



# Key Person Protection

Keeping your business healthy



**Business Protection:**  
For small and medium  
sized businesses

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# Key Person Protection in a nutshell

Key Person Protection could help protect your business against the impact of critical illness, injury, terminal illness or death of your most integral employees, depending on the chosen plan.

The policy proceeds are paid directly to the business helping your business to continue trading.

Unexpected death, illness or injury can be an unavoidable part of life – but financial worry needn't be.

**Simply put, its protection that helps to keep a business healthy.**

# How it makes a difference

It's never nice to contemplate worst case scenarios, but the sad reality is that the loss of a key person in your business could have a severe impact.

The benefit helps compensate for the loss of their skill, knowledge, experience, or leadership. It can be used to address a reduction in gross profits, meeting the costs of hiring a replacement employee, or support for ongoing loan repayments.



## Who is a key person?

It can apply to any individual deemed to be critical to your business, here are some roles that are typically covered by the policy:

- Owner/founder
- CEO
- Operations manager
- IT manager
- Web developer
- Sales lead
- Employees with lots of contacts
- Exceptional talents



## What does it help protect?

After the loss of a key person, it could help with the following situations:

- Loss of profits
- Having to recruit or train a replacement
- The loss of important personal or business contacts due to the key person not being there to maintain a contract
- Customers and suppliers losing confidence in the business
- Outstanding loans





# Understanding the importance

Every business has employees whose skills, knowledge, or experience make a big contribution to its success. And if lost, there could often be an immediate financial impact.

Many businesses consider the employee benefits they offer, yet may overlook the need to protect the business.

Perhaps some companies aren't fully aware of the risks, let alone the solutions. But the truth is, key people and their contributions are pivotal to success, so protecting them is a sound business move.

And it doesn't stop there, Key Person Protection can provide valuable support and help to the employee and their immediate family with our specialist support services, helping to reduce the impact of a loss of a key person at a time of financial uncertainty.



## How it works

We offer three types of policies:

- Key Person Protection (Life Insurance)
- Key Person Protection (Life Insurance with Critical Illness Cover or Critical Illness Extra)
- Key Person Income Protection

The policy is owned and paid for by the employer, so any pay-out or monthly benefit is payable to the employer.

In the event of a claim, the proceeds from the policy can be used to address a reduction in gross profits, hire a replacement employee, or support with business debt.

Your adviser can help you choose the most suitable policy. Terms & Conditions apply.

### The Business

Takes out a Key Person Protection plan



### A Key Person

Within a business is protected



### A Key Person

Dies, or becomes critically ill or injured



### The Business

Uses money for either loan repayments, replacing profits, or hiring a replacement



### L&G

The benefit is paid to the business, in the event of a valid claim



### The Business

Depending on the plan chosen the business makes a claim

# Why consider Key Person Protection?

It's one way to safeguard your business against the death, terminal, critical illness or injury of a key person in your organisation, depending on the plan chosen.

This money could significantly help the business to recover; for example, the proceeds can be used to help replace lost revenue, or with finding and hiring a replacement.

You could take out Key Person Protection for one of the following business needs. While you may choose to purchase a plan with just one of these protection concerns in mind, you could make a claim for any one of these.



## Profit protection

Key people are often responsible for generating a significant proportion of profits for a business. Protecting them can provide the business with peace of mind that if a key person dies, is critically ill or gets injured, a proportion of any lost profits will be covered. This depends on the plan chosen.



## Replacement cover

Finding a replacement employee can be challenging. Business owners can choose to cover the cost of finding a replacement, or a temporary replacement if a Key Person Income Protection plan is chosen.



## Loan protection

Covers the part of the repayments and related interest to a business mortgage or loan, which relate to the contribution of the key employee.



## When should you take it out?

If your business is growing, there is no right or wrong time to take it out.

A start-up company may be dependent on one or two individuals who are fundamental to the business's success. A larger company may have greater resources and the ability to substitute key staff with other personnel.

However, established companies have larger overheads, so if the loss of one individual affects revenue, the consequences for the business could be serious.

Every business is different, but protection for your key employees can provide a vital safety net for your business.

# What our plans offer

Business needs are broad and can't necessarily be protected with a single policy. Take a look at the table to see the differences between the various plans.



## Life Insurance

Designed to pay out a cash lump sum if a key person dies while covered by the policy, to help the company cope with this loss.



## Critical illness cover

Helps a business by paying out a cash lump sum should a key person be diagnosed with a critical illness that is covered by the plan, such as specified types of cancer, stroke, heart attack or multiple sclerosis.



## Income protection

When a key person is unable to work due to illness or injury, the absence of their contribution to the business can result in financial difficulties. However, income protection is designed to pay you a monthly benefit to help the business remain financially secure.

	Key Person Protection (Life Insurance)	Key Person Protection (Life Insurance with Critical Illness Cover or Critical Illness Extra)	Key Person Income Protection
Accidental Death Benefit	Yes	Yes	No
Changing your policy (Guaranteed Insurability Option). Eligibility criteria applies	Yes	Yes	Yes
Deferred period (1st payment is made 4 weeks after the deferred period ends)	N/A	N/A	4, 8*, 13, 26 or 52 weeks
Hospitalisation Benefit	No	Yes	No
Increasing cover (Eligibility criteria applies)	Yes	Yes	Yes (Unavailable if cover is to meet loan repayments)
Linked Claims	No	No	Yes
Maximum age at outset	77	67	60
Policy must end	By 90th birthday	By 75th birthday	By 70th birthday**
Premiums	Guaranteed	Guaranteed (reviewable depending on type of cover)	Guaranteed
Proportionate Benefit	No	No	Yes
Rehabilitation Support Service	No	No	Yes
Terminal Illness Cover (life expectancy less than 12 months)	Yes	Yes	No
Waiver of Premium	Yes (additional cost)	Yes (additional cost)	Yes
Wellbeing Support (provided by RedArc Assured Limited)	Yes	Yes	Yes
Care Concierge (provided by L&G)	Yes	Yes	Yes

As with all insurance policies, limitations and exclusions apply. Speak to your adviser, or refer to the Policy Booklet for more detail.

\* Minimum deferred period for driving based occupations

\*\* 65 for driving based occupations and 50 for fitness instructors / dance teachers



# Support with Umbrella Benefits

Going further by offering your key person and their immediate family access to our range of services that provide practical and emotional support, depending on the policy chosen. This is included as standard, at no extra cost.



## Wellbeing Support

We want to look after the wellbeing of your key employee, and their immediate family. That's why we've partnered with RedArc Assured Ltd and their registered nurses, to provide personalised practical and emotional support.

Their experienced registered nurses can help with a wide range of mental

or physical health concerns, including arranging a second medical opinion if a key person is dealing with a serious illness.

Everybody's needs are different, and so each support route will be too. Whatever the employee situation, Wellbeing Support is just a phone call away.

## Rehabilitation Support Service

Available only with Key Person Income Protection, this is automatically included at the point of claim. The service provides the key person who is ill or injured, access to in-house specialists for early intervention treatments. This can help with a wide range of physical or mental-health related concerns.

Our team of UK wide in-house clinical healthcare experts are equipped to fully manage employee absence from start to finish. We can also provide them with support from specialist healthcare partners.

Available every step of the way during recovery, they'll work with the key person to create a tailored plan that supports their quicker return to work and good health.

## Care Concierge

Our Care Concierge service gives your key employee confidential, expert guidance to help them navigate the complexities of adult and later life care.

From understanding available options to finding and funding the most suitable support, we make the process simple and stress-free.

With knowledge and compassion, our specialists are here to assist. Whether there's an immediate need, a desire to plan ahead, or just an informal conversation. Care Concierge is there for you.

# Why choose us?



We've been helping customers like you for **over 180 years** – so you can rely on us.



You can **tailor your plan** around your business needs.



If you need to make a claim, **we're here to help you** every step of the way.



We're a **specialist provider for SMEs**, with a complete suite of Business Protection products.



In 2024 we **paid out over £1,060 million in claims** to support individuals and their families.



Speak to your adviser to find  
out how Key Person Protection  
could work for you.

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