



Reasons why – AIG Business Protection Term Assurance / Business Protection Critical Illness with Term Assurance

The following paragraphs are designed to provide you, the adviser, with the background information you might require for 'reasons why' letters when recommending AIG Business Protection Term Assurance / Business Protection Critical Illness with Term Assurance to your clients. They shouldn't be used in lieu of a full and proper assessment of whether and why AIG Business Protection is suitable in a particular situation.

This document provides guidance for professional advisers and should not be distributed to retail customers.

Generic 'About AIG' text

[AIG Life Limited is the life insurance arm of AIG in the UK, Channel Islands, Isle of Man and Gibraltar. It provides financial and practical support for individuals, families and businesses when illness or injury threatens their life, lifestyle or livelihood. It provides financial protection for over 2.6 million customers.

AIG is part of AIG Group, a leading international insurance organisation serving customers in more than 80 countries and jurisdictions].

AIG Business Protection - introduction

Adviser Recommendation:

[When we met recently I spoke to you about ensuring [business name] protects the most valuable asset to the business - the people. Having discussed your future plans for [business name], I recommend the following insurance (delete as appropriate):

- + Business loan protection
- + Key person cover
- + Shareholder protection
- + Partnership protection

Business Protection - Level Term Assurance

[I've recommended level cover. This means the amount paid out at claim will always be the same – whether the claim is made in the first year, or during the last year of the policy term. The insurance will pay the full sum assured if the person covered dies or meets AIG's definition of having been diagnosed with a terminal illness (as listed in its Cover Details). AIG also accepts valid terminal illness claims until the day the insurance ends. As the amount of cover is fixed, it's important to understand that as the cost of living goes up over time, the amount of cover provided by the policy will reduce in real terms. Consequently, it's important to review the cover on a regular basis.

The insurance also includes support from Smart Health, at no additional cost to you. Smart Health gives you, your partner and your children up to the age of 21 unlimited access to 24/7 online GP appointments and a second medical opinion service, as well as a range of other health and wellbeing services. Smart Health is a non-contractual benefit that could be changed or withdrawn in the future.]

Business Protection - Increasing Term Assurance

[The insurance will pay the full sum assured if the person covered dies or meets AIG's definition of having been diagnosed with a terminal illness (as listed in its Cover Details). AIG also accepts valid terminal illness claims until the day the insurance ends.

I've recommended increasing cover. The total amount of insurance payable will increase each year by 5% to help offset the effects of inflation. However, as you've chosen the increasing cover option, the premium payable will increase each year.

- + The increase of 5% per year will potentially offset the rate of inflation.
- + Premiums will increase at a higher percentage than that of the sum assured.
- + If inflation increases at a higher rate than 5% then the purchasing power of the sum assured paid out may be diminished.

The insurance also includes access to Smart Health. Smart Health is a suite of six services designed to support the health and wellbeing of the person covered and their partner and children (up to the age of 21). It includes: online GP appointments, mental health support, nutrition advice, fitness plans, a health check and a second medical opinion service. Smart Health is a non-contractual benefit that could be changed or withdrawn in the future.]

Business Protection - Decreasing Term Assurance

[The insurance will pay the sum assured if the person covered dies or meets AIG's definition of having been diagnosed with a terminal illness (as listed in its Cover Details). AIG also accepts valid terminal illness claims until the day the insurance ends.

The sum assured payment you could receive will reduce each month in line with the capital outstanding on a business loan with an annual interest rate of [insert interest rate here] %. If the interest rate chosen is less than the rate you are paying on your business loan, the benefit AIG pays in relation to a successful claim may not meet the outstanding amount of your loan.

The insurance also includes access to Smart Health. Smart Health is a suite of six services designed to support the health and wellbeing of the person covered and their partner and children (up to the age of 21). It includes: online GP appointments, mental health support, nutrition advice, fitness plans, a health check and a second medical opinion service. Smart Health is a non-contractual benefit that could be changed or withdrawn in the future.]

Renewable cover

[A term of 5 or 10 years will be chosen when you take out the cover. At the end of this term, you'll have the option to renew the cover for a further 5 or 10 years, depending on your initial term, without providing further medical information. You can renew the cover until the person covered's 60th birthday. If you choose not to renew the cover, it will end.

The insurance also includes access to Smart Health. Smart Health is a suite of six services designed to support the health and wellbeing of the person covered and their partner and children (up to the age of 21). It includes: online GP appointments, mental health support, nutrition advice, fitness plans, a health check and a second medical opinion service. Smart Health is a non-contractual benefit that could be changed or withdrawn in the future.]

Shareholder / partnership protection

[I recommend you take out Shareholder / Partnership protection, which provides a sum of money if one of the owners of the company dies or meets AIG's definition of having been diagnosed with a terminal illness (as listed in its Cover Details). This then allows the remaining shareholders/partners to buy the shares/business share from the deceased business owner's estate and/or the affected business owner. The consequence is the other owners retain control of the company, and the family receives fair value for the shares/partnership share they've inherited.]

Trust – partnership protection

I've recommended your Partnership protection cover is written in trust, using an AIG Business Trust. This means any claim is promptly paid to the trustees. It also ensures the proceeds are paid free from Inheritance Tax.

Trust – shareholder protection

I've recommended your Shareholder protection cover is written in trust, using an AIG Business Trust. This means any claim is promptly paid to the trustees. It also ensures the proceeds are paid free from Inheritance Tax.

Cross option agreement ('own life' cover only)

I've recommended you complete an AIG Option Agreement, which is a legal contract between each business owner outlining what would happen to the shares if one of you dies or leaves the business as a result of a terminal or critical illness. The Option Agreement will give the surviving business owners the option to buy the shares in the event that one of them dies, and the deceased owner's estate/the retired owner the option to sell them in the event of their death or terminal/critical illness respectively.

This will help ensure the business carries on trading with minimal disruption. I recommend that the agreement, which is attached in draft format, is reviewed by the business and adapted to take account of any specific needs the business identifies.

Critical illness cover

Adviser Recommendation:

[The insurance will pay the full sum assured if the person covered dies, or meets AIG's definition of having been diagnosed with a terminal illness or a Group 1 critical illness - as listed in its Cover Details. AIG also accepts valid terminal illness claims until the day the insurance ends.

Your insurance will also provide additional payments as a proportion of the sum assured (up to £35,000) if the person covered is diagnosed with a less severe condition which, while not life-threatening, can still have a serious impact on their life. These are defined as Group II definitions in the Cover Details.

It will also make additional payments of up to £35,000 if the child of the person covered is diagnosed with a critical illness, including conditions which are specific to children, or if the child is diagnosed with a terminal illness. The child-specific conditions are detailed under the Group III definitions of the Cover Details. It also pays child life cover of £10,000 which will be paid early if the child is diagnosed with a terminal illness.

In addition, it will pay a pregnancy cover benefit of £5,000 if the person covered suffers from a defined complication during pregnancy.

It also includes access to Smart Health - Smart Health is a suite of six services designed to support the health and wellbeing of the person covered and their partner and children (up to age 21). It includes: online GP appointments, mental health support, nutrition advice, fitness plans, a health check and a second medical opinion service. Smart Health is a non-contractual benefit that could be changed or withdrawn in the future.]

Total Permanent Disability (critical illness policies only)

[I've recommended that the Total Permanent Disability option is added to your cover. Total Permanent Disability will pay a tax-free lump sum if the person covered is incapacitated and meets the definition of incapacitated that applies to them, even if their condition doesn't meet the criteria of any of the specified critical illnesses. The definition of incapacitated that may apply to the person covered will be shown in the Cover Summary and is explained in full in the Cover Details.]

[Waiver of Premium

I've recommended you include the Waiver of Premium option as part of your insurance. If the person covered is unable to work as a result of incapacity for more than 26 weeks, AIG will pay the premiums for the remainder of their period of incapacity. AIG will pay the premiums until the person covered is either able to return to work, no longer meets the definition of incapacity or until the end of the term of the policy.]



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