

Share Protection

Protect your client's business against the loss of a shareholder

The most valuable asset to any business is its people, as without them, a company's survival can be at serious risk. At LV=, we're committed to protecting and supporting UK enterprise, through a range of Business Protection products which are easy to recommend, and offer quality support when it's needed most.



Why is Share Protection important?

Share Protection (sometimes called 'owner's insurance') is simply life insurance (which can also include critical illness cover) written on the life of a business owner. The proceeds help the remaining company shareholders buy the affected individual's share of the business.

How to position Share Protection with clients

Losing a shareholder can have a huge impact on the day-to-day running of a business, and quickly result in financial difficulties. If the shares are sold on the open market, the surviving owners could have trouble raising the finances and disagreements over the terms could lead to further problems. Additionally, a new owner could be a competitor or completely unsuitable for the business.

Cross option agreements

Also known as a 'double option agreement', this is a legally binding contract between each business owner which outlines what would happen to the shares if one of them dies (or takes early retirement due to ill health). In Share Protection, the cross option agreement gives the surviving business owners the option to buy the deceased owner's shareholding, and the estate the option to sell them. This process helps ensure business continuity (the business carries on trading with minimal disruption).

How much cover?

- **Valuing a company** - Surviving shareholders will need enough money to purchase the lost business owner's shares, so a business valuation is required to help decide the amount of cover needed.
- **If you don't have an accountant's valuation**, we recommend you look at:
 - **Net profit** from the last three years
 - **Assets** (such as property, vehicles, specialist equipment)
 - **Liabilities** (debt and other business obligations)
 - And **price earnings ratio** (assuming future performance)

How the cost of cover is split

- **Premium equalisation** - This helps you split the overall premium costs between the business owners, according to their individual share and protection risk. Additionally, HMRC insist on premium equalisation for commercial arrangements, ensuring each owner pays a commercial amount relative to the proceeds they are likely to receive.
- **Use the LV= Premium Equalisation Calculator** and print off two copies of the report - one for your client's accountant and one for your own file.

Did you know?

A business owned by three partners, two male, one female, all aged 40 has a:

- 32% chance of one of the business owners being diagnosed with a serious illness before retirement
- 11% chance of one of the business owners dying before retirement

Results based on the LV= Business Risk Calculator (all three owners are non-smokers and retiring age 65)

Share Protection is suitable for limited companies - you should recommend Partnership Protection for partnerships and limited liability partnerships



Why choose LV=

- **LV= Business Care** - Once your client takes out a business protection policy with us, they'll have access to LV= Business Care, our free business advice service which includes the following:
 - **Business legal advice line** - We've partnered with a firm of solicitors to offer your clients free business legal advice. This service offers advice on a number of commercial issues, including:
 - Employment law
 - Health and safety issues
 - Commercial risks
 - Advice on contracts
 - **Business tax and VAT advice line** - Our value added service also provides access to tax and VAT experts, including accountants and ex HMRC employees, covering areas such as:
 - Tax and VAT relief
 - Self-assessment returns
 - Change to tax and VAT rules
 - Dividends paid from limited companies
- **Personal advice line** - we also offer a free personal line for all policy owners and the person insured. The advice offered includes access to legal experts, health and wellbeing advice and counselling.
- **Comprehensive Critical Illness cover** - our policy is one of the most comprehensive in the market and includes 64 conditions, with 44 full payment, 20 additional payments and 16 unique enhanced claim payment conditions.
- **Children's cover** - unlike some other business protection providers, we'll cover the children of the life insured (critical illness cover only). The proceeds paid under a claim can allow businesses to give their key people time off work to look after their sick or injured child, minimising the financial impact on the firm.
- **LV= Doctor Services** - once your client has taken out business protection with us, the insured employee can use LV= Doctor Services at no added cost. This provides fast, convenient access to UK based doctors and medical specialists through three expert medical services:
 - Remote GP
 - Second Opinion
 - Prescription ServicesThe three services are provided by our partner, Square Health and accessed via one simple app, LV= Doctor Services. This helps your clients to keep their own health in check (and their children's too) whatever their medical concern and wherever they are - at home, at work, or away on holiday.

LV= Doctor Services is a non-contractual benefit and can be changed or removed at any time.

Supporting you

- **Helping you develop your Business Protection business** - we're here to help you maximise the opportunity; whether it's answering technical questions, pre-sales advice or marketing ideas. Writing Business Protection can be complicated, but our experienced team can talk you through the application process, advising you on the best ways to write the cover and which legal documents can support you along the way. We'll also offer you our dedicated team of administrators for each submitted LV= Business Protection case.
- **Specimen trust forms for you to use** - alternatively, we will accept bespoke arrangements drawn up by a client solicitor, which can be a better option especially if your client's circumstances are complex.
- **Future planning** - we understand needs change, which is why our guaranteed increase options are well equipped for an increase in the value of your client's business. Under our business GIOs, you can increase the amount of cover by up to 50% (subject to a maximum increase of £250,000). Please see the terms and conditions for more information.
- **Webinars and sales training** - our Business Protection team offer webinar training to help you expand your business. They can also help you network and find new opportunities, as well as advise you on how to cross sell against your existing personal protection client base.
- **Online tools** - we've developed a number of easy-to-use, interactive calculators to help you work out the amount of cover your client needs, as well as the real health risk to business owners and their key people.
- **Client-facing brochures and literature** - you can download and request printed copies of our jargon-free and easy-to-understand sales aids, to help you effectively introduce Business Protection to your clients.

Top tip: We recommend you review your client's protection regularly to take into account any changes in business value or shareholding.

To find out more about LV= Business Protection, please contact your LV= Account Manager or visit [LV.com/BusinessProtection](https://lv.com/BusinessProtection)



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