

# Key Person Protection

## What is Key Person Protection?

Key Person Protection covers your business from the risk of critical illness, terminal illness or death of your most integral employees. It provides financial support to help the continuity of your business as it insures you against the loss of a key person or employee.



## How to identify a Key Person

Running a business can often cause some uncertainty. Buildings, contents and material items can be replaced but this is not the case with key individuals.

### What you should consider:

- What would cause my business most damage?
- How much does the business rely on this individual?
- Would my business survive the loss of this individual?
- What would go wrong if this person wasn't around?
- How would staff, clients and even the bank feel?
- How much financial support would the business need to keep going and remain profitable?

## How much cover is needed?

Knowing how much cover to put in place can be tricky, however there are various options available. Our team will help you to establish the most appropriate method for your requirements.

## Cover options

Key Person Protection can be arranged as a life insurance only plan or combined life and critical illness insurance plan. Sums assured between life cover and the critical illness element can differ.

## Corporation tax

Your accountant can advise you on specific tax implications as there is important criteria that must be met. Generally, there are two tax treatments of a Key Person policy:

- The company can treat the premiums it pays as allowable business expenses, deductible from the company's profits (potentially reducing its Corporation Tax liability).
- The company will have to account for any proceeds from the policy as a trading receipt (potentially increasing its Corporation Tax liability in the year of receipt).

## Speak with our specialist team

Ready to future-proof your business and support your people, get in touch. [ebenquiries@thecleargroup.com](mailto:ebenquiries@thecleargroup.com)

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