

For UK financial advisers only

Fuel for Life

Supporting your business protection conversations

Packed with insights, ideas and experiences to fuel your protection conversations and grow your business.

Issue 7, Q4 2023

LVE
PROTECTION



Welcome to

Fuel for Life

Your protection focused e-zine

Welcome to issue 7 of Fuel for Life

Welcome back to Fuel for Life, our e-zine filled with expert views, insights and proof points to support you with all things protection.

It's our last issue of 2023, that certainly came around quickly! Although, at time of writing, we've still got some way to go before the seasonal period, I wanted to share my usual thoughts around how we as an industry can take advantage of this usually quieter time.

I'm a firm believer that it's the best time of year to take stock of what you've achieved or the challenges you've faced, and set yourself up to have a really successful start to the new year. If you're looking for motivation or ways to expand your protection business next year then you've come to the right place!

This issue of Fuel for Life is centred around protecting businesses, something that I'm very passionate about. It's fair to say that compared to personal protection, business protection is undersold and yet is so important in protecting the livelihoods of UK businesses. Whether you want to get into selling BP, grow your confidence in talking BP or Exec IP, or look at the more technical aspects of arranging cover, we've got something for you in this issue.

As always I want to highlight our Ask the Experts feature, this time around we've spoken to Angela Davidson, Head of Protection at Mortgage Intelligence to get her viewpoint on the future for business protection and where advisers can place their focus. There's so much that can be learnt from other successful people in the business, no matter how long you've been in the industry.

As it's the last issue, I won't miss the opportunity to thank you for all your support over 2023 so far and have a wonderful festive break with your loved ones!

Mike Farrell,
Protection Sales and Marketing Director



In this issue...

What's new from LV=	3
Our recent updates of what's been going on in LV= since our last issue	
Protection Pays	4
Our ultimate proof point: real claims examples that illustrate the importance of LV= Business Protection and Executive Income Protection.	
A sleeping giant – why business protection matters	5-6
Join Marcus Primhak, our inhouse expert on all things business protection, as he discusses the 3 areas of risk.	
Upcoming business protection webinars	7
Boost your business protection knowledge in less than 60 minutes with on our free to access CPD webinars.	
Ask the experts: business protection in 2024	8
Angela Davidson, Head of Protection at Mortgage Intelligence UK, shares her thoughts on BP in 2024 and how advisers can grow their BP business.	
Spotlight on our business protection tools	9
Along with our range of popular personal protection tools, we have a selection of powerful tools to assist with your recommendations for business clients.	
Insights from inside LV=	10-12
Some of our dedicated account managers share their views on business protection, executive income protection, and consumer duty.	
Executive Income Protection – why is it so important for your clients?	13
There are so many reasons why Exec IP stands out as a fantastic employee benefit and business protection.	
Shareholder Protection for participatory and non-participatory spouses	14-15
We share a simple guide to arranging Shareholder and Partnership Protection for a hypothetical small business to support your client conversations.	
Unlock the value of the Business Care Line	16
As an additional benefit, LV= Business Protection policyholders can enjoy access to our Business Care Line.	
Thank you for your continued support	17
You and your clients are at the heart of what we do.	



What's new from LV=

How we've delivered for you and your clients this year...



In June, 75 LV= colleagues set upon the challenge of climbing Pen Y Fan as many times as they could in 24 hours to raise money for the Türkiye-Syria Earthquake Appeal. In total, they collectively climbed it 313 times – the equivalent of ascending Everest from base camp 41 times – and raised around £26,000 for the cause.

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Launch of Wealth and Wellbeing report

We recently launched our third anniversary edition of our Wealth and Wellbeing report providing a unique overview of the nation's financial resilience through the pandemic and cost of living crisis and how that looks in the present day. It features vital insights into customer priorities that can inform your conversations.

“More and more people face a choice between paying their bills, putting food on the table and saving for the future. The fact that families and friends are helping each other through the ongoing cost-of-living crisis shows that our community bonds are still strong, but it should concern us all that people are having to withdraw future savings to meet today's costs.”

David Hynam, LV= Chief Executive

[Read our latest report](#)



Moneyfacts ILP Awards 2023

We're extremely proud to share that we have won Best Income Protection Provider for the 14th year in a row at the Moneyfacts ILP Awards 2023! We were also highly commended for Best Business Protection Provider.

[Find out more about our Business Protection proposition by joining one of our webinars on page 7.](#)

Income Protection Awareness Week

LV= proudly supported Income Protection Awareness week in September. With the aim of inspiring more advisers to talk about IP with their clients, we promoted the IPTF's daily sessions and shared useful content on social media.

For your convenience, we've also created a new infographic on [6 reasons to choose LV= Income Protection solutions](#), making it even easier for you to recommend us to your clients.



Proud sponsor of Bournemouth Pride

This summer, LV= continued a tradition of being a sponsor of Bournemouth's pride event Bourne Free. Our team headed down to the march through our seaside town to celebrate Pride and support the continued fight against hate.

[continued>](#)



Protection Pays

In this issue of Protection Pays, we're exploring some recent claims we paid for Business Protection and Executive Income Protection. Real life claim examples can help illustrate the value of protection to your clients and get them to consider how they'd cope should the unexpected happen.

When Jess* suffered a stroke, her Executive Income Protection provided some important financial support.

Jess, 41, is a Company Director. In January 2023, Jess' company took out an Executive IP policy to cover her if she couldn't work due to illness or injury. The policy was set up to pay the company £2,666 per month should she be unable to work. Unfortunately, less than a month after setting up the policy, Jess suffered from a stroke. This impacted her mobility on one side of her body.

Jess' company decided to claim on the policy. We obtained details of her income and a report from her doctor as evidence for the claim. We were able to approve her claim and to date we've paid her employer £14,700.

We've also given Jess details of how to access LV= Doctor Services, and talked about the rehabilitation support we can offer as part of her policy. We're keeping in contact with her and when the time is right we'll offer any additional support she needs to support her recovery.



Paul's* company took out a Business Protection Life and Critical Illness policy and Relevant Life Cover.

Paul, 61, works as a Media Producer. His company took out Business Protection Life and Critical Illness and a Relevant Life Cover policy. Due to some past medical issues, the Life and Critical Illness policy did have some of the listed conditions removed.

This year Paul was diagnosed with cancer and his company wished to claim on their Business Protection cover. We obtained the information we needed to support his claim from his doctor. We were then able to provide his company with a lump sum payment of £100,000.



Claims are the biggest proof point for protection. Our claims report is full of stats and case studies to help you reinforce the importance of protection.

Read more in our [claims report](#)



[continued>](#)

*Name and images are for illustrative purposes only.



A sleeping giant

Why business protection matters



Marcus Primhak,
National Account Manager

In today's tough economic climate, we all recognise that SMEs are under more pressure to perform profitably and sustainably.

For business owners and directors, this not only means trading successfully on a day-to-day basis but also ensuring that appropriate governance is in place to **counter unexpected risks that can derail even the most well-run firm.**

From the perspective of advisers and providers, this means ensuring we have **effective and compelling business protection conversations** with all our relevant clients. To be able to adopt the correct risk-mitigation strategies, business owners need to be aware as well as astute. Simply put, they **cannot make an informed decision if they are not informed.**

There are **5.6 million** private sector businesses in the UK.*
Do enough of them have **business protection?**

Fortunately, it seems that more and more advisers are having informed and effective business protection conversations with their clients. According to the ABI, the business protection market** **nearly doubled between Q3 2020 and Q1 2023.**

This significantly out-performs the growth in the protection market as a whole, which stands at around 18% over the same period. I believe this period of significant growth is supported, no doubt, by advisers' willingness to help entrepreneurial clients build financial resilience for themselves, their families, their businesses, and their employees.

At their heart, these business protection conversations should be straightforward.

To ensure our message gets across, we can focus on three specific areas that demonstrate why cover should be in place: **ownership, profit and debt.**

Ownership

Shareholder Protection, Partnership Protection, share buy back arrangements

Protecting business ownership is central to ensuring that if a shareholder or partner dies, their family is treated equitably and transparently whilst the surviving owners retain full control of the business – in the interest of its continued success.

It's long been recognised that the death of a business owner can have an immediate or progressive negative impact on the performance of a business.

Many risks can arise in those difficult days. It's easy to see how businesses in this difficult situation can quickly fall apart.

The ownership protection arrangements that we put in place are designed to remove the uncertainty that follows the death of a business owner and replace it with an environment where all relevant participants understand what is going to happen next, the business gets the best chance of continued success, and the deceased's family gets treated equitably.

The causes of that damage can be multifaceted, including:

- The skill gap left by the deceased.
- Confusion and dysfunction in the boardroom.
- Senior staff leaving.
- Threats from competition.



In Q1 2023, the **business protection market** had nearly **doubled** since Q3 2020.

[continued>](#)

*Source: Dept for Business, Energy & Industrial Strategy: Business population estimates for the UK and regions 2023. ** Excluding Relevant Life and Executive Income Protection



A sleeping giant

Why business protection matters (continued)

Profit and Debt

Key Person Cover

Protecting profits and debts against the loss of a key person can buy a business breathing space during a difficult time. Adequate life and/or critical illness insurance for key people means production can continue, contracts can be fulfilled, and sales relationships maintained. Meanwhile, staff, investors and customers can all be reassured during the difficult period following the death or critical illness of a key person.

Helping business owners identify and value key people in their business may not always be straightforward. Sometimes the staff members who generate the most profit or income may not be key.

For instance, if relationships with customers are transactional, then individual salespeople, even top performers, could be substituted despite generating the most income.

Getting the business owner to look at the day-to-day tasks of significant individuals within a company can be an effective way of identifying just how critical individuals are to the company's ongoing success. Particularly in smaller firms, a job title does not necessarily denote the full range of someone's responsibilities nor the loss to the company without them. Formulas and calculators are an excellent starting place for calculating a sum assured for key people. However, it's only by really getting to know the business can we ensure that we put the right cover in place.



Other benefits of key person cover...

Alongside a clear primary purpose, key person cover can also be used to demonstrate robust governance and a mature approach to risk management to potential partners.

Consider a potential client presented with two similar tender documents. The only difference being that one document confirms that in the event of the death or critical illness of a key person for the fulfilment of the services, an insurance policy will pay out a pre-agreed amount of money.

This money will then be available to quickly recruit a replacement, sub-contract supplied services, or pay incurred penalties.

This demonstration of professionalism, commercial awareness, and an ability to 'cover all the bases' could prove very influential in winning the contract on offer.

Of the **5.6 million** private sector businesses in the UK...

99% employ less than **50 people**

74% employ **no-one else** apart from the owner(s)

this means that the majority of businesses in the UK are relying on a small pool of talent, and may be at risk of serious interruptions to output and income in the absence of a key person or shareholder.



An adviser driven market

It's easy to see how breaking business protection down into these three key areas of **ownership, profit and debt** can help us build a compelling narrative. This helps business owners see the need for effective strategies to mitigate financial damage following the loss of a key person or business owner.

Experience tells us that effective conversions between advisers and their relevant clients is the one consistent factor that ensures more businesses in the UK take out cover – the growth in the market alone shows this is working.

If you require additional business protection support including training and case consultancy, please don't hesitate to contact your usual **LV= account manager** or sign-up for one of our ongoing webinars via the **LV= Adviser Centre** or **on page 7**.

[continued>](#)

Upcoming business protection webinars



Between January and October 2023,
LV= Protection have already hosted...

40 webinars with
6,841 attendees

We're always looking to keep you up-to-date with the very latest on our products, new insights and protection skills. Through our webinars you can brush up on your knowledge, gain valuable CPD minutes, and in some cases interact and ask questions live. We run a variety of sessions throughout the year, check out our calendar to find out more.



Keep up to date with our latest events on our
[Protection Webinar Calendar](#)



What's coming up in Q4?...

LV= Business Protection: Relevant Life Cover

24 October | 10:00-10:45

In this webinar, we'll walk through the details of Relevant Life Cover, who it is suitable for, and how your business clients could benefit from having a Relevant Life policy in place. As well as the market and product, we'll also cover the value-added services that can be used to provide valuable support, assistance and engagement from day one, beyond the core purpose of a business protection product.

[Register here](#)

LV= Business Protection: Key Person cover

17 November | 11:00-11:45

In this webinar, we'll look at how to set-up key person and business loan cases and explain the tax treatment of premiums and proceeds. We'll also briefly discuss the value-added services that can be used to provide valuable support, assistance and engagement from day one, beyond the core purpose of a business protection product.

[Register here](#)

LV= Business Protection: Shareholder Protection

21 November | 10:00-10:45

In this webinar, we'll explore how shareholder/partnership protection ensures that, in the event of the death of business owner, all stakeholders are treated equitably and transparently, and the business is left with the best chance of continued success.

We'll look at the different ways to set up cover, and also briefly discuss the value-added services that can be used to provide valuable support, assistance and engagement from day one, beyond the core purpose of a business protection product.

[Register here](#)

[continued>](#)



Ask the experts

Business protection in 2024

The business protection market presents many possibilities for advisers in 2024. We're joined by Angela Davidson, Head of Protection at Mortgage Intelligence, who shares her thoughts on the future for business protection and where advisers can place their focus.

“My hope for business protection is that **talking about it will become much more common place** in the industry. Business protection accounts for a tiny percentage of policies written each year, but I think we have **a chance to change that** if we can overcome some barriers.

One of the biggest barriers is that advisers can sometimes be put off going into business protection because of the **additional learning** they may have to undertake. Thankfully, providers offer a wealth of training, workshops, and resources that could open a whole new opportunity for advisers. **My advice would be to look at what support is out there, along with having an interest in this area, well, that's half the battle.**

Another stumbling block is that rarely do business protection enquiries come knocking at the door, so **being proactive and talking to business owners at every opportunity can really make a difference.** Sometimes the best people to start talking to are nestled in existing client banks disguised as personal clients, to me, **starting with clients you already have a relationship with** is the ideal foundation to building business protection.

Finally, for advisers who perhaps have never ventured into business protection, **I wonder if they are aware of what they are missing.** To me, it can be so much more interesting than personal protection because by their very nature businesses can be so varied, they demand more thought into the solutions an adviser can bring. **Something to consider if an adviser is looking for a new challenge.”**



Angela Davidson,
Head of Protection at Mortgage Intelligence

“As Angela says, for some advisers the move to making business protection a central part of their overall client offering can be challenging or even intimidating. However, it needn't be.

The first thing to remember is that business protection advice is implemented using products (such as term, critical illness cover, income protection etc.) that **you are likely already familiar and confident with.** The goal is identical to the one we have with personal protection clients, to indemnify the family (or business!) against the financial damage by death or illness.

The business protection support available from providers like LV= ensures that there is **always someone to answer questions**, no matter how difficult the situation might first appear.

Finally, for many advisers there **may already be existing clients** who would appreciate the opportunity to make an informed choice about how they best protect their commercial activities against the unknown.”

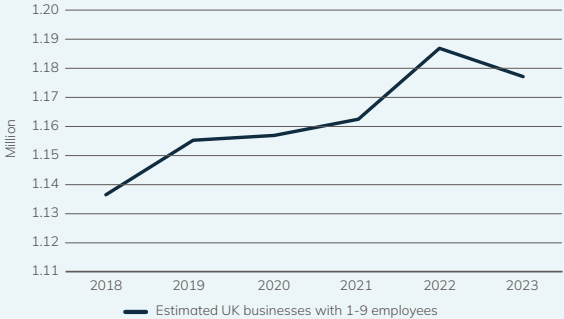


Marcus Primhak,
National Account Manager

The 2023 UK business population

While the majority of businesses (74%) employ only their owner(s), the UK is also home to **1.18 million** businesses that employ 1-9 people. While this number has dropped by 0.8% since 2022, the number of businesses with **10-49 employees has grown by 2.8%** – possibly contributed to by recruitment and growth in former micro businesses.

These employers create a **strong opportunity for business protection conversations in 2024** – particularly discussions about Exec IP and Key Person cover for businesses relying on a small number of key employees.



[continued>](#)



Spotlight on our business protection tools

We have a range of business protection tools that are designed to help you with your recommendations. Whether it's positioning the risk or working out appropriate cover, they're here to support you.

Did you know...

a business owned by three partners, two male, one female,



all aged 40 has a

32% chance of one of the business owners being diagnosed with a serious illness before retirement*

12% chance of one of the business owners dying before retirement*

Highlight risks to your client's business

Enter a few details and show your client the likelihood that key people in their business will suffer ill health, and the potential financial risk to their business as a result.



Try our [Business Risk calculator](#)

Help split the cost of premiums fairly

Easily support clients who are unsure of how to split the cost of cover between shareholders or partners relative to the benefits they're set to gain.

Try our [Premium Equalisation calculator](#)

Find the value of their business

Find the potential value of a business, based on average net profits, net assets and a profit multiplier.

Try our [Business Valuation calculator](#)

Find the right amount of cover

Determine the appropriate amount of cover for your clients with a few details using our product-specific calculators.

Try our [Key Person calculator](#) or [Relevant Life Cover calculator](#)

Assist with online trusts

Be guided through the process of setting up a trust for your client. With electronic signatures for settlors, trustees and witnesses, we've made the process easier than ever.

Try our [Online Trusts tool](#)



Try our [business protection tools](#)

[continued>](#)

*Results based on the LV= Business Risk calculator (all three owners are non-smokers and retiring age 65)



Insights from inside LV= Some of your account managers share their thoughts on business protection...



Donna Morgan
Business Development
Manager
London & East



Mark Titcombe
Protection Consultant
London & East



Hannah Baker
Protection Consultant
London & East



Paul Dewick
Business Development
Manager
South West & Northern Ireland

How would you introduce and position business protection to new clients?

“As an adviser, you need to highlight to your client that **their business is an asset that needs protecting from financial harm**. As not only does it provide your client with a personal income, but also their employees.

Shares of a business can be worth more than the client's home.

How are they protecting that asset? What measures are in place to ensure that, should they become ill or pass away, their family get every penny they should, and that the business (your client's legacy) keeps running?”

Donna Morgan

“Just as we set up a protection plan to mitigate risk in our private lives (to protect our home, our income etc.) **we need to think about what would happen within your client's business** should a company director or key person die or fall ill.

What would happen to the ownership of the company, and would there be funds available to facilitate an easy transition of owners? Would there be an impact to the profit of the business? Would there be any debts that would need to be repaid? If so, **that's where business protection provides solutions.**”

Hannah Baker

“In my opinion, **business protection is significantly undersold**. It seems many business owners aren't aware of the potential risks to owner, employees, bank relationships and contract relationships. Ultimately, business protection creates the safety net which will allow businesses to continue to operate in the event of death or illness. **It's a fallacy to think it's complicated** – understand the core principles and you can provide vital safety nets and **grow your own business significantly.**”

Mark Titcombe

“To start, I would **simply let the clients know that these products exist**. You'd be surprised at how many business owners are unaware that they can insure against these risks. So, for eligible clients, **I would be letting them know at the earliest opportunity, if I don't someone else might!**

For solutions such as Key Person and Shareholder Protection, helping the client understand that they can insure their key employees to protect profit and debt or have money available to buy shares from a deceased member's family to keep control of their business will make for interesting discussions.

I'd also explain the tax benefits of a well thought out business protection plan – from Relevant Life cover to Exec IP, there are cost efficient solutions for each business client.”

Paul Dewick

[continued>](#)

Insights from inside LV= (continued)



How do you support advisers with selling Business Protection?

“I demonstrate the **tools we have on the LV= website** to help with the advice journey, such as the [Business Risk calculator](#) and [Business Valuation calculator](#). I also take time to educate them on the financial harm to a client for not having their business insured, along with the tax savings possible to your clients.”

Donna Morgan

“I support advisers through their growth into business protection by being available to them in several ways. Often, we'll start with a video call to run through the basics of how and when a business protection plan would be set up.

Normally, we then have multiple calls when the adviser is working through their first client **to ensure that they have all the knowledge and practical support** (systems, paperwork etc.) to get the policy written and on risk.

For more experienced advisers, I'm on hand to **discuss the unusual cases** and support their knowledge with how to get them over the line.”

Hannah Baker



“Personally, I help with individual cases, making sure the adviser is confident in what they will be discussing with their clients. **I will also help position BP with introducers of business** – for example, accountants.

At LV= we help by having a comprehensive CI proposition and some fantastic member benefits. Of course, high non-medical underwriting limits help get cases on too. Our tools and calculators support adviser discussions too by illustrating the value of cover. I can walk my advisers through all these areas of Business Protection sales – as can your LV= account manager, should you need the support.”

Paul Dewick

“I aim to **start at the very basic level** of what the risk is and why a business client needs to be aware. Our presentations are clear and **focus on the generic side first** – once understood we can review how the proposition we have stands out. The crucial part of what I do is case consulting – stepping through scenarios and real-life situations to **help an adviser feel confident in recommendations**. Our job is to sit alongside an adviser to help them build a portfolio that they feel at ease explaining.”

Mark Titcombe

How do you see the new consumer duty rules affecting advisers? And how is LV= supporting them?

“Under Consumer Duty, **it's an adviser's job to protect your clients' assets from financial harm**. We have a duty to educate our customers about the future foreseeable harm of becoming ill or passing away and demonstrating the solutions.

As a BDM, I help advisers with sales dialogue and how you can tweak your sales process to **highlight to your clients that their business could be their biggest asset**, worth even more than their house, and the risk posed by not protecting it.

I feel the helpful tools that LV= have free to access for our adviser network can tick these boxes and help shape conversations with clients.”

Donna Morgan

“The focus of Consumer Duty is on adding value to any recommendation. I think we excel in tools and calculators and our Business Care Line is unique in the market with free advice and guidance – **so you're not short on value to share with your clients.**”

Mark Titcombe

Learn more about our
[Business Care Line on page 16.](#)



“Consumer Duty **puts the emphasis on the adviser** to not only spot the potential need for a policy but to write the business or refer it to someone that can.

Advisers also need to ensure that the policy provided is well understood by the client. **The support that we offer from day one can ensure that the adviser is confident in their ability to deliver on this.**”

Hannah Baker

“My main takeaway from the new Consumer Duty rules is that **the adviser must properly explore protection with clients or pass it on to someone who will.**

Tools such as our [Business Risk calculator](#) can aid discussions for advisers who are new to Business Protection.”

Paul Dewick

Visit our Consumer Duty hub for resources to support you...

To help you meet Consumer Duty requirements, we recently launched our Consumer Duty hub so you can quickly find a range of resources, tools, documents, and support.

[Visit our Consumer Duty hub](#)

[continued>](#)

Insights from inside LV= (continued)



How would you frame the benefits of executive income protection to new clients?

“Exec IP is a great way to protect your business from the expense of long-term sick pay to your employees. **Offering sick pay to key employees can help you attract and retain good staff**, which can save the business money in recruitment and training in the long term. The premiums are classed as a business expense, **so can add value for your company and staff in a tax efficient way.**”

Donna Morgan

“Your clients know the value of their own income. They wouldn’t have the property, car, or lifestyle that they live without it. As such, they should understand the importance their top employees place on their income too. **Exec IP is a tax efficient way of protecting the earnings of employees** so that, if they’re unable to work due to illness, they’ll still have 80% of their regular income* coming in – an attractive benefit for existing and prospective employees, **and a great way for your clients to differentiate themselves from other employers.**

For many small business owners, **they will know their top talent personally**. This can make the message that much more impactful when they consider how Exec IP could change the **financial, emotional, and even physical outcome** of an illness for their employees by allowing them to focus on their recovery. In a small team, it’s easy to imagine the importance of each individual colleague’s contribution and how this level of support can **boost morale and loyalty** during times of high stress.”

Hannah Baker

“If a business owner understands that it’s **tax efficient and cost-effective** to arrange employee life cover through the business, then why not put your sick pay through it as well? Ultimately, it’s a way to build a sick pay scheme for a company and employees which the vast majority of limited companies cannot do through a group scheme. Even with [Budget Executive Income Protection](#) with a 12 or 24 month claim period, you are still providing a **sick pay scheme which exceeds some of the best occupational sick pay arrangements in the UK.**”

Mark Titcombe

“Exec IP can massively improve the financial outcomes for the insured, **not only during the claim, but also in the long term.**

Following a claim, money is paid out via the business through PAYE. This means that employee National Insurance contributions are made throughout the claim and can benefit **future state pension eligibility.**

There’s also an additional option to cover employer pension contributions made by the business for the insured. If this option is selected, during a claim, the client’s usual employer pension contributions can be maintained**, **keeping the employee on track for their long-term retirement goals.**”

Paul Dewick

Read on for more information about
[LV= Executive Income Protection on page 13.](#)

Get in touch with your account manager...

If you have any questions about LV= Business Protection, or Personal Protection, don’t forget you can reach out to your account manager.

Our team are on hand to support you not only with product information, but also strengthening your sales conversations, introducing our tools and calculators, and more.

Find your **[LV= account manager](#)**



Don’t forget to register for our upcoming
[Business Protection webinars on page 7.](#)

[continued>](#)

* following a claim, LV= Executive Income Protection pay the business 80% of the insured’s salary, set at outset of the policy, which is then paid to the employee through PAYE. Any Income Tax and National Insurance deductions will need to be taken from this amount through PAYE. **subject to eligibility and limits, see page 13 for more details.



Executive Income Protection

Why is it so important for your clients?

LV= Executive Income Protection is designed for small to medium businesses wanting to provide their employees with sick pay benefits as part of their employee benefits package.

Smaller businesses are invariably built around the talents of a very small number of owners and key people. Many small business owners will want to retain key employees and support them during an illness, but often won't have the reserves to do so. Executive Income Protection enables the business to do this in a tax efficient manner. You probably already have clients in the potential target market.

They could be senior employees running the business, or vital for generating sales, or even those with key technical skills difficult to replace. Either way these are valuable key employees who are essential to the running of their business.

Francine*, 28, works for a small marketing agency with 14 employees.

Her role is a UX designer, and she possesses a strong specialist skill set and in-depth knowledge of their highest net-worth clients. Recognising her as a key asset, the director of the agency decides to take out LV= Executive Income Protection to offer an additional benefit for her employee package.



Executive Income Protection provides reassurance that if she's ever off work for illness or injury longer than her waiting period of 2 months, she would receive:

80% of her salary paid through her company's PAYE system** – with **personal income protection** she would receive up to **60%**.

Continuation of her employer's pension contribution up to **£40,000** a year, an optional benefit added to her policy by her employer.

Access to addition benefits through LV= Doctors Services:

- 24/7 remote GP access
- Remote physiotherapy
- Remote mental health support

We share a real **Executive Income Protection claim on page 4.**



Covering employer National Insurance Contributions and employer pension scheme contributions

As an additional option and cost, the employer can choose to **insure their employer National Insurance contributions** subject to an overall upper limit of £42,500 a year, and **their employer pension scheme contributions** subject to an overall upper limit of £40,000 a year. Please refer to the [policy conditions](#) for more detail on the maximum cover limits.



Group Income Protection schemes

A business may not have enough staff for a group income protection scheme or may not be able to afford the cost. LV= Executive Income Protection enables **even businesses with just one or two employees** to pay for their employee sick pay arrangements through the business. Equally if a group sick pay scheme is in place but the employer would like to provide a separate bespoke sickness benefit to a key employee, that employee could be removed from the main scheme and offered Executive Income Protection instead. This creates the opportunity for the employer to **increase the level of cover or offer sick pay for a longer term to that individual**. However, there are overall limits to income protection payments and you as their financial adviser can help to ensure employees are not over-insured.

Cost conscious clients?

Find out more about our **Executive Income Protection** options, including budget options with 12 or 24 month claim periods.

[continued>](#)

*Name and image for illustrative purposes only. This is a fictional scenario. ** following a claim, LV= Executive Income Protection pay the business 80% of the insured's salary, set at outset of the policy, which is then paid to the employee through PAYE. Any Income Tax and National Insurance deductions will need to be taken from this amount through PAYE.

Shareholder Protection

for participatory and non-participatory spouses



When arranging protection for businesses where the shareholders are made up of participatory and non-participatory spouses, you will want to make sure that in the event one of the shareholders passes away, everyone is treated equitably and there is minimal disruption to the finances of the business.

So, in the case of non-participatory and participatory spouses, how can we make this happen?

Let's look at a hypothetical example...



Linda and Samantha have been in business together for 4 years. They run a small accounting consultancy together and have **25%** shares in the business each.



The death of a non-participatory spouse

Should either Mark or Janet pass away (the non-participatory spouses), their spouse will inherit their shares of the business.



Their spouses, Mark and Janet, both have **25%** shares of the business also. However, neither of them participates in the business.



In the running of the business, this should not affect the balance as each participating partner has equal say (assuming the spouses always vote together).



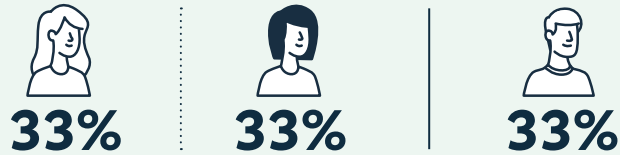
The death of a participatory spouse

If one of the participatory spouses passes away, this presents a problem for the running of the business. For example, if Linda passes away suddenly...



Mark would suddenly own **50%** of a business he does not contribute to. This would not be equitable to Samantha. So, what cover needs to be in place beforehand to protect all 3 surviving parties?

What if the shares are split 3 ways?



One solution may be for the surviving shareholders to inherit Linda's shares equally. However, this would leave the running on the business to Samantha alone. Samantha and Janet could also marginalise Mark with their combined **66%**. This would not be equitable for Mark or Samantha.

Likewise, for the death of a non-participatory spouse. Should Mark pass away and his shares be distributed evenly, Linda would be left with **33%** to Samantha and Janet's combined **66%**. This would not be equitable for Linda.

[continued>](#)



Shareholder Protection **for participatory and non-participatory spouses** (continued)

In summary

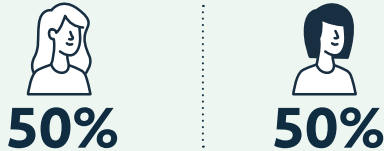
Both business partners, Linda and Samantha have **25%** shares in their business. Their non-participatory spouses also have **25%** each.



Linda passes away and her husband, Mark, inherits her **25%** shares.



Samantha and her wife Janet use the Partnership Protection insurance pay out from Linda's passing to equitably buy Mark's **50%** shares. Their cross-option agreement ensures that Mark must sell his shares if Samantha and Janet wish to buy.



Ensuring participatory and non-participatory spouses are treated equitably

- Step 1 Arrange Partnership Protection for the lives of the participatory spouses**
The cover should be arranged for the value of both spouses' shares. In this case, Linda and Samantha should each be insured for **50%** of the business. This ensures that if one of them die, the funds will be available to buy both the non-participatory spouse's original shares and the shares they have inherited.
- Step 2 Arrange a Cross Option Agreement**
Having the funds available to buy the shares does not automatically equate to a sale. The non-participatory spouse could refuse to sell, or the surviving shareholders could refuse to buy. As such, a suitable cross option agreement must be in place to ensure that should either one of the parties wish to buy or sell, they must be able to do so. In this case, a spousal buy out cross option agreement would suit these clients' needs.
- Step 3 Keep up to date with your client**
Once a Partnership Protection policy is set up, it is important to ensure the policy continues to reflect the current value of their business as it grows. If the sum insured does not cover the value of the shares when the time to claim comes, the non-participatory spouse may not be treated equitably. Ensure your clients understand that keeping their policy up to date is not only in the best interest of the business, but also their spouse.

New to arranging business protection, or wanting a refresher?
View our upcoming **Business Protection webinars on page 7.**



[continued>](#)



Unlock the Business Care Line

We want your business clients to benefit from the value of their LV= Business Protection from day 1 and help you with your recommendations. That's why all our Business Protection policies include free access to a Business Care Line.

Here's what they can access:

Business legal advice (24/7)

Provides access to legal professionals and solicitors specialising in providing practical legal advice on a range of areas:

- Employment law and tribunal claims
- Health and safety law, requirements, and inspections
- Disputes including tenancy issues and debt recovery
- Commercial and contractual disputes

Tax and VAT advice

Gives you access to business tax and VAT experts made up of accountants and ex HMRC employees, covering areas such:

- Tax and VAT relief
- Completing a self-assessment return
- Changes to tax rules
- Dividends paid from limited companies
- Receiving a tax investigation notice

Advice is available Monday to Friday, 9am to 5pm.

These services are provided by third parties on behalf of LV=. They are non-contractual benefits and can be changed or removed at any time.

Benefits

Unlike business solicitor fees which can quickly stack up, **this service is completely free** for BP policyholders to use.

The **Business legal advice service is available 24/7**, providing around the clock support.

It's run by **expert legal professionals**, so your client can feel assured they're receiving **quality advice**.



Find out more about [LV= Business Care Line](#)

LV= Doctor Services provides in-the-moment support

LV= Doctor Services is available on new Business Protection policies at no extra cost. This can be accessed by the life insured, their spouse/partner*, and children under 16 (selected services) through the app or by phone.

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- Prescription Services
- Second Opinion
- Physiotherapy
- Psychological Services
- Discounted Health MOTs

LV= Doctor Services is a confidential service powered by Square Health and medical data will not be shared with LV=. This service is a non-contractual benefit and can be changed or removed at any time.

*Spouse/partner who lives at the same address as life insured.



Find out more about [LV= Doctor Services](#)

[continued>](#)



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We hope you enjoyed reading Fuel for Life.

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