

# Keyperson Insurance

## The future profit of your business may be at risk

### Who are your key people?

The future success of every business is dependent on a few key people. A Keyperson is any “key” employee, director or consultant on whom the business depends for its continued success, or existence, and on whose death or serious illness the business could suffer a financial loss.

**Statistics show that 72% of businesses ceased trading within 5 years of the death of the founder of the business\***

### Why insure your key people?

There is a very real possibility that your business will suffer the loss of a keyperson. The risk of losing a keyperson through death or serious illness may be a lot higher than you think.

**1 in 5 of our claimants last year were aged 39 or under\*\***

The loss of a keyperson can have a major financial and operational impact on your business. Some of the ways in which your business may be affected are listed below.

- The business will have to survive without that person’s unique skills, business contacts, management experience or intimate knowledge of your business. This may result in a reduction in service standards and a loss of confidence by both customers and suppliers.
- Bank loans could be called in if the keyperson had given a personal guarantee.
- There could be a withdrawal or reduction of credit facilities by banks or suppliers who are concerned about the future of your company due to the death or serious illness of the keyperson.
- Loans made by the keyperson will have to be repaid.
- Additional cost of recruiting a suitable replacement (if one can be found).

# What is the solution?

Putting Keyperson Insurance in place can help your business overcome the financial repercussions of losing a valued member of staff. The Keyperson policy will pay out a lump sum benefit to the business on the death or serious illness of an insured Keyperson. This lump sum benefit will compensate the business for any loss of profit or can be used to repay loans or recruit a suitable replacement.

## What is Keyperson Insurance?

Keyperson insurance is life assurance effected by the business on the life of one of its employees or directors with a view to compensating the business for an anticipated financial loss in the event of the death of the individual covered. Keyperson Insurance can also be effected to provide a lump sum payment to the business in the event of a key individual suffering a serious illness.

## How to set up Keyperson Insurance?

Having determined who your key people are, the next question is how much you should cover them for? A general rule of thumb is to cover the keyperson for 5 to 10 times their current annual salary.

However you should also take into account the following:

- Any loans personally guaranteed by the keyperson and/or any loans the keyperson has made to the business.
- Estimated loss of profits that the business would suffer due to the death or serious illness of the keyperson, including the cost of recruiting a suitable replacement.

## Is your business covered?

**To find out more, talk to your local Bank of Ireland Insurance & Investments Manager, who will help you identify your business protection needs and recommend a plan for you and your business.**

Bank of Ireland Life,	Telephone: 1890 309 309*
Grattan House,	Fax: (01) 662 0823
Bank of Ireland Head Office,	Email: <a href="mailto:info@bankofirelandlife.ie">info@bankofirelandlife.ie</a>
Lower Baggot Street,	
Dublin 2.	<a href="http://www.bankofirelandlife.ie">www.bankofirelandlife.ie</a>

\* For quality and training purposes incoming and outgoing calls may be recorded. Call charges may vary depending on your service provider.

\* Source: BDO Simpson Xavier

\*\* Based on Bank of Ireland Life's 2008 claims experience

Terms and conditions apply. Benefits are subject to underwriting and acceptance by Bank of Ireland Life. While care has been taken in its preparation, this document is of a general nature and should not be relied on in relation to a specific issue without taking appropriate financial, insurance, or other professional advice. The content of this document is for information purposes only. If there is any conflict between this guide and the Policy Conditions, the Policy Conditions will apply. Information is correct at the time of printing.

Bank of Ireland Life is a trading name of New Ireland Assurance Company plc. Bank of Ireland and Bank of Ireland Insurance & Investments Limited are tied agents of New Ireland Assurance Company plc. New Ireland Assurance Company plc trading as Bank of Ireland Life is regulated by the Financial Regulator and is a member of Bank of Ireland Group. Bank of Ireland is regulated by the Financial Regulator. Bank of Ireland Insurance & Investments Limited is regulated by the Financial Regulator. Member of Bank of Ireland Group