Flexible Protection Plan
Business Protection Life Insurance

Product Profile

In this document we outline the relevant product information about LV= Business Protection Life Insurance, required for distributors.

We set out the product's:

- Distribution strategy,
- Target market and intended value,
- Product description and main features,
- Risks and what's not covered,
- Additional benefits and features,
- Other benefits,

For full details of the terms and conditions of the policy, please refer to the policy conditions.

Details of the governance processes we use to oversee the design, approval and review of our products, how we monitor and assess fair value, and the outcome of our assessments is in our **Product Governance and Fair Value Outcomes** document which is on **LVadviser.com**.

Distribution

This product must only be sold on an advised basis (either in person or over the phone). This is to ensure your clients receive the right level of protection and to reduce the risk of their claim being declined due to non-disclosure, or them being over or under insured.

Advice for this product is vital because of the complexity of setting up the policy and the taxation of the policy. Without the support of financial advice there is a risk that our customer may take out cover that is not suitable for their needs.

It's important to regularly review your client's circumstances and protection needs to make sure their cover is appropriate.

Target market

Characteristics of the target market

This product is designed for clients who immediately before application are:

- business owners that are registered in the UK,
- Insuring someone that permanently lives in the UK,
- aged between 17 and 84 (for level and decreasing cover),
- aged between 17 and 79 (for inflation-linked cover),
- wanting to help safeguard the financial future of their business by providing a one-off payment in the event that a business owner or key person dies or is diagnosed with a terminal illness.

The person insured by this policy must meet these requirements, whether this is your client or someone they are insuring.

PROTECTION

Key Person Cover, Shareholder and Partnership Protection

This product would provide intended value and is suitable for customers who	This product would not provide intended value and is not suitable for customers who
✔ own or manage a small to medium-sized business. ✔ want a lump sum payment if the person insured dies during the policy term. ✔ want to protect the ownership of their business in the event that one of the business owners dies, when set up as Shareholder or Partnership Protection. ✔ want to protect their business from loss of profit or clear any debts (fully or partially) if a business owner, director, salesperson or any employee with specialist skills or expertise dies, when set up as Key Person Cover. ✔ do not need cover for the person insured after they reach age 90 (for level and decreasing cover) and age 85 (for inflation linked cover). ✔ only need cover for a fixed term, between five and 50 years. ✔ understands if the policy is written on an own life or life of another basis, for the purposes of Shareholder or Partnership Protection, a suitable double or cross option arrangement needs to be in place so the surviving owners can purchase the deceased's share. ✔ has set up the policy in the appropriate trust where required, and with suitable trustees.	✘ want the option to cash in the cover for a refund. ✘ is looking for cover that provides a lump sum if the person insured is diagnosed with a critical illness or from a specified list of illnesses. ✘ are looking for personal protection or are not a business owner, this product is designed for business use only. ✘ want to provide death in service benefits for employees, there are more suitable products available for this purpose. ✘ want to receive a regular benefit for the employee if the person insured is unable to work for a period of time due to accident or sickness. ✘ want decreasing cover to pay for a loan or a commercial mortgage, most commercial mortgages don't decrease in the same way as a personal mortgage which this policy has been designed to cover. ✘ want cover for the whole of the life insured's life time. ✘ does not obtain financial advice from a suitably qualified person. ✘ are owners of a business not registered in the UK. ✘ no longer owns the business or the business ceases to trade.

Product Description

Business Protection Life Insurance is aimed at small and medium-sized businesses (SMEs) to help safeguard their financial future by providing a lump sum payment in the event that the business owner or key person dies or is diagnosed with a terminal illness.

Main product features

Business Protection Life Insurance is designed to cover ownership, profit, and debt. It's important to understand the setup of the client's business, who the owners are and the risks they face to help identify and justify the need for Business Protection. The different types of Business Protection are Key Person Cover, Share and Partnership Protection.

Key Person Cover

A key person could be the business owner, director, salesperson or any employee with specialist skills or expertise.

For Limited Companies, Limited Liability Partnerships, Public Limited Companies and other trading entities that have a distinct legal identity the policy would normally be set up on a life of another basis, with the company taking out the policy and insuring the relevant key person. For sole traders and Partnerships the policy is on an own life or life of another basis dependent on whether the relevant key person is an employee or not (see table below for further details).

The setup of the policy depends on who is being insured and the business type, as this table shows:

Business Type	Policy written on life of employee		Policy written on life of business owner	
	Own life or Life of another	In a trust	Own life or Life of another	In a trust
Sole Trader	Life of another	No – sole trader is the policy owner	Own Life	Yes – for family of the business owner
Partnership	Life of another	Yes – in trust for the business partners	Own Life	Yes – in trust for the business partners
Limited Company, or Limited Liability Partnership (LLP)	Life of another	No – Limited Company or LLP is the policy owner	Life of another	No - Limited Company or LLP is the policy owner

Key Person Cover is not suitable to protect ownership of the business If a business wants to protect profit and debt, two separate policies would need to be set up to cover each element.

Share and Partnership Protection

The policy provides the owners of a business with a lump sum to buy the affected individual's share of the business in the event of them dying or being diagnosed with a terminal illness, helping the surviving owners retain full control and ensure the deceased family's estate receives fair settlement.

The business owners can choose whether the policy is written on an own life, or life of another basis - which is usually only suitable where there are two owners as it doesn't provide any flexibility for future business changes.

> This information is based on our understanding of current legislation, which of course may change in the future

Main Product Features

Your clients have the option to set up the cover as level, decreasing or inflation linked, and the premiums are guaranteed.

- **Decreasing cover**, pays a lump sum that decreases in a similar way to the debt owed on a capital and interest repayment mortgage or loan.
- **Level cover**, pays out a fixed lump sum at any point during the term of the policy.
- **Inflation linked cover**, the amount of cover goes up each year in line with the Retail Prices Index (RPI) to keep up with inflation.

The minimum term is five years, and the maximum term is 50 years, and the policy must end before the person insured reaches the age of 90 for decreasing and level cover and 85 for inflation linked cover.

Financial advice should always be provided to ensure the trust is tailored to your client's circumstances.

Waiver of Premium

Your client can add Waiver of Premium when they take out their policy, or once it is in place, this will cover the person insured. This will be a separate policy and an additional cost. For more details, refer to the Waiver of Premium Product Profile and Waiver of Premium terms and conditions.

What we need to validate a claim

The person making the claim will need to send us the original death certificate (not a photocopy) for the person insured. If the person we're insuring on this policy is diagnosed with a terminal illness we'll need a report from the doctor who diagnosed or is treating the person we're insuring.

If the policy has been written into trust the trustees will need to make the claim and provide a copy of the trust deed, as well as any associated documents or deeds that record any changes to the trust.

Risk

- There is no cash in value at any time, so your client cannot get their money back (unless they cancel their policy within the first month).
- Your client will not be covered if they stop paying their premiums.
- If your client chooses level cover, it won't keep up with inflation and could buy less in the future.
- If your client chooses inflation linked cover the amount of cover will rise by the increase in the Retail Prices Index (RPI) and the premiums by RPI x 1.5.
- If the government changes the tax treatment of protection products like Business Protection Life Insurance, the amount of cover paid out on a claim, taxation of premiums or claim payments, or the premium payable for cover could change.
- If anyone named in (or involved in the sale of) the policy commits fraud, deliberate misrepresents, withholds information, or provides us with false information at any point during the lifetime of the policy we may refuse to pay a claim and cancel the policy. We will not refund any of the premiums paid.

What's not covered

- We won't pay a claim if the person insured dies as a result of intentionally taking their own life in the first 12 months of the policy.
- We won't pay the costs of returning home if the person insured dies while abroad.
- We won't pay a terminal illness claim if the person insured is diagnosed with a terminal illness anywhere outside of the places listed in the policy conditions.

Additional Benefits and Features

Guaranteed increase options

Your client can increase the amount of cover and in some cases replace their policy with a new policy without completing a full application if certain events happen and they are eligible. If your client changes the amount of their cover using one of these options their premium will change too. The premium will be based on the age and smoker status of the person insured at the time of change. For more details please read the policy conditions.

The events covered by guaranteed increase options are increases in:

- shareholding value or partnership share,
- key person's value,
- the net taxable earnings for the person we're insuring,
- a business loan.

Please see the Business Protection Life Insurance policy terms and conditions for more details of all additional features, eligibility and limits.

Costs

The policy premium also includes a fee, which is a fixed monthly amount, to cover administration and support costs. v

Other benefits

LV= Business Care

Your client (the policy owner) will have access to LV= Business Care which offers free practical advice on business legal advice, tax, and VAT advice.

LV= Membership

By taking out this product your client (the policy owner) will agree to become a member of Liverpool Victoria Financial Services Limited (LV=). As LV= is a mutual we are owned by our members, which means our members have a say on how the company is run. Our members also get access to a range of LV= benefits. To see the full range, and any conditions that may apply, visit **LV.com/benefits**

LV= Doctor Services

The person insured, their spouse or partner and their children have access to a number of medical services and advice. These include virtual GP consultations, prescription, second opinion services, remote physiotherapy, remote psychological services, and discounted health MOTs. These benefits are noncontractual and can be changed or removed at any time (conditions apply).
For more details visit **LV.com/doctorservices**

LV= membership benefits are non-contractual and can be changed or removed at any time.

LV= Doctor Services is provided by Square Health Limited. This service is not regulated by the Financial Conduct Authority or Prudential Regulation Authority

To find out more, please contact your LV= Account Manager on

0800 678 1890

LVadviser.com

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46171-2025 04/26

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