

## BUSINESS LOAN PROTECTION – CASE STUDY.

Oraganos Limited is an Italian restaurant in central London with an outstanding reputation for its menu and ambience. Managing Director, Guiseppe Verdi, plans to expand the Oraganos empire by opening a deli and bakery. The shop next door has just become vacant and presented Guiseppe with an ideal opportunity to grow the company.

**To achieve this the company needs to borrow £1.5 million from the bank.**

The bank insists on an insurance policy of £1.5 million on Giuseppe's life, as he is the key person, to protect the loan should he die.

Oraganos Limited takes out a £1.5 million term assurance policy on Guiseppe. This policy is designed to pay out £1.5 million if Guiseppe dies during the policy term. The policy can be paid direct to Oraganos Limited or it can be assigned to the bank.



**ORAGANOS LIMITED ITALIAN RESTAURANT**



**£1.5 MILLION LOAN WITH XYZ BANK**

**IF GUISEPPE SUDDENLY DIES**



**LIFE ASSURANCE PROCEEDS £1.5 MILLION**



**XYZ BANK LOAN PAID OFF**

Because Oraganos Limited owns the life policy on a 'life of another' basis, there's no need for Trust documentation to be completed.

In the event of a claim, the benefit would be paid direct to Oraganos Limited or the bank, therefore it's not treated as a benefit in kind for Guiseppe Verdi.

The premiums would not attract tax relief and the benefit at point of claim would not be taxed.

This case study is fictitious and for illustrative purposes only.