluable help and assistance in many ways such as;

- funding a permanent or temporary replacement.
- tiding the business over in a period of reduced activity.
- repayment of an outstanding business loan.

However the money is used, taking out covers such as Key Person, Partner/Shareholder Protection or business Stopgap will ensure that the business can continue with the very minimum of disruption following such a loss.

## How do I quantify a Key Person in monetary terms?

There are typically two ways in which Key Person, Partner/Shareholder Protection or business Stopgap cover levels are calculated giving the typical maximum benefit levels required:

**Salary Method** is used to cover a multiple of the Key Person's salary. The multiple chosen will vary according to the need, but 10 times a person's total remuneration package is not uncommon. Somebody taking a low salary to allow profits to be reinvested should also be considered when reaching the sum assured.

**Profit Method** This is usually 5 times the net profit of the business (averaged over the last 2 years) attributable to the key person. The net profit figure should be divided by the number of key people to assess the individual keyman's value to the business, also taking into account any artificially low profit for tax purposes.



### What's the tax position?

There are no hard and fast rules regarding the tax treatment of premiums and benefits. The decision depends on the facts of the case and rests with the Inland Revenue. In each and every case your client's Local Inspector of Taxes should be contacted to check whether tax relief is available.

It is important to consider any possible taxation on the policy proceeds when setting the sum assured. As a general rule, premiums paid will be allowed as a business expense for corporation tax purposes, provided that:

- The only relationship between the proposer and the life assured is that of employer and employee (except in the case of shareholding directors).
- The plan is designed to cover loss of profits only.
- The insurance term is reasonable. A 5 year term is normally acceptable for Key Person Cover and up to 25 years for Partner/Shareholder Protection.
- Tax relief will not normally be available if the policy is effected as security for a loan or is on the life of a proprietor. Where the premiums are allowed as a business expense the benefits will be liable to tax as a trading receipt. But if the premiums are not eligible for tax relief the policy proceeds will usually escape tax.
- Tax relief on premiums is not optional. If tax relief is allowed, but not claimed, this does not mean that the sum assured will be tax free.

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The information provided is intended for guidance purposes only. Confirmation of your client's individual tax position should be sought through their Local Inspector of Taxes if you are unsure.

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### Why Lutine?

Lutine can provide cover in even the most complex of situations. Over the last 20 years we have developed and refined our Business Protection offering to ensure we are efficient in what we do, every step of the way.

We are able to accept another company's proposal form for terms of 6 months and under, and undertake to provide you with speedy resolution. In addition, life cover may be provided whilst the application is being processed. To help further we are also happy to accept other companies trust wordings.

### Key Features

- Competitive premiums
- Flexible levels of commission paid
- 1 day to 25 year terms available
- Ability to cover 'Double' or 'Cross Option' agreements
- Premiums can be paid as a lump sum, annually or monthly
- Immediate cover available
- Ability to write UK and overseas
- Sums assured up to £5 million, subject to age and residency
- Streamlined documentation making it simple to go on risk
- Highly rated security for your clients

Our Business Protection team have many years of technical knowledge and experience and is here to assist you every step of the way.

Lutine Assurance has had **many years of experience** providing organisations across the UK and overseas with protection.

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#### How to Arrange Cover

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##### Call

Phone us for more information or technical assistance on the number below, selecting option 2 when prompted.

Tel: 0121 200 1919

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##### Email

Whatever your client's requirements are, simply email with the specific details to

[enquiries@lutine.com](mailto:enquiries@lutine.com)

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##### Download a Form

You can also download our Business Protection documentation from

[www.lutine.com](http://www.lutine.com)



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