



Business Protection – how to start a conversation with your clients

In the various discussions you have had with your clients about their personal protection needs, a number of them will have no doubt identified themselves as business owners. They will have described themselves as sole trader, director, shareholder, or partner, but may not have discussed their business interests or the need to protect against risks they may not even be aware of.

Why not ask some of the following questions in order to start a conversation – it could be constructive and beneficial for all parties.

General

- How do you manage your business risk?
- What type of risks have you identified?
- What is the worst thing that could happen to your business? The absolute worst thing?
- Have you ever considered how your business would function if you were not around?
- What are the financial implications of you being unable to work?
- Can we meet to discuss your needs further, so I can help you identify the potential risks your business is facing? I can also help you review the arrangements you already have in place.
- I can support you and tailor a plan to meet the specific needs of your business.
- My aim is to help you strengthen your business.

Continuation planning

- If your business experienced a significant 'disturbance', how much cash would the business need? Is it immediately available?

A 'disturbance' is a significant/notable event, such as:-

- o your premature death or absence from the business through illness
 - o the premature death or illness of your fellow business owners
 - o anyone else who is a vital part of your business because of their skills, abilities and expertise?
- Such an event could be disastrous for the business and create many financial issues. What cash would be available to help overcome these events?
 - What would happen if you, your fellow business owners, or any other vital individual were not around? How much cash would you require to overcome this? Is it readily available?
 - Where will that cash come from – the business bank account, cashflow, or other sources?
 - How certain are you that funds from other sources are available and guaranteed?

Business loan / debt protection

- Does your business have any outstanding loans or debts?
- How would that loan/debt be repaid if you were to die prematurely or leave the business through ill health?
- How would the loan/debt be repaid if the 'disturbance' related to your fellow business owners?
 - o From cash? From funds in the business bank account? From personal funds?
- How certain are you that funds from other sources are available and guaranteed?
- Are you interested in putting in place a form of life or critical illness insurance for your business, to pay off these debts? Think of it as 'mortgage cover for your business'.

Succession planning

- What do you want your business legacy to be?
- What financial support will you leave your family?
- What do you want your family to inherit?
- What will happen to your share of the business - or importantly who will it go to - if you are not around?
- How will your share of the business feed your family, pay the mortgage, buy clothes, holidays, schooling, university, weddings, etc.?
- Is there an active market for shares in your business?
- If you want your shares in the business to be sold, who will buy them?
 - o The business? Where will the business find the money?
 - o A competitor? How will this impact the business?
- How will the value of your business share be assessed/calculated? Will this reflect 'market value'?
- What risks exist for you and your fellow shareholders if one of you were to die? The shares of the deceased would now be owned by someone outside the business - how would you regain control of those shares?

Find out more about **AIG's Business Protection** products and call our Sales Team on **0345 600 6829**, email **adviser@aiglife.co.uk** or visit **www.aiglife.co.uk**