Learning outcomes: 1. The need for key person cover 2. How to set up key person cover for different types of business 3. The treatment of premiums and policy proceeds for taxation purposes 4. How to identify key people within different kinds of business 5. How to calculate the appropriate sum assured for key person policies 6. Business demographics and attitudes with regard to key person cover 7. How certain businesses can use key person policies within their sales process PRESENTER: In this Akademia module, we're focusing on key person cover, with tutors Stuart Halliwell and Robert Betts. They're both market development managers at Legal & General. We begin in the studio with me talking to Stuart about basic definition of key person protection, the implications for a company of not having this protection in place, and indeed the reasons why companies tend to like key person protection, and then we move on to look at the difficulty of replacing key staff. We then cut across to Robert Betts, who discusses setting up cover for a limited company or a limited liability partnership. He then talks about policies for partnerships, how to work out the amount of cover needed, and tax relief on policies. And then it's back to the studio to catch up with Stuart on the potential dangers of a business having debt, establishing the relevance of key person protection to a business, and how product providers can support advisors in writing this business. So when Stuart Halliwell came into the studio I began by asking him to define key person protection. STUART HALLIWELL: Well simply key person cover is put in place to protect the profits of a business, or its ability to repay its debts, or the replacement costs to the business following the death or critical illness of a key individual. Putting this cover in place simply indemnifies the business against the loss of key individuals, and ensures that the business is able to make the right decisions at a very difficult time. PRESENTER: But how would it actually help a business? STUART HALLIWELL: If the insured key person dies or suffers a critical illness, if that's included, the policy proceeds are used to replace the profits that the individual would have earned, or to repay any debts that the business may have, or indeed provide the required funds to find and train a replacement. What key person cover really does is it buys the business some breathing space. It means that they can make the right decisions for their continued success without the various stakeholders breathing down their necks. Pressure from the likes of the bank, private investors, customers or suppliers, could force them into making rushed or indeed rash decisions that are not necessarily in the business' long-term interests. By injecting cash into the business, it relieves this pressure, keeps the business solvent and allows them time to reassess their situation. PRESENTER: So the effects can vary according to who the key person is, their role and the size of the company. STUART HALLIWELL: Exactly right, every situation is different. The problems a business will face following the death or critical illness of a key person will be unique to them. As an adviser, you have to find these out, and then get the company to realise the impact. For example, the difficulties a manufacturing business could face may be very different from the ones a software business experience. Likewise a four-person business may be more affected than one with 20 people, but not always. Despite this, and the need to treat each business as individual, there will often be one common factor: the business must attempt to continue without the experience and expertise of its key person. This can often lead to longer term financial implications that we need to highlight when in discussion with business owners. PRESENTER: Well this might seem like a basic question, but what might those implications be? STUART HALLIWELL: No, it's not basic at all, and to be fair from our research this self-awareness of the risks was one of the major issues. For example the top reason for not having the cover was that it was not something that they had ever considered. But if they took the time to consider it, then they would realise the potential impact or issues that could arise following the loss of a key person. For example, profits may fall, especially if the key person is a top sales person. If profits are falling, it will become more difficult to meet commitments. Loans may need to be refinanced where the key person was a guarantor. Creditors may no longer be prepared to offer the same facilities, and in fact the bank could cancel overdraft facilities, will ask for loans to be repaid. This could lead to finance for new ventures or planned expansion to be less easily available. The company may have to repay a loan the key person has made to the company, possibly through a director's loan account. Increased workloads for the remaining staff, just a few examples, and that's not an exhaustive list by any means. It's so important when talking to a business to try and consider all the practical aspects of losing a key person. Helping them understand these problems will enable a detailed discussion on the importance of key person or business loan cover. Simply asking the question what would happen if you died, or you lost your top sales person, can be all it takes to start the right thought process. PRESENTER: So does it have to be somebody important in the business, like the boss, the top salesman? STUART HALLIWELL: No, not really. It could be almost anyone. And identifying who you should insure can sometimes be an issue, especially with small businesses. Take a small financial adviser firm, which has a single sales person and a paraplanner. The sales person may well be key in terms of generating sales, but what about the practical side of transacting the business? In all likelihood they are reliant on their paraplanner, and without them the sales person would have to do all the admin work and research, meaning they have less time to see clients, sales suffer as a consequence and profits fall, and that could lead to the firm going out of business; whereas if the sales person were to die, then the business is likely to be shut down anyway. PRESENTER: So it's not just the senior people within a business, it could be anyone. STUART HALLIWELL: Correct. The key thing to remember is that in a smaller business an individual's job title does not always denote their responsibilities, or for that matter their importance. A business may not have a dedicated HR director, but there will be a more senior member of staff who picks up most of the HR problems. The business may not have an IT director, but there will be someone who deals with the day-to-day IT problems. The loss of a key person will have both obvious and unexpected skills gaps within the business. Also, don't forget that in a smaller company the director and the owner will often be the same person. Customers, suppliers and the bank may often treat the shareholding director as though they are the company. They are the brand if you like. The same is true for equity partners in a partnership or members of an LLP. A business owner in some smaller businesses may be the only people whose loss would have a serious effect on the profits, so you just need to insure them. A key person can literally be anyone in the business that could directly or indirectly affect that company's financial stability through reduced profits or extra costs – neither of which are good news and could even be terminal for the business. PRESENTER: So there's obviously a huge need for this protection, so why don't more companies have it or consider it? STUART HALLIWELL: It comes down to awareness in many cases. As I said earlier, it's just something that they've never considered. If you look at the research we've carried out on the SME market, we spoke to over 800 business owners, and more than half of the businesses didn't have any key person protection. Yet many had insurance to protect their families, mortgages and even their pets. They realised the benefits of insurance from a personal perspective, but haven't taken the time to consider what could happen to their business. This really comes down to advice. Nobody is talking to business owners about business protection. Just over half the businesses we spoke to had a financial adviser. Many accountants don't talk to them about it, and let's face it there is very little self-realisation when it comes to insurance. We tend to take it out because we are advised to do so. One of the surprising points in our latest research was that 84% of those businesses who had debts and had cover, they only took the cover out because they spoke to a financial adviser, and not through some form of self-recognition of the risks. So we need to be proactive and go out and talk to businesses. It's interesting when you look at those who took out pet insurance, 59% of the business owners who had insured their pet had not taken out key person protection. If they understand the benefits of key pet insurance, surely they will grasp the need for key person insurance. PRESENTER: And are there any other reasons for not taking out cover? STUART HALLIWELL: Unsurprisingly, their own lack of knowledge was one of the main reasons the business owners we talked to gave for not having protection. In addition, if they were aware of key person cover, almost a third hadn't got round to looking into it. Many also considered that they had sufficient additional staff to cover the loss of a key person. But had they then considered the knock-on effect within their business or some of the wider issues? And of course would they then need more additional staff to cover any additional workloads? Finally, they told us that they expected the cover to be too expensive. Replying as they use the word expected that they'd not really looked into it. These are all areas where an adviser can help them realise the benefits of a cost effective solution. PRESENTER: They expected it to be too expensive, but in reality is it that expensive? STUART HALLIWELL: No, in our latest research we asked the business owners who much they thought it would cost to provide life cover of £100,000 over a period of 10 years for a non-smoker aged 40. The average of their estimates was that it would be three times the actual cost. Now of course that depends on their health, the age, the term of the contract, the amount of cover, but generally people are hugely over-estimating the cost of insurance. PRESENTER: So it sounds like it's people that make a real difference to the business, but is this the only risk? STUART HALLIWELL: It's the main one, and the one which is most difficult to replace. If your offices burn down you can rebuild them. If the computer crashes you can replace it. And usually these are insured. But replacing key people and their skills is a different question. You can't just go to the shops and buy one. When running a business most owners are focused on the day-to-day delivery and on doing the best for their customers. And also the obvious risks which they can see and know about. Unfortunately this means they don't always have the time to think about the what-ifs. What would happen if a key person dies? It's just human nature that we don't think about death. But when we asked the business owners to consider the risks to their business in detail, 39% realised it's the people who really make the business and whose loss would be their biggest risk. PRESENTER: So if we agree that people are the key asset in the business, if for whatever reason they are lost to that business, could that put absolutely terminal pressure on the company? STUART HALLIWELL: Yes, you can be looking at just that scenario. One of the big revelations within the research for me was the difference in the perception of the impact to the business of losing a key person and the reality that this could actually bring. When we first asked the question about how losing a key person would affect their business, 27% said it would have no effect on their staff; yet many of the businesses have less than 10 employees. So you would expect the staff to be a little concerned regarding their future if the business lost its key person. Over half, 54%, said it would not affect their creditors, and this includes their bank. Would they not be concerned about the ability of the business to repay its debts? 67% said it would not impact on their brand or customers. Yet many small businesses generate business due to their reputation or the personalities within them. Would a customer stay loyal if there was a loss of a key person? Finally 39% said it would not affect their income or cashflow. What if that key person was their top salesmen, or indeed the paraplanner we discussed earlier? When we asked more questions on this point and got them to really think about the reality of the situation, a huge 53% admitted that their business would not survive 12 months. PRESENTER: That's pretty worrying, but couldn't they just go out and recruit a replacement? STUART HALLIWELL: Well yes they could. But even if they lost their key person, they have an immediate need to replace them. The business doesn't just go on hold whilst they wait for a replacement. Also, even if the business could survive without their key person, there is an impact in terms of the time it might take to find somebody new, and the associated costs of recruitment. Interestingly, when we asked business owners how much they thought it would cost to fund the cost of replacing a key person, 31% thought it would be the equivalent of less than six months' salary. If they were to consider all the potential costs involved in what could be an emergency situation, it's likely that they would have a far higher amount, especially if they take into the account the likes of head hunters fees, increased salary, joining bonuses, and the need for temps or outsourced work whilst the new recruit is working their notice period. Replacing key people can be harder and more costly than business owners realise. PRESENTER: So are we just considering the cost of replacing the key person? STUART HALLIWELL: No, a key person policy could help the business to continue trading by replacing loss of profits, or covering the cost of replacing that key person, so making the difference between the business surviving or failing. A business can exist as long as it can meet its overheads; it does not necessarily have to trade. If it has money in the bank and is solvent - and that is what we're trying to do with this protection: inject cash into the business via a life assurance policy, much like we do with our domestic clients. You could pay your mortgage, your bills, maintain your lifestyle as long as you're solvent; a business is no different. PRESENTER: So those are the risks and some of the needs that businesses have when it comes to key person insurance, but how do they go about putting it in place? Well a little earlier I caught up with Robert Betts who's one of the experts in the field at Legal & General. He's what he had to say. ROBERT BETTS: Well it depends on the type of business. In the UK, we have four main types of business entities. We've got sole traders, partnerships, limited liability partnerships, or LLPs, and limited companies. Firstly, let's look at setting up cover for a limited company or an LLP. Putting key cover person in place for these is relatively simple. They're both legal entities in their own right, separate from their owners. This means that they can own property including insurance policies. Therefore it's possible for the policy to be set up with the business as the proposer and owner. Cover is then taken out on the key employee to cover recruitment replacement costs, loss of profit or debt cover on the life of another basis. The business is responsible for paying the premiums and will receive the proceeds of a claim should the key person die or suffer a critical illness during the term of the policy. If cover is required to cover both loss of profits and the repayment of debt, it's always advisable to cover the risks under separate policies. This is due to the different way that the proceeds could be treated for tax purposes due to the nature of what they're there to protect. Let's now consider a partnership. Unlike a limited company or an LLP, a partnership does not have any separate legal identity. Therefore it cannot take out a life policy. If a partnership has a key person, either an employee or an equity partner, a key person policy can be taken out on an own life basis and placed under trust for the benefit of the partners. This should also allow for any future changes in the partnership. It helps to ensure that any partner that leaves the business will not benefit from the policy; however any new partners will. If the key person were to leave or retire from the employment of a partnership, the trustees as the legal owners of the policy could do one of the following things. They could stop paying the premiums and allow the policy to lapse, or they could continue to pay the premiums until the end of the policy term. Then in the event of a valid claim the trustees would receive the policy proceeds for the benefit of the beneficiaries of the trust. Or the beneficiaries could assign their beneficial interest to the employee. The trustees could then assign the policy to the employee, so that he or she becomes the legal owner of the policy. He or she may then wish to place the policy in trust for their own beneficiaries. And alternative option for an employee of a partnership would be to set up the policy as a life of another policy with the equity partners being the policy owners. This may however prove to be a less flexible option than the own life under trust method. A point of note regarding partnerships is that if the partnership is a Scottish partnership, then it does have its own separate legal identity. For cover in Scotland the policy would be written the same way as it would be for a limited company. Next, we have to work out how much cover is needed. The sum assured we arrive at will depend on the aim of the key person policy. If the policy is taken out to protect a loan or debt, then the sum assured will simply mirror the level of the debt owed. If the cover is there to provide a sum of money to cover new staff recruitment costs, or to replace the lost profits of that key person, we'll either use a multiple of the key person's salary for replacement costs, or use a formula based on the proportion of profits they were responsible for. When looking at the costs of recruiting key or new key employees, they may actually include things such as head hunter fees, compensation payments, could be bonuses or share options from their previous employment. It may even be a golden hello or a joining bonus. We mustn't forget that the business will probably also need to employ some temporary staff whilst the new person is being recruited and serves their notice period. So if we take all of these additional costs into consideration, we need to work out a sum assured. A common formula for a life policy would be based on 10 times the key person's salary or total remuneration package. And it could be around five times the remuneration package for a critical illness policy. It's worth noting that the salary of the employee may not actually reflect that individual's true worth to the business. They may be one of the key profit drivers, and as such the policy would be there to replace the lost profits might be more suitable. Loss of profits formulas are usually either two times the gross profit or five times the net profit. And that's the proportion of the profits attributable to that key person. The individual's role within the business will help us decide whether or not we use gross profits or net profits as the basis of the calculation. For example, if we have an employed salesperson with no managerial capacity, then gross profits may be the appropriate figure, because they'd have little or no impact on the overheads of the business. However if the key person was also the managing director, then a profit calculation may be more appropriate as he or she could influence the cost base of the business. To help with calculating a key person sum assured, Legal & General provide a simple calculator. You simply input the proportion of the profits the key individual is responsible for, confirm whether we're calculating using gross or net profits, and then ask for the average of the last three years profit. You can find the calculator at www.legal&general.com/business. And it can be downloaded for use offline as well. For key people debt cover to protect a bank loan, mortgage or a director loan account, the sum assured will normally just mirror the amount of debt that's owed. One question advisers get asked time and time again by clients and accountants when putting key person cover in place for limited companies is can tax relief be claimed on the premiums, i.e. can the premiums be offset against the corporation tax? They'll also want to know if they're going to pay corporation tax on the policy proceeds. Now the tax position for key person cover is not straightforward. There isn't any direct legislation addressing it. There are however a set of principles that shape the process, and these were set out way back in 1944 by the then Chancellor of the Exchequer Sir John Anderson. And it was in response to a question of House of Commons about when a company could receive corporation tax relief on life insurance premiums. He said the general practice in dealing with insurances by employees on the lives of employees is to treat the premiums as admissible deductions and any sums received under the policy as a trading receipt. This would happen if the relationship is the sole relationship of employer and employee. The insurance is intended to meet the loss of profits resulting from the loss of services of the employee. It is an annual or short-term policy. So although these are often referred to as rules, the Anderson principles are just a guide. But what they do provide advisers with is some useful parameters when discussing the tax treatment of the policy. It's also worth noting that where the business is a partnership or a sole trader the rules are broadly similar; however the relevant tax is income tax not corporation tax. If we take each of the principles in turn we can get a better understanding of whether tax relief may or may not be available. Let's have a look at sole relationship. The sole relationship between the business and the life assured must be that of employer and employee. Non-shareholding directors are considered to be employees. If however the life assured has a significant shareholding tax relief may not be given. A significant shareholding is generally considered to be one over 5%. This is also sometimes referred to as the wholly and exclusively test, because to receive tax relief the premiums must be wholly and exclusively laid out or expended for the purposes of the trade. This means that if the life assured has a significant share in the business, the tester will be failed. This is because the policy is partly for the life assured's own benefit. Tax relief could also be disallowed where a parent company insures a key person in a subsidiary or associated company. Next, we have loss of profits. The purpose of the policy must be to meet profits lost from the death or critical illness of a key employee. If the policy is taken out to protect the debts the policy fails the principle. A policy with a surrender value would break the principle because part of the premium goes towards the investment element. A convertible term policy also fails the principle due to the conversion option giving the policy a purpose other than protecting the loss of profits on death. And then we have short term. The policy must be an annual or short-term policy. The industry typically assumes that a short term policy means five years; however HMRC have recently stated that the insurance term should not extend beyond the period of the employee's usefulness to the company. This simply means that the term of the policy should reflect the period of time for which the individual is key to the business. For example, if the individual was key to a 10-year contract with 10 years to run, a 10-year term would potentially be the appropriate term for the policy. We then need to consider the tax treatment of any policy claims proceeds. The general rule of thumb is that if tax relief is given on the premiums, then the proceeds will be taxed. However, this may not always be the case. The policy may be put in place to protect the profits of the business, the term could be appropriate; however, the life assured could be a significant shareholder. In this situation tax relief would not normally be given. However, it would be reasonable to assume that the proceeds would be considered a trading receipt, as the policy was in place to protect the profits. Even though no tax relief was received, the proceeds could be taxed. In reality what this means is that a company cannot decide not to claim relief on the premiums in the hope that there will be no tax on the proceeds. Relief on the premiums depends on the premiums being deemed as a business expense. This is not affected by whether the expense is actually claimed or not. Similarly, the benefits will be treated as a trading receipt if they are treated as replacing profits. It's always good practice to recommend that your clients or their accountants clarify the position with HMRC. Whether or not tax relief is given on the premiums should not really be the priority when putting key person cover in place; the purpose here is to protect the business' profits or debts against the death or critical illness of a key employee. PRESENTER: So from what Robert was saying there, this sounds like a pretty complicated area. Can the company's accountant help? STUART HALLIWELL: It can be, but at the end of the day we are just talking about term assurance, and in some cases a trust form, and yes the accountant can be a real help, and needs to be involved especially around the tax implications and how they could affect the business. Robert talked about the Anderson principles, and it's our job to let the accountant know or at least get the company to talk to their accountant about what we are putting in place so that they can make any adjustments from a tax perspective. PRESENTER: Well he also made reference to debt there, I guess having unprotected debt in a business is as big an issue as losing a key person. STUART HALLIWELL: It can be, and a lot of the time when we talk about debt people think of mortgages or bank loans, formal longer arrangements, but the corporate debt landscape is really quite varied. In our research corporate debt is fairly common for businesses, as you would expect, and around 65% of those surveyed admitted to having some form of debt. This has increased every time since our research in 2011, which implies that getting finance is getting easier for SMEs. But I'm not sure it is. And if you look at the different sources that they are getting this finance from it tells a different story. Amazingly 19% of this debt was secured via their credit cards. This is down slightly from a high of 23% on our previous report. But it's still a lot higher than 3% in 2009. This may be down to the banks not lending, and the company having to rely on this relatively expensive but easy form of credit. Or it may just be down to the company needing very short-term borrowings, but advisers need to ask about it. Another increasingly popular source of funding is director loan accounts. This is where a director lends their own money to the business, and can prove a cheaper and easier option than going to the bank. This is currently 20%, and again could be an indication that maybe banks aren't still overly keen on lending to SMEs and the directors are having to use their own funds. Almost half, 48%, of the SMEs that we talked to had borrowings between £50,000 and £800,000, and the average was £176,000, so not an insignificant amount, and one that could cause a business major cashflow issues if it needed to be repaid at short notice following the death of a key person. The bank could recall its loans, or if the funding was via a director's loan account the director's family would want repaying. PRESENTER: It's interesting you mention a fifth of businesses are using DLA, I mean surely this must be a simpler and lower cost way of companies borrowing. STUART HALLIWELL: I agree, assuming the directors have spare assets that they can call on, this money could come from their own cash or via assets loaned to the business, or from remuneration or dividends not yet taken out of the business. Quite often the money is lent to the business on very favourable terms, and so it's arguably cheaper than the company could get from other forms of borrowings. But as I say it does depend on the directors having spare assets or indeed raising money against their own property. The issue we found with these loans was that worryingly 26% of business owners who had one were unaware that these had to be repaid on death. And for those who knew that they had to be repaid there was not much evidence that they had any business loan protection to cover them, begging the question where would they find the money if they needed to repay these loans? At the end of the day, this money belongs to the director, and repayment can be demanded at any time, including upon death. If a director were to die with an outstanding director's loan account, it's not unreasonable for the estate to expect that those funds would be repaid promptly. Business loan protection can support this, and ensure that the funds to repay the debt are made available to the company when they are needed. Mortgage advisers are in a great place to spot this opportunity. It's always worth checking for the reason for loans on the application form. If the reason for borrowing is raising capital for business use, then it's likely that they are making a loan to their business, and protection is needed. Private protection may not help the business as the widow could still demand the repayment of the loan from the company, even though a private policy has paid out to her to cover the loan against their home. PRESENTER: And I guess a good proportion of these loans will be raised on a private mortgage. STUART HALLIWELL: That's correct, and it's also worth noting that private protection may not help the business. The estate could still demand the repayment of the loan from the company. Even though a private policy has paid out to cover the loan against their home, this company still effectively owes the estate the amount of the director's loan account. This protection needs to be in the right place to ensure that both the business and personal obligations are met. PRESENTER: Given all these different types of borrowing and lending and director's loan accounts, what sort of security or guarantees are owners going to have to give? STUART HALLIWELL: It was a surprising area of the research with many owners putting their own wealth at stake to provide cover or security for their business borrowings. We found that 30% had used personal guarantees and 21% taken a charge against their personal property as security for their borrowings. It's only two in 10 had used any insurance. This highlights the lack of awareness of business protection, and shows the opportunity we have to help businesses protect against the unexpected, rather than risk all their wealth or house on a business venture. PRESENTER: So do all businesses need key person protection? STUART HALLIWELL: Simple answer to that is no. If you take Legal & General then no single person will have a terminal effect on the business. And the same is true for many large businesses. But the smaller a business is the more likely they are to rely on the skills and abilities of a few individuals for the survival of the business. The age of the business can also have an effect on the need. As part of the research, we also looked at how the protection needs of a company changes as it grows, and at various stages of its development the need for protecting it will change. This can give advisers some really useful insight, and they can make some assumptions depending on the age of the business they're going to see. They can then tailor their approach to the areas which could have the biggest impact with a business. PRESENTER: So it's about looking at it from a life cycle point of view. STUART HALLIWELL: It's a general rule of thumb, but it does tend to work. So for example in the early stages of the initial development of a business, they may be reliant on just a few key individuals. Here losing a key person could be disastrous. And so insuring them is vital. Then as it becomes more established the use of loans and financing will play a bigger part as they invest and grow. So the focus might move to key person and to cover debts as opposed to simply replacing those key people. Finally, as it moves to an established position or towards maturity, then the continued ownership of the business will be a point of more consideration. The owners may be more concerned with protecting its value and to boost their retirement planning, so share protection might become a more important issue to them. But as with all things it will depend on the company you're talking to, what they do, how they're structured and their own priorities. PRESENTER: So what are the key questions that an adviser should ask the business owner to establish who the key people are and what impact their death could have on the business? STUART HALLIWELL: One of the simplest questions we can ask a business owner is how long will your business survive without you, or without your best sales person, or without your production manager? Before you ask these questions most people will not have given it any consideration. Unfortunately, very much like personal insurance, death or critical illness and its implications are not a common topic of conversation around the board table. But it should be. Along with what will happen if the office burns down, or the computer system was to crash, as you say it should form part of the business' disaster recovery plan. Let's face it if a computer or building can be replaced or rebuilt, the same is not always the case if a key person or an owner was to die. You can then go on and ask how would their creditors react: would they be understanding or would they be nervous and demand repayment? What about their customers: will they stay loyal or might they look to go elsewhere? We've actually put together a business risk questionnaire, which is a short list of about 17 questions that advisers can use with their clients to help the clients realise the risks that they could be running, and thus help the adviser recommend the right solutions for them. PRESENTER: So it sounds like there's a lack of awareness amongst SMEs, how can you help advisers to approach them? STUART HALLIWELL: The best piece of advice I can give advisers came from our research. And it was that of all the businesses we spoke to 84% who had a debt, and had taken protection, only took the cover out because they spoke to a financial adviser, and not through some form of self-recognition of the risks. So we need to be proactive and go out and talk to businesses. If you want to get into this market then you have to go out and talk to business owners, and show them the risks that they could be running. And then the solutions that we as an industry can offer them to protect their business and their families, their staff, or anyone who has a financial stake in their business. We really want to help them. We've also published a client's guide to business protection in partnership with the people from Rough Guides, which his designed to highlight both the risks and the solutions to business owners. Advisers can download this and forward on to their clients in aid of any client meetings. PRESENTER: And is there any other support available to advisers who are either new to this market or already working with business clients? STUART HALLIWELL: It's what we do every day. We can offer lots of support to advisors looking to explore this subject in more depth. We run training workshops to cover every possible aspect of business protection, ranging from the marketing side through to the technical side of writing the policies, through to articles of association and understanding company accounts. All our sessions are CII approved for CPD purposes, and we also have a regular series of half an hour webinars giving an overview of various aspects of business protection. Advisers can also get in touch with our dedicated business protection team through their usual Legal & General contacts, or via our business protection website. Our website has a range of useful calculators, as well as sales materials, case studies, technical information, and video interviews with business owners who have interesting and relevant stories that can be downloaded and use in advisors' own marketing materials, and of course the new research and our Rough Guide to business protection that I spoke about earlier. Finally if anyone has any questions they shouldn't hesitate to get in touch. PRESENTER: We have to leave it there. Stuart Halliwell, thank you. STUART HALLIWELL: Thank you. PRESENTER: In order to consider the viewing of this video as structured learning, you must complete the reflective statement to demonstrate what you've learned and its relevance to you. By the end of this session you'll be able to understand and to describe the need for key person cover; how to set up key person cover for different types of businesses; the treatment of premiums and policy proceeds for taxation purposes; how to identify key people within different kinds of businesses; how to calculate the appropriate sum assured for key person policies; business demographics and attitudes with regard to key person cover; and how certain business can use key person policies within their sales process. Please complete the reflective statement to validate your CPD.