

## KNOW YOUR BUSINESS RISKS

In the last article for Business Insurance we covered Public, Professional, Statutory Liability, etc. In this article we'll look at the life related business insurances. In the event of a significant tragedy or illness, how long could your business survive on cash reserves and customer/supplier goodwill before the cash flow and profits dry up? Can you afford to be without insurance to cover this risk?

**Business Partner/shareholder protection** - Covers remaining partners or shareholders in the event of death or disablement of one. Ensures that sufficient funds are available to purchase the insured's share of the business. Cover will generally be proportionate to the shareholding of each in the business.

**Loan Protection** – Provides funds to enable repayment of debt in the event of death or disability of a borrower/guarantor.

**Key Person Cover** – A key person is an employee or contractor whose skills and expertise are essential to the functioning and profitability of the business. The company would own the policy on the employee/contractors life and hence receive payment should a defined event happen.

**Business Overheads** – Covers every day running costs of a business eg rental, electricity, cleaning, maintenance. Should the principal of a small business be disabled these expenses may well continue.

**Locum Cover** – Covers the cost of engaging a suitable replacement person to run the insured person's business while they are disabled.

**Key Person Income Protection** – Protects a business against loss of a key employee such as a salesperson, technical specialist, etc. Clerical functions that don't affect revenue are not covered under this.

**Start-Up Income Protection** – Is a new cover available to newly self-employed. Previously it was unlikely that you could get effective cover until self-employed for over 12 months.

It is important that businesses assess their risks. What is a risk for one business may not be for another. An experienced insurance broker/financial adviser can help you with what needs to be covered and what doesn't

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