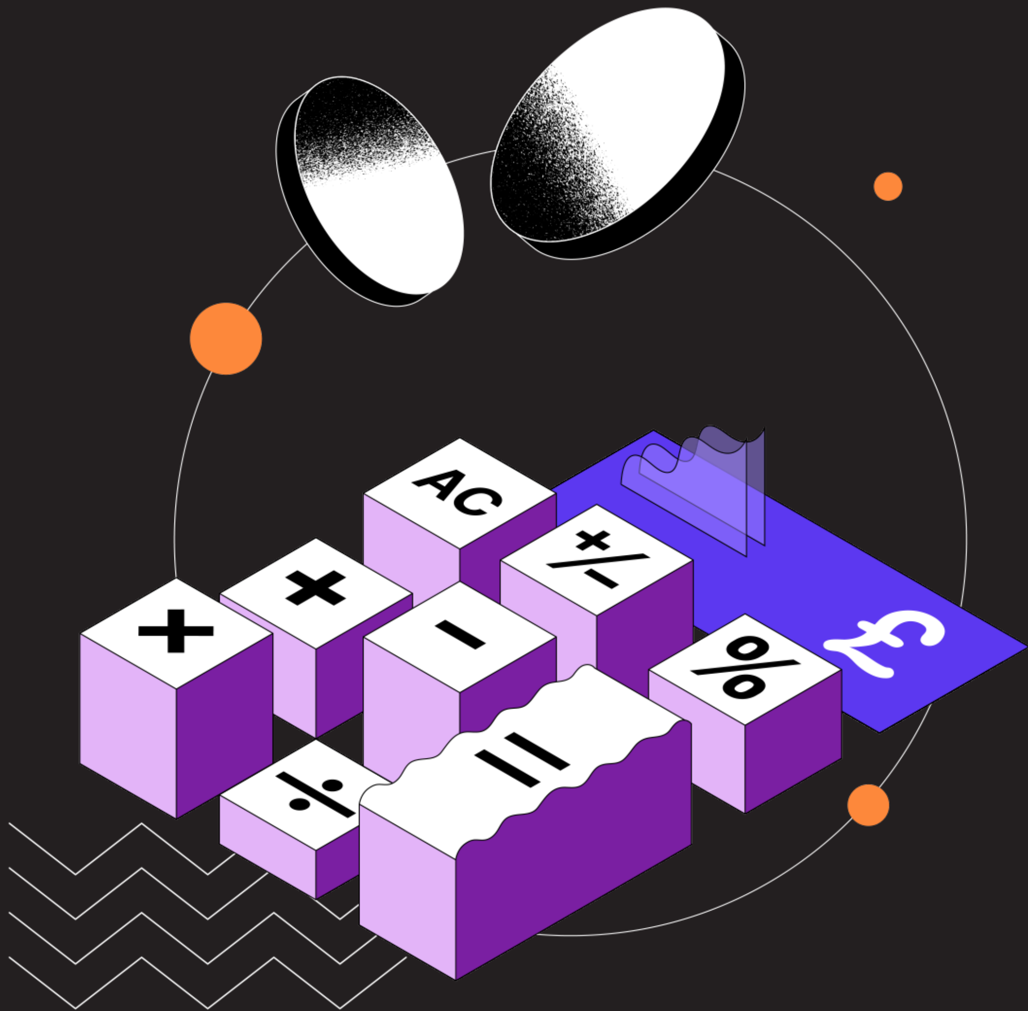
broadbench



Your Guide To Business Protection

Keeping Your Business Profitable By Mitigating Risks And Succession Planning

broadbench.co.uk

Trustpilot

broadbench

Contents

Business Protection

Why use a specialist broker for your business insurance needs?

Shareholder Protection, Key Person, Business Loan Protection, Relevant Life Insurance… Let's face it, there is a dizzying array of different products and solutions in the business protection insurance space. It is difficult to adequately assess which product at what level of cover will best suit your needs. This is where talking to an expert business owner adviser really comes into its own.

A whole-of-market adviser is impartial and has the skills and knowledge to fully assess all of your circumstances before providing a recommendation. Expert brokers, like Broadbench, will take a holistic view of mitigating risk and succession planning and highlight tax efficiencies, and product sectors that you were perhaps unaware of.

Not only that, but we know how to quickly navigate the insurance minefield and set up exactly what you require – taking the hassle out of your hands.

No fee advice

Unlike mortgage advice, where there is usually a flat fee paid to the broker, you pay no fees. If you choose to take an insurance product, then the provider will pay fees to us.

broadbench

What Is Business Protection?

1. Debt - Business Loan Protection

The policy proceeds are used to help pay off any outstanding loans the business may have.

2. Ownership - Shareholder Protection

On the death of a business owner the policy proceeds are paid to the remaining owners to buy the share of the business from the deceased's estate.

3. Profit - Key Person insurance

The policy proceeds are paid directly to the business to be used to help replace a Key Person or cover the loss of profits that may occur.

4. Family Protection

Relevant Life Plan - A tax-efficient single life Death-in-Service benefit.

5. Employee Protection

Executive Income Protection – An individual company sick pay policy paid for by the company. And Private Medical Healthcare to ensure employees get better, faster.

5. Business Reputation

Professional Indemnity - If you fail to meet a client's satisfaction, your business could be vulnerable. You may not even know you've done something wrong until it's too late. The result can be costly, stressful and disruptive to your business.

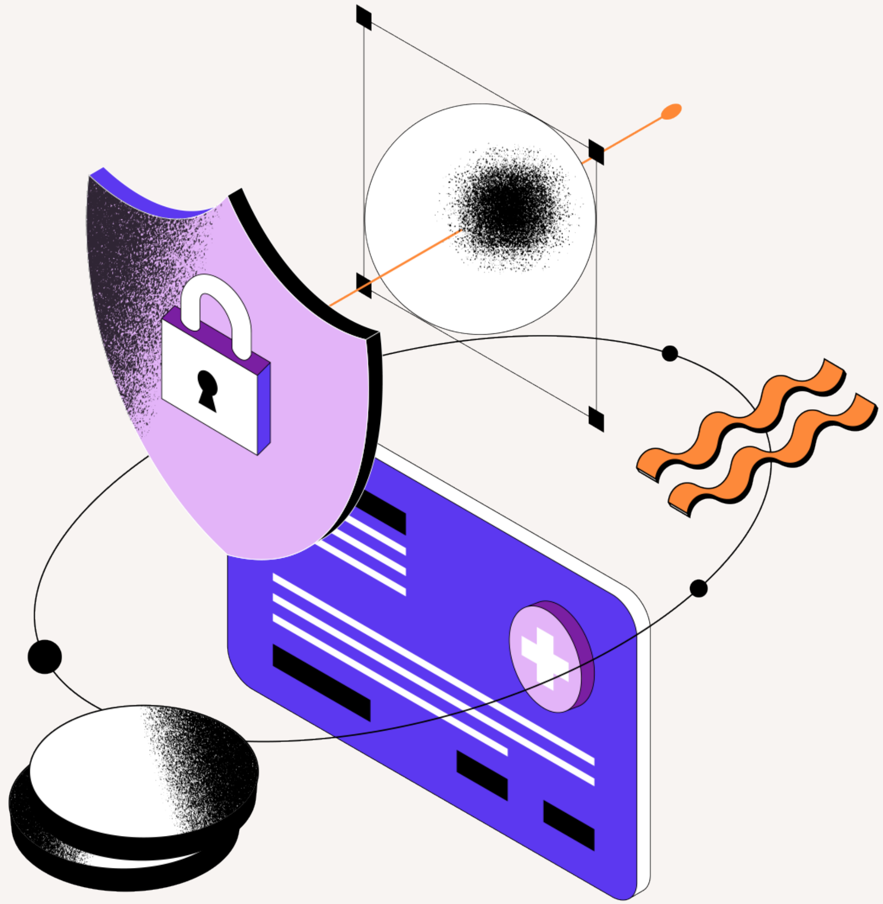
Relevant Life Insurance

Take control of your protection by moving your monthly life insurance payments from your pocket to your limited company expenses. It's very tax efficient!

Relevant Life Insurance is a type of life insurance that is designed specifically for business owners and company directors. It's a tax-efficient way for companies to provide death-in-service benefits to its employees.

Instead of providing group life cover, the employer can provide a Relevant Life Policy on an individual basis.

In terms of costs, Relevant Life Insurance premiums are generally lower than traditional group life insurance policies, making it a cost-effective option for both employers and employees.



Click here to watch our Relevant Life video.

broadbench

The Important Stuff

Reasons To Choose Relevant Life Insurance

1. Death-In-Service Benefit

Relevant Life Insurance gives business owners and their employees a fantastic death-in-service benefit, keeping your team engaged and feeling valued.

2. You See Immediate Savings

By paying for life insurance through your business, you can reduce your personal outgoings by hundreds if not thousands of pounds per year.

3. There's No Impact On Existing Benefits

Relevant Life Insurance isn't treated as a benefit-in-kind.

4. NI Doesn't Apply

Relevant Life Insurance premiums aren't subject to National Insurance payments.

5. You Can Claim Tax Relief

Your business can claim Corporation Tax Relief on your monthly Relevant Life Insurance premiums.

6. It's A Flexible, Tax-Free Payout

There is no tax to be paid on Relevant Life Insurance benefits and no restriction as to what the payout is used for.

All statements concerning the tax treatment of products and their benefits are based on our understanding of current tax law and HM Revenue and Customs' practice. Levels and bases of tax relief are subject to change.

Key Person Insurance

Many businesses find that certain key individuals are responsible for a significant proportion of their profits. Losing one of them can have a serious impact on the health of the business.

Did you know that 50% of small businesses fail within the first five years of operation? Of those that fail, **42% cite the unexpected loss of a key person** as the primary reason - a survey by the National Small Business Association

But there's a solution - with a Key Person policy, you can mitigate the impact of their absence. If the key person were to die or suffer from a severe illness, the policy pays a cash lump sum to make up for any loss in revenue or profits, thereby keeping the business on track.

Click here to watch our Key Person video

All statements concerning the tax treatment of products and their benefits are based on our understanding of current tax law and HM Revenue and Customs' practice. Levels and bases of tax relief are subject to change.

broadbench

Key Person Insurance

Reasons To Choose Key Person Insurance

1. Cash Lump Sum

The policy pays a cash lump sum to make up for any loss in revenue or profits, thereby keeping your business on track.

2. Tax-Free Payouts

Are you self-employed? Your company will receive a tax-free payout to allow you time off work to recuperate.

3. Cover Your Outgoings

This plan can pay for your costs of living such as mortgages and household bills or in some examples (such as paralysis) make alterations to your home/lifestyle to allow you to adjust.

4. Safeguard Earnings

This plan also safeguards any savings you've accumulated over the years (and paid tax on).

broadbench

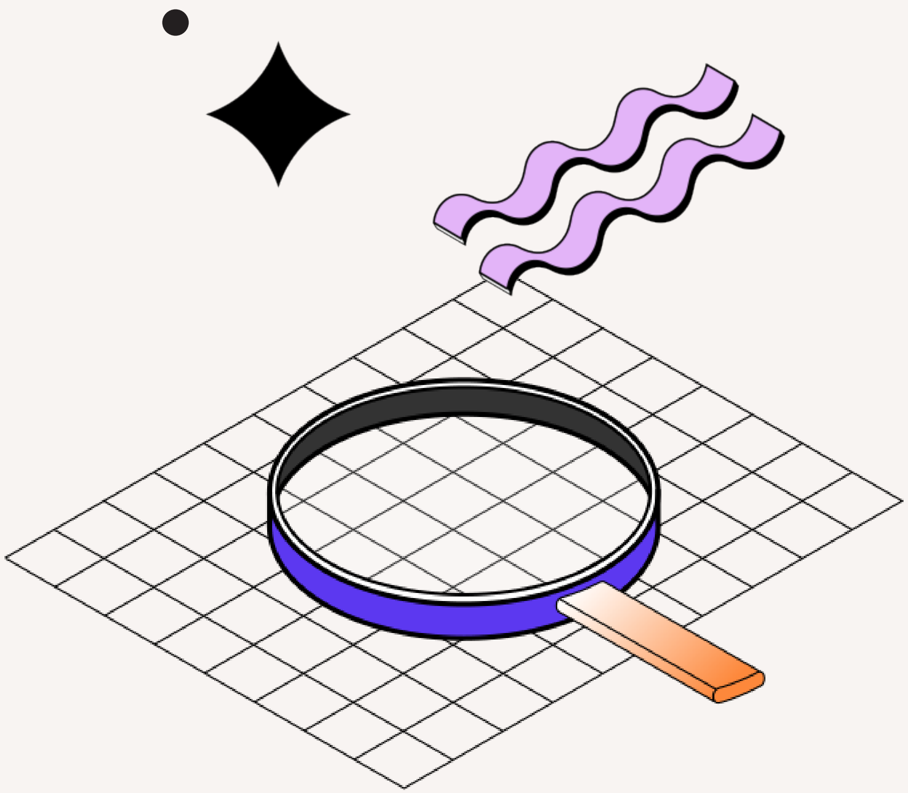
Key Person Insurance

Who Is A Key Person?

A key person is ANYONE whose skill, knowledge, experience or leadership contributes to the continued financial success of the business.

Questions To Ask

- How much revenue does the key person generate?
- Would their business loans be impacted if the key person were to be suddenly absent due to serious illness or death?
- Would the business suffer a loss of vision?
- Does their business have sufficient cash reserves to cover any loss of income?
- Can you afford to recruit a replacement straight away?
- Would any of their customer/supplier relationships be affected?



broadbench

Key Person Insurance

The Statistics

- According to a survey by the National Small Business Association, 50% of small businesses fail within the first five years of operation. Of those that fail, **42% cite the unexpected loss of a key person** as the primary reason.
- **One in four UK companies would close** immediately after losing a key person, according to Legal & General research.
- A study by the National Small Business Association found that the average **cost of replacing a key person is equal to six times the key person's salary.** This can be a significant financial burden for a small business.
- According to a survey by Swiss Re, **one in five small and medium-sized enterprises** (SMEs) would have to close within six months of losing a key person.

broadbench

Executive Income Protection

Protecting businesses against sick pay costs when an employee can't work

Executive Income Protection is designed for small and medium businesses to cover the cost of providing sick pay benefits to a key employee.

The policy is arranged and paid for by the employer (the policy owner) on the life of the employee (person insured). If the employee becomes ill or injured and unable to work, the monthly benefit under a claim is paid to the employer (policy owner) who passes onto the employee via PAYE to fund ongoing sick pay.

The employer can also cover other costs (for example their employer's National Insurance and pension scheme contributions).

broadbench

The Benefits

Protecting Your People

The monthly benefit pays out to the employer and is passed on to the employee via PAYE to cover the cost of sick pay, so protecting the business finances.

- Designed for small and medium businesses (SMEs).
- Covers up to 80% of the employee's earnings plus the employer's National Insurance and pension contributions (maximum levels apply).
- Usually counts as a tax-deductible expense for the employer.
- More tax-efficient than personal Income Protection cover for the employee.

All statements concerning the tax treatment of products and their benefits are based on our understanding of current tax law and HM Revenue and Customs' practice. Levels and bases of tax relief are subject to change.

What's Not Covered?

The exclusions vary with each policy and insurer but a typical health insurance policy doesn't usually cover:

- Pre-existing medical conditions.
- Chronic conditions.
- Emergency treatments.
- Treatment – received outside the UK.
- Cosmetic treatments.
- Drug, alcohol or substance abuse.
- Fertility treatment.
- Maternity.

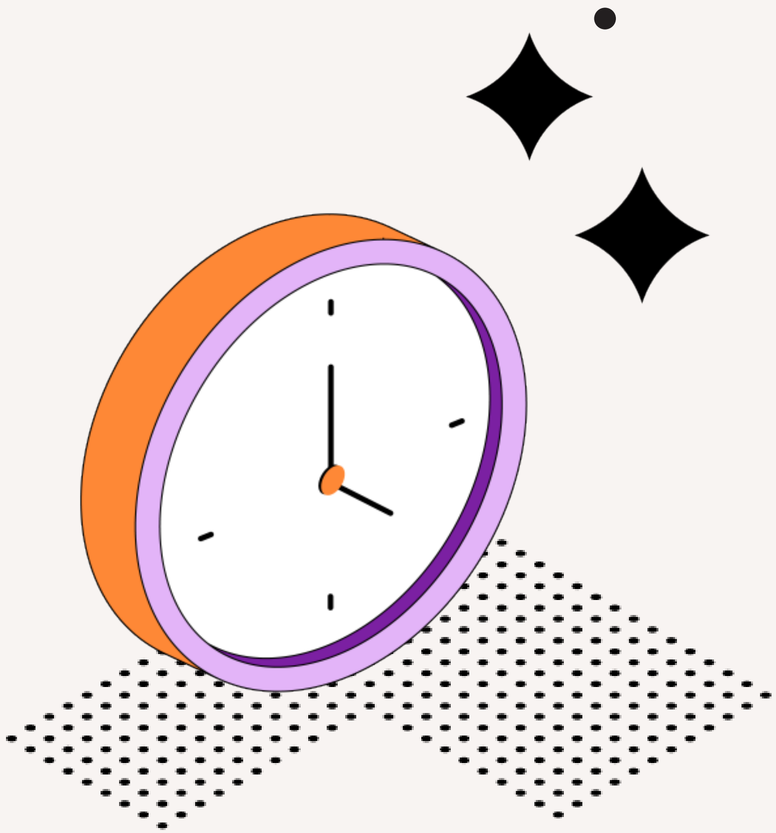
broadbench

Business Healthcare Insurance For Employees

Small business health insurance gives your employees access to private healthcare. It's perfect for sole traders - or if you're a small business.

- **Get fast access** to private healthcare for your employees.
- **Reduce sick days** - up to 29% lower risk of hospitalisation for active members.
- **Help your employees get healthy** - employees are on average 22% more active after 1 year with our programme.
- **Attract and retain top talent** with fantastic benefits.
- Most insurers offer great healthcare benefits and rewards to help keep your employees happy and healthy.

Source: Vitality Health Claims Insights Report 2023 and Vitality data 2021-2023



100+ Employees?

If you have over 100 employees and want a claims-rated plan, we can talk to you about Corporate Healthcare.

broadbench

Shareholder Protection

Why do you need for shareholder protection?

Shareholder Protection insurance provides a set-out, binding agreement between shareholders. It can provide shareholders with the necessary funds to buy shares back from each other if one of you were to pass away ensuring that shares remain in the business. It can also help if a shareholder becomes too ill to work anymore.

When a shareholder passes away, their shares become part of the estate which usually goes to the family. This means the family now owns the shares. With Shareholder Protection the other shareholders can buy back the shares from the family.

This benefits both the business and the family - the business retains the shares and the family receive the financial support at a difficult time.

Your Broadbench financial adviser can help you to set up the correct type of policy and ensure that the valuation of the business is accurate and that all parties fully understand the agreement they are entering into.

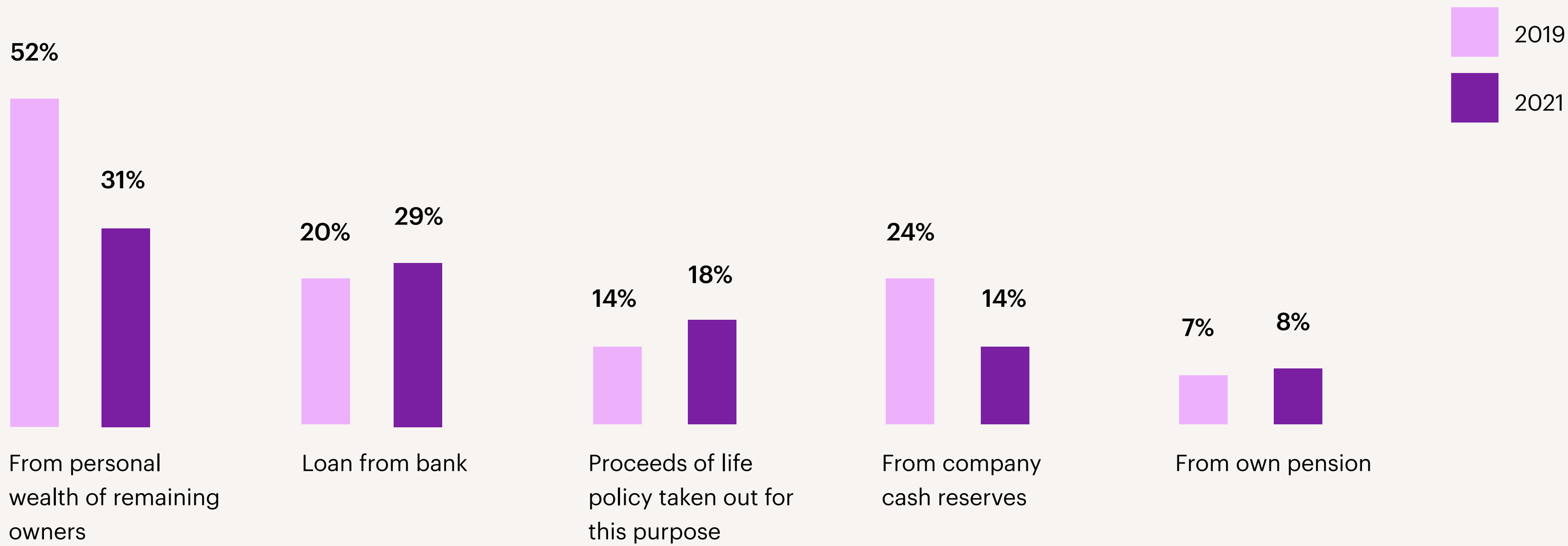
The benefits of shareholder protection

- Financial stability for both the business and the family.
- Businesses won't need to use capital or dip into savings to purchase the additional shares.
- The business owners retain control of their company.
- It negates the risk that a stake in your business could be inherited by an unwelcome beneciary, or result in the business having to be sold.
- A seamless process for shares to change hands that keeps disruption to a minimum.
- The family/beneficiaries will have a clear understanding of the amount they will receive when selling the shares back to the remaining shareholders.

broadbench

What Would Happen To The Shares?

If A Shareholder Were To Die How Would The Purchase Of The Shares Be Funded?

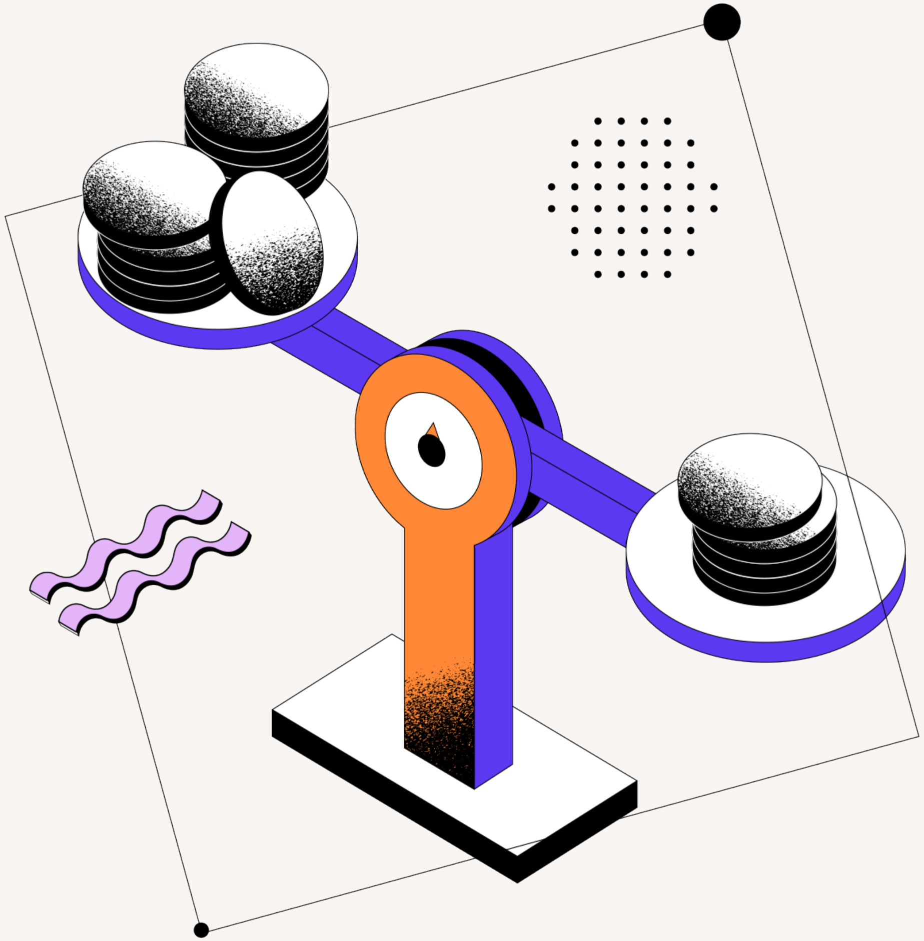


broadbench

Why Is It Important?

The loss, or incapacity, of a shareholder can disrupt a company but by having shareholder protection in place the interruption to your business will be minimised by enabling:

- Business Continuity.
- Funds being made available to the individuals who wish to buy the shares.
- An improved tax position on the death of a shareholder.
- The deceased's estate to receive funds in a timely manner.
- Creation of a 'market' for private company shares.



Other Considerations

- Calculating the value of the company.
- Implementing a Shareholder Agreement.
- Use of Trusts.
- What would happen if Shareholder suffered a critical Illness?

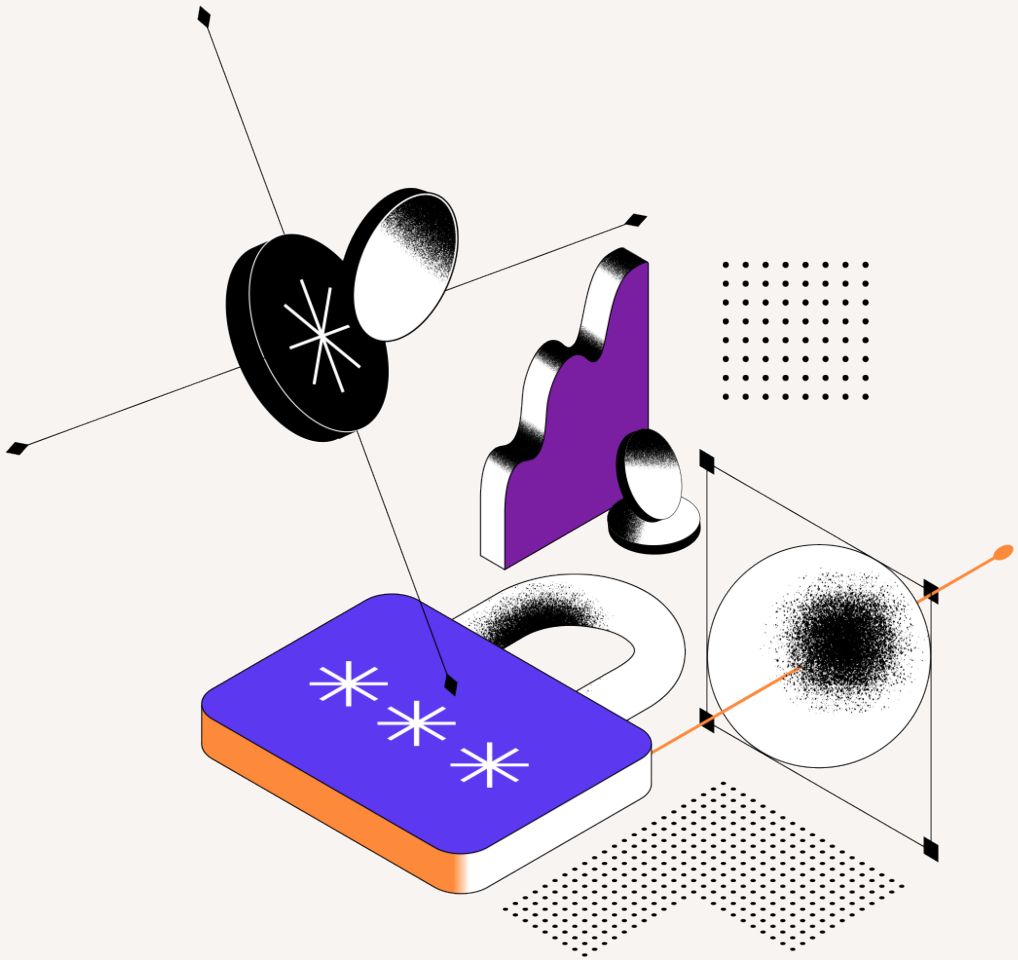
Your Broadbench adviser will assist you to ensure that the correct amount and structure is in place.

broadbench

Business Loan Protection

Protection for business loans against the impact of death or critical and terminal illness of key members of staff who have a direct impact on the business's profits, such as a business owner, director or employee with specialist skills.

- Provides a lump sum to repay loans taken by the business.
- Mitigates the impact of death or critical and terminal illness of key members of staff, such as a business owner, director or employee with specialist skills.
- Can help your business pay an outstanding overdraft, loan, or commercial mortgage.
- Option to include Critical Illness cover.
- The level of cover should reflect the amount that the business owes in borrowed money.
- Policies can be taken out on a 'level' or 'decreasing' cover basis.

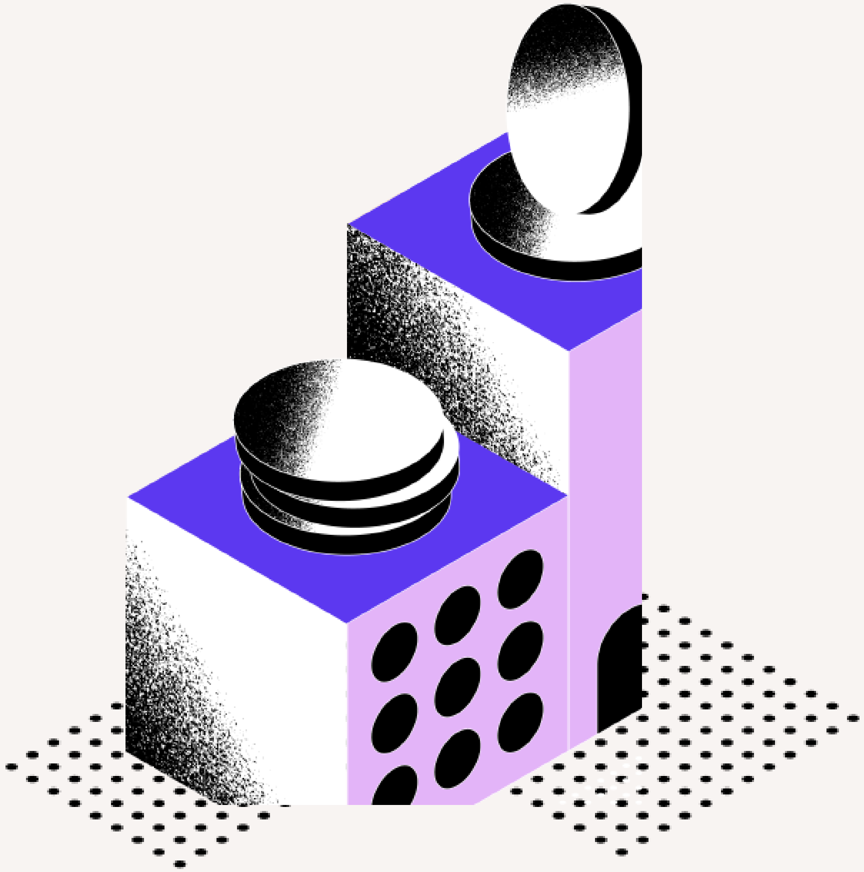


All statements concerning the tax treatment of products and their benefits are based on our understanding of current tax law and HM Revenue and Customs' practice. Levels and bases of tax relief are subject to change.

Business Loan Protection

Business Loan Protection And Trusts

- A traditional partnership business in England and Wales can set up its Business Loan Protection in trust.
- The policy would be owned by the trustees and would be written as an 'own life' policy.



Business Loan Protection And Tax

- If the deceased key person was also a shareholder, and the shares were passed to someone other than the spouse or civil partner, then any Inheritance Tax liability may be increased.
- The premiums would not receive tax relief because the policy was taken out to protect the capital of the business.
- A Capital Gains Tax liability may arise in the event of the sale of an individual's share in the business due to a terminal or critical illness.
- There may be other taxation implications, but this will depend on your individual circumstances.

All statements concerning the tax treatment of products and their benefits are based on our understanding of current tax law and HM Revenue and Customs' practice. Levels and bases of tax relief are subject to change.

broadbench

Professional Indemnity

What Would You Do If Your Business Got Taken To Court?

If you fail to meet a client's satisfaction, your business could be vulnerable. This could include anything from making a mistake to leaking confidential information. You may not even know you've done something wrong until it's too late. The result can be costly, stressful and disruptive to your business.

- **Breach Of Contract** – when the client feels you haven't done what you were asked to do.
- **Negligence** – if you made a mistake or given the wrong advice.
- **Infringement Of Intellectual Property Rights** – you've used something without the owner's permission.
- **Defamation** – you've said or written something about a person or organisation that isn't true.
- **Breach Of Confidence** – when you've shared information that you should have kept to yourself.

broadbench

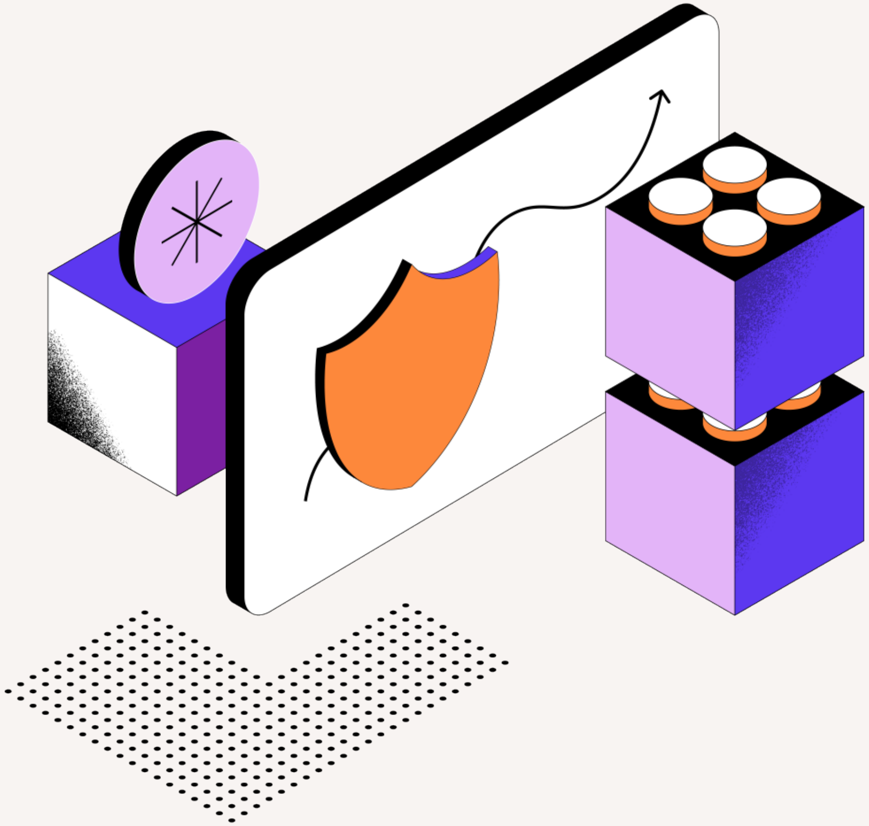
Professional Indemnity

Business Owners And Contractors Should Have This Cover

You may look at the list above and think you'd never do anything like that. That's probably true, but your client may see it differently.

If you don't have Indemnity Insurance then you'd have to foot the bill for legal costs and any compensation you have to pay out, which is not only stressful, you could lose your business.

Wrongly or rightly you should have this cover.



broadbench

Does Your Business Need A Health Check?

You Have Your DRaaS Plans In Place - But Mitigating Risk Through Protection Policies Is Just As Important

We all know that DRaaS (Disaster Recovery as a Service) is important.

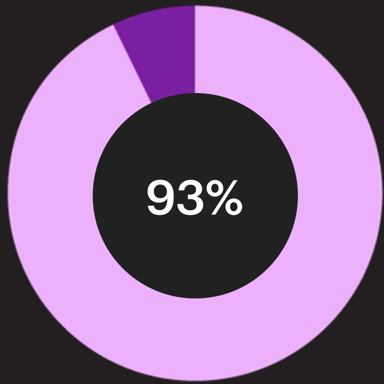
Most of you wouldn't dream of running your business without it these days! What if the threat to your business wasn't a data breach, Software failure or human error....

Receiving Professional Tailored Support Improves Financial Decision Making

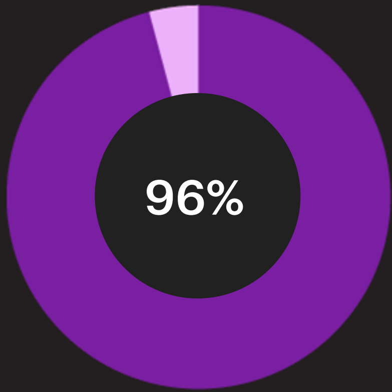
When guidance is tailored to an individuals' circumstances and presents clear, relevant options, consumers will make better financial decisions. This is according to new research from the Association of British Insurers (ABI) and Thinks Insight and Strategy's Behavioural Team.

Without regulated financial advice, many business owners will struggle to make the right financial decisions. Afterall, keeping abreast of the latest legislation and taxation rules, isn't your area of specialism.

But it is ours...



93% of companies without disaster recovery who suffer a major data disaster are out of business within one year.



96% of companies with a trusted backup and disaster recovery plan were able to survive ransomware attacks.

broadbench

FAQ’s

Relevant Life

What is Relevant Life Insurance?

It’s not a nice thing to think about, but if you’re a contractor and you pass away, how would your loved ones survive? This is where Relevant Life Insurance can provide the answer. It pays out a large one-off sum to help your family live after you’ve gone. Plus, a Relevant Life policy offers some very special advantages to limited company business owners and contractors looking for life cover. The headline benefit is tax efficiency.

While the life cover is personal to you, the policy counts as a legitimate business expense, so it is tax deductible. Learn more about how a Relevant Life Policy could be suitable for you by contacting us.

Am I eligible to take out a Relevant Life Insurance policy?

You must have a limited company to benefit from the tax savings that a relevant life insurance policy offers. If you do not have a limited company then standard Life Insurance will offer you the protection you need.

Do I get any money back if I don’t die before the Relevant Life Insurance policy term ends?

No. There’s no cash value at any time. Just like standard Life Insurance at the end of your Relevant Life Insurance policy term you stop making payments and your cover ends.

Can my mortgage be covered with Relevant Life Insurance?

If you have an interest-only mortgage, your outstanding mortgage loan stays the same until you repay it at the end of the mortgage term. Level Relevant Life Insurance could cover this type of mortgage.

How do I know what the right policy for me is?

If the unexpected happens, you’d want your family to be taken care of. You’d want the mortgage paid off and enough money for them to live. It’s important to get this right, which is why we work closely with you, making sure the cover fits your needs but is also affordable for you. The policies we recommend are handpicked for contractors, and we’ll cut through any jargon, so you know exactly where you stand.

broadbench

FAQ's

How does Relevant Life Insurance work? What do I need to know?

Like standard Life Insurance, it provides your loved ones with a large tax-free, one-off payment, or monthly payments if you pass away. It can be used to pay the mortgage off or help your family with living expenses. You are covered only for the duration (term) of the policy and cover only lasts while you keep up monthly premiums. Monthly payments can be reduced by combining this with a Critical Illness policy.

The key difference between Life Insurance and Relevant Life Insurance is that with Relevant Life Insurance the cost of the premiums is moved from your own pocket to your company expenses. This saves you tax and reduces the cost of your monthly premiums.

Additionally, this is not treated as a benefit-in-kind; the premium is not included as a P11D benefit, nor are premiums subject to National Insurance payments for the employer or employee.

There is significant tax relief with a Relevant Life plan and your business can claim Corporation Tax Relief on the premiums. Plus, the payout itself is tax-free.

Will my payments on my Relevant Life Insurance policy change?

If you choose level or decreasing cover, your monthly payments are guaranteed to stay the same for the duration of your policy. For decreasing Relevant Life Insurance, premiums are set at the start of the policy to consider the decreasing amount of cover you'll need during the policy term. Premiums for decreasing cover are often cheaper than other types of life insurance.

With level cover, if you choose to help protect your payments from the effects of inflation, so the lump sum won't be worth less in the future, your monthly payments may rise. The maximum annual increase would be 15% to your premiums and 10% to your cover.

Can I cancel my Relevant Life Insurance policy at any time?

Yes. You have a 14-day cooling-off period from your policy start date, or from when you get your policy documents (whichever is later), to change your mind. If you want to cancel within this time, we'll refund any premiums you've paid. Remember, there's no cash value and, if you cancel your policy, you won't be able to make a claim.

FAQ's

Is Terminal Illness Cover included in a Relevant Life Insurance policy?

Many Life Insurance policies have the option to include Terminal Illness Cover. Your Broadbench adviser will go through all of the available options with you to ensure the policy meets all of your requirements.

What is Terminal Illness Cover?

Terminal Illness Cover will pay out when you contract an illness/ disease that has no known cure or has progressed to a point where it cannot be cured, and you aren't expected to live longer than 12 months.

What does my Relevant Life Insurance policy cover me for?

You can find out what you're covered for in the policy documentation. If you're not sure please contact us.

What's Relevant Life Insurance with decreasing cover?

If you have a Relevant Life Insurance Plan with decreasing cover, the cover amount decreases over time, broadly in line with the repayment mortgage or long-term loan that you're repaying. Your premiums stay the same during the term of the policy, unless you make changes to the cover. Decreasing cover usually costs less than level cover.

The policy will pay out if you die, or are diagnosed with a terminal illness and aren't expected to live longer than 12 months, during the policy term. The policy only pays out once and has no cash value at any time.

What's Relevant Life Insurance with increasing cover?

If you have a Relevant Life Insurance policy with increasing cover, the level of cover, and your monthly payments, may increase over time to help protect your cover amount from the effects of inflation.

The policy pays out a lump sum if you die during the policy term, or are diagnosed with a terminal illness and aren't expected to live longer than 12 months. The policy will only pay out once, so if you make a successful terminal illness claim, a second claim can't be made. There's no cash value at any time.

broadbench

FAQ's

What's the difference between Relevant Life Insurance and Over 50s protection?

The main difference is that Relevant Life Insurance is a tax-efficient term policy, so it covers you for a specific amount of time, while over-50 life insurance is a whole of life policy, so it covers you for the rest of your life.

Typically to take out a Relevant Life Insurance policy you need to be aged between 18 and 77 to apply, and your coverage stops at the end of the policy term. You choose a cover amount, and if you want your cover to remain the same, be protected from the effects of inflation, or decrease over time broadly in line with a repayment mortgage or loan. You can take out a single or joint life insurance policy.

If you're not sure which one might be right for you, speak to a Broadbench financial adviser.

What's the difference between Relevant Life and Life Insurance?

Life Insurance is cover that you pay for with your own money. However, if you are set up as a limited company, you can pay for your Life Insurance through your business, as a tax-deductible expense, saving you 20%. This is known as Relevant Life Insurance.

Key Person

What is Key Person Protection?

It's simply a business insuring itself against the financial loss it may suffer as a result of the death (or critical illness if chosen) of a key person.

Who is a key person?

A key person is an individual whose skill, knowledge, experience or leadership contributes to the continued financial success of the business. A key person may be anyone whose death could lead to a financial loss for the business.

This might be a loss of profits if you lost your best salesperson, the cost of having to recruit or train a replacement or important personal or business contracts lost due to the key person not being there to maintain a contract.

Who pays the premiums for Key Person Insurance?

As the company is the owner of the policy it would usually pay the premiums.

broadbench

FAQ’s

How do we prove someone is a key person?

For a business to insure one of its key people it must show that it stands to suffer a financial loss of profits as a result of the death, terminal or critical illness (if chosen) of that employee.

This is usually straightforward, and that individual is then regarded as a key person. The loss of a key person could lead to the business being unable to repay a loan, which could mean the lender calls in the loan early. This may have a serious effect on any existing loans or any future lending.

Who receives the pay-out benefits?

In the event of a valid claim, the policy proceeds would be payable to the company.

What types of companies can apply for Key Person Insurance?

Usually, a limited company or a corporation with shareholders whose liability is limited by their shareholdings. Any personal assets are held separately from the finances and assets of the company.

What is a partnership?

A partnership is a relationship which exists between persons carrying on a business in common with a view to profit. The partnership does not have a separate legal identity and each partner would be liable for any trade debts. It is the partners and not the partnership itself which will own any policy.

Can partners take out Key Person cover on each other?

Yes, a partner could take out their own life policy and place it under trust for the other partners. In the event of a valid claim the policy proceeds would be payable to the trustees who would in turn pay the partners as beneficiaries of the trust. The partnership would usually pay the premiums.

Can partners in Scotland take out Key Person cover on each other?

Yes. In Scotland, a partnership is a separate legal entity and can apply for the policy in its own right. The partnership applies for the policy and completes the policy owner questionnaire. In the event of a valid claim, the policy proceeds would be payable to the partnership. As the partnership is the owner of the policy it would usually pay the premiums.

broadbench

FAQ's

What happens if the key person leaves or retires?

If a key person were to leave or retire before the end of the Key Person Protection policy term, the business could stop paying the premiums allowing the policy to lapse. Alternatively, the company may choose to continue paying the premiums until the end of the policy term and in the event of a claim, the business would receive a capital sum.

Can Key Person's cover be written in trust?

Yes, the taxation of this can be complicated, for both the company and the life insured. National Insurance, and Capital Gains tax may all need consideration. We strongly recommend that you speak to one of our specialist advisers to guide you through this.

What's the tax position for Key Person Insurance?

Typically, tax relief is not allowed as in nearly all cases the key person being insured is a major shareholder of the business. Just because the policy may not qualify for tax relief does not mean that the company should not take key person insurance. It just means they will not get tax relief on the premiums.

What is the difference between Key Person Insurance and Shareholder Protection?

In many ways these are similar products, they both pay out a lump sum in the event of a claim. The major difference is where the sum assured goes in the event of a claim and the reason each was taken out.

Key Person Insurance is designed to offer a lump sum or regular monthly income cash injection into a business to mitigate any loss that would occur from either the death or long-term illness of anyone that contributes to the profit of a business.

Shareholder Insurance is slightly different in that it allows other shareholders in a business to maintain control following the death (or severe illness) of another shareholder. It helps to avoid instances where a family member of the dead shareholder can take control.

broadbench

FAQ's

Who should be covered by Key Person Insurance?

Consider the individuals within your business and ask yourself:

- Would the loss of that person negatively impact or slow down any ongoing projects?
- How easy would it be to replace that person's expertise?
- Is that individual essential to your business growth?
- Would the loss of that person detriment any customer or supplier relationships?
- Would the business miss their contribution?
- Are there any financial matters, such as bank loans that are dependent upon that key person?

How much should I insure my key people for?

There are no hard and fast rules when assessing the financial value of a key person. Each key person must be dealt with on their own merits. A primary method of calculating the key person's worth is as a multiple of the company profits, the standard multiples are 2 x gross profit or 5 x net profit.

Your Broadbench adviser will guide you through this calculation.

How likely is it that a Key Person will need to Claim?

Age	Number of partners/directors				
	2	3	4	5	10
35	13%	19%	25%	30%	51%
40	13%	18%	24%	29%	49%
45	12%	17%	23%	27%	47%
50	11%	16%	21%	25%	44%

Likelihood of a Critical Illness – Likelihood of at least one partner or director getting a critical illness before age 65 Source CIBT02 Based on 1971-2003 population data and experience, published in SIAS paper Exploring the critical path, 2006. Males' standalone, extended cover, including own occupation total and permanent disability.

Age	Number of partners/directors				
	2	3	4	5	10
35	50%	65%	75%	82%	97%
40	49%	64%	74%	81%	97%
45	47%	62%	72%	80%	96%
50	44%	58%	68%	76%	94%

Likelihood of Death – Likelihood of at least one partner or director dying before age 65 Source www.actuaries.org.uk. Based on mortality data from TMNOO (temporary assured lives, male non-smokers, 1992-2002) at five plus years duration.

broadbench

FAQ’s

Executive Income Protection

How does Executive Income Protection work?

Executive Income Protection (EIP) covers an employee’s sick pay if they are unable to work due to illness or injury. The benefit is paid to the company, which then passes it on to the employee, with tax applied at that stage.

Who is the owner of an Executive Income Protection (EIP) Plan?

The policy is owned and funded by the business, not the insured individual.

How long does income protection last?

You can choose the policy duration, but it cannot extend beyond your retirement age.

What is short-term income protection?

A short-term income protection plan provides coverage for a portion of your income if you’re unable to work due to illness or injury, typically for up to 12 or 24 months per claim.

What is long-term income protection?

A long-term policy covers a portion of your income until you either return to work or the policy expires. Most plans offer coverage up to retirement age.

What is “waiver of premium”?

Waiver of premium is a feature that covers your insurance payments while you’re claiming benefits. This is typically included as standard with executive income protection.

What is a deferral period?

The deferral period is the waiting time between becoming ill or injured and when you can start claiming benefits. Shorter deferral periods increase the cost of the policy.

For example, if you have three months of sick pay and savings to cover two additional months, a five-month deferral period may be suitable.

broadbench

FAQ's

Business Healthcare

How much does small business health insurance cost?

The cost varies based on several factors, including:

- Number of employees
- Company location
- Employee ages and family status
- Underwriting type, which depends on whether you already have health insurance coverage

Coverage options, excess levels, and hospital choices can be customized to fit your employees' needs.

How do I get health insurance for my small business?

Our expert advisers can help tailor a policy that meets your business needs. Contact us to discuss your options.

Is health insurance a business expense?

Yes. If you're a director of a limited company or a sole trader, you may be able to claim business health insurance as a tax-deductible expense.

To qualify, ensure you purchase a business health insurance plan, not a personal health insurance plan, as personal policies may not be eligible for tax deductions.

What does small business health insurance cover?

Coverage depends on your policy but can include private hospital treatment, specialist consultations, diagnostic tests, and mental health support. Some plans may also offer dental and optical care.

Can I cover family members of employees under a business health insurance plan?

Yes, many business health insurance plans allow employees to add family members at an additional cost. This can be a valuable employee benefit.

What happens if an employee leaves the company?

If an employee leaves, they can often switch to a personal health insurance policy without needing to reapply. You can also adjust your business policy to remove them from coverage.

broadbench

FAQ's

Shareholder Protection

How is shareholder protection structured?

There are three main ways to set up shareholder protection:

1. **Own life plans under business trusts** – Each shareholder takes out a policy on their own life, written in trust for the benefit of other shareholders.
2. **Life of another plans** – Each shareholder owns policies on the lives of other shareholders.
3. **Company-owned plans** – The company takes out policies on shareholders to fund the buyback of shares.

Speak to your Broadbench financial adviser to determine the best option for your business.

What is a cross-option agreement?

Also known as a double-option agreement, this gives surviving shareholders the option to buy shares from the deceased shareholder's personal representatives.

- If either party wishes to exercise their option, the other must comply.
- The option can only be exercised after death, within a specific timeframe.

Does a cross-option agreement affect IHT business property relief?

No. If a shareholder passes away while owning shares in an unquoted trading company, 100% Business Property Relief (BPR) may apply for inheritance tax (IHT) purposes, as long as the shares were held for at least two years.

Even if the estate receives cash for shares under a cross-option agreement, BPR is preserved because:

- The option is only exercisable after death.
- There is no binding contract to sell at the time of death.

What happens if the single option is not exercised?

If a shareholder receives a critical illness payout but chooses not to sell their shares, we recommend keeping the proceeds within the trust until the succession issue is resolved.
Although the funds might be available, they were intended for share buyout purposes. Distributing them to the critically ill shareholder could lead to tax complications.

broadbench

FAQ’s

What happens if shareholders enter into a buy/sell agreement?

A buy/sell agreement would deny Business Property Relief.

Shareholders agree that, upon the death of one, the remaining shareholders must buy their shares, and the estate must sell. Life insurance is taken out to fund the purchase.

Since this creates a binding contract at the time of death, HMRC treats the shares as already converted into cash, making them fully subject to IHT.

How does critical illness affect shareholder protection?

A critically ill shareholder may be unable to contribute to the business and may want to exit. Their co-shareholders will need funds to buy their shares.

- If a business trust is used, a policy with critical illness cover can be written under the trust.
- Instead of a cross-option agreement, a single-option agreement is recommended. This ensures that a critically ill shareholder is not forced to sell against their wishes.

A forced sale could trigger capital gains tax (CGT) and future IHT liabilities, as the shareholder would receive cash instead of retaining shares that may qualify for IHT Business Property Relief.

Are there disadvantages to leaving proceeds in trust?

Yes, there is a potential Pre-Owned Asset Tax (POAT) charge.

POAT is an income tax charge applied when someone benefits from an asset they previously owned. While Business Trusts used for shareholder protection fall under POAT, in most cases, the annual benefit remains below the £5,000 tax-free limit.

- The charge is 2% of the open market value of the life plan (subject to official rate changes).
- While the insured person is healthy, the market value is low, meaning no charge applies.
- If they become critically ill and the funds remain in trust, the value increases, potentially triggering POAT.

To avoid this, the settlor (original policyholder) can be removed as a beneficiary of the trust. However, this may have IHT implications, which should be reviewed with a Broadbench adviser.

FAQ's

Business Loan Protection

How do you take out business loan protection?

When a business takes out a loan, a specific shareholder(s) is usually responsible for repayment. Business loan protection is taken out on the individual responsible for the repayments. If the business is a limited company, the business itself is the policyholder. In the case of a partnership or sole trader, the individual owners hold the policy.

Is business loan insurance and key person insurance the same thing?

Not exactly. While key person insurance can sometimes be used to cover business loan repayments, there are key differences:

- Business loan insurance must match the outstanding loan amount to ensure full coverage of repayments.
- It must be in place for the duration of the loan, whereas key person insurance covers the length of a key individual's employment.

What can business loan insurance cover?

Business loan insurance can cover various types of loans, including:

- Commercial loans or mortgages on business premises
- Venture capital loans taken during startup or expansion
- Director's loans—funds paid to a director or their family that do not count as salary or dividends

Do you need to take out business loan protection?

No, there is no legal requirement to take out business loan protection. However, lenders often require businesses to provide security to guarantee loan repayment, making business loan protection a highly recommended safeguard.

Can business loan insurance be transferred if the loan is refinanced?

Yes, in many cases, business loan insurance can be adjusted or transferred to cover a refinanced loan, as long as the coverage aligns with the new loan amount and terms.

What happens if the insured person leaves the business?

If the person covered by the business loan insurance leaves the company, the policy may need to be restructured or reassigned to a new individual responsible for the loan repayments. Our advisers can help ensure continuous coverage in such cases.

broadbench

FAQ's

Professional Indemnity

Do I need professional indemnity insurance?

If you provide advice, designs, or professional services, you should strongly consider professional indemnity insurance. Without it, you could face costly legal fees and compensation claims if a client accuses you of negligence.

Can I get proof of cover for a contract?

Yes. Your insurance provider will issue a Confirmation of Liability Insurance document or similar, which you can present to clients and agencies as proof of coverage.

What types of claims does professional indemnity insurance cover?

Professional indemnity insurance protects against a wide range of claims, including:

- **Management consultants** – A business plan you provide doesn't deliver expected results, and the client claims for financial losses.
- **IT contractors** – A website, app, or software is not fit for purpose, and the client claims for rectification costs.
- **Engineering contractors** – CAD work contains incorrect measurements, delaying a project, and the client claims for extra expenses.
- **Fitness professionals** – A client sustains an injury and claims that you failed to properly instruct them.
- **Photographers** – A client is dissatisfied with your work, or images are lost due to technical failure, leading to a claim for reshoot costs.
- **Tutors** – A student fails to achieve expected grades and claims for financial losses related to missed opportunities.

Do you offer short-term professional indemnity policies?

No, most professional indemnity policies run for 12 months, and for good reason.

Professional indemnity insurance operates on a 'claims made' basis – meaning:

- Your policy must be active both at the time of the alleged incident and when the claim is reported.
- If you cancel your policy and a past client makes a claim, you won't be covered.

Maintaining continuous cover ensures protection for work completed in previous contracts.

broadbench

FAQ's

How much professional indemnity cover do I need?

Check if your client or industry regulator requires a minimum level of cover. If no minimum is specified, consider worst-case scenarios and the potential costs of rectifying a mistake. iPro, our preferred partner, offers coverage between £50,000 and £5 million, ensuring the right protection for your business.

What is cyber protection insurance?

Cyber protection insurance helps businesses recover from cyberattacks, data breaches, and system failures. It typically covers:

- Financial losses due to hacking, ransomware, or data theft.
- Legal and regulatory costs associated with data breaches.
- Notification and credit monitoring for affected customers.
- IT forensics and recovery services to restore compromised systems.

Do SMEs need cyber insurance?

Yes. Small businesses are increasingly targeted by cybercriminals due to limited cybersecurity resources. Cyber insurance helps mitigate risks, ensuring financial and operational protection against cyber threats.

What is public liability insurance?

Public liability insurance covers injuries or property damage caused by your business operations. If a customer, supplier, or member of the public is injured or their property is damaged due to your business activities, this insurance covers legal fees and compensation claims.

Who needs public liability?

Any business that interacts with clients, customers, or the public should have public liability insurance. This includes:

- Retailers
- Tradespeople (electricians, plumbers, builders)
- Event organizers
- Freelancers working in public spaces

What is retroactive cover?

This cover provides extra protection for work your business carried out prior to the policy inception date. Unless you specifically request retroactive cover (and provide us with a date to 'back-date' your cover to), the policy will only cover work carried out from the inception date of your policy.

The reasons you may want to backdate your cover are; to ensure that you're covered for work and contracts you have previously entered, or are currently engaged in, and because it could be many months or even years before you are aware of a potential claim arising from work carried out in the past. For example, it might be some time before your client realises they are unhappy with the service you provided.

Why Broadbench?

Many of us decide on what insurance to go for (whether it's for your car, your house or your life) that fits the monthly premium we want to pay. Of course, you could go to a price comparison site and very quickly find the cheapest quote on the market, but would it be the best solution for you and your family?

Our advisers have the skills and knowledge to offer you bespoke and impartial advice, taking in a holistic understanding of your circumstances and combining it with a deep knowledge of what different providers offer. Not only that, but they know how to quickly navigate the insurance minefield and set up exactly what you require, taking the hassle out of your hands.

The Benefits Of Using Broadbench:

- Bespoke and impartial advice.
- You deal with a human, not a computer.
- The hassle is taken out of your hands.
- Access to expert market knowledge.

broadbench

4 Simple Steps

How We Make Your Life More Manageable

1. We Listen To You

Getting to know you, your requirements and how you work enables us to find the perfect products for your needs.

2. We Study The Market

Leveraging our network of lenders and insurers, we scour the intermediary market to find the best options and dig into the detail to make sure they're the right fit for you.

3. We Do The Boring Bits

You just want to sign up with the right provider, not be buried in forms and red tape. That's why we run you through the details and fill out all the paperwork ahead of your final approval.

4. We Stay In Touch

We don't just recommend and walk away. We'll regularly check whether your product is right for your current circumstances and, if not, find a new one that is.

broadbench

Our Services

Business Protection

- Relevant Life Insurance
- Key Person Iinsurance
- Executive Income Protection
- Business Healthcare
- Shareholder Protection
- Business Loan Protection
- Professional Indemnity

Personal Protection

- Life Insurance
- Whole Of Life
- Critical Illness Insurance
- Private Healthcare
- Personal Income Protection
- Buildings & Contents

Mortgages

- First Time Buyer
- Home Mover
- Remortgages
- Buy to Let

broadbench

What Our Customers Say

We are passionate about our customers and providing the very best service. Take a look at our latest reviews on Trustpilot.

"Great service! – I've been using these guys for years for my mortgage options as a contractor. Great service and knoledge. I've also got a few other products with them. Looking forward to many more years of great service. "

by Alexander Delaney

Rated 4.9 / 5 | 384 reviews Trustpilot

"Brilliant, as always – I'm a returning client of Broadbench, and I'm always impressed by their professionalism. Mike was incredibly helpful, and knowledgeable, and made the entire process smooth and stress-free. He took the time to …

by Ali

Rated 4.9 / 5 | 384 reviews Trustpilot

"Highly reccommend! Extremely helpful and took the time to explain and give all options for life insurance and income protection. Made the whole process very quick and smooth."

by George Gordon

Rated 4.9 / 5 | 384 reviews Trustpilot

"Extremely helpful organised and knowledgeable. All the information required was conveyed concisely in a personable manner. "

by Liam

Rated 4.9 / 5 | 384 reviews Trustpilot

"Contractor guidance. We have used the services of Broadbench for many years now and have always found the team to be highly professional. As a contractor, Tom and Emily have been excellent at securing the best deals for my …

by MJ

Rated 4.9 / 5 | 384 reviews Trustpilot

"Exceptional service and advice from Broadbench. I really appreciate the fantastic independent advise given and effort to get the positive outcomes in setting up the right Insurance policies for me and my business. Would recommend Broadbench …

by Steve

Rated 4.9 / 5 | 384 reviews Trustpilot

broadbench

Find Out More

advice@broadbench.co.uk

01202 700053

Trustpilot

broadbench.co.uk

Document accurate at the time of creation 29.03.25