

Key person replacement cover

Business Expenses

Introducing Business Expenses insurance which will cover the costs of hiring a replacement employee while a business owner is disabled.

Many small and medium (SME) business owners are key people in their businesses. If they were unable to work in the event of illness or injury a replacement employee is often required, at least in the immediate short-term. Key person replacement cover provides a short-term solution to help the business fund the cost of a replacement employee.



What is key person replacement cover?

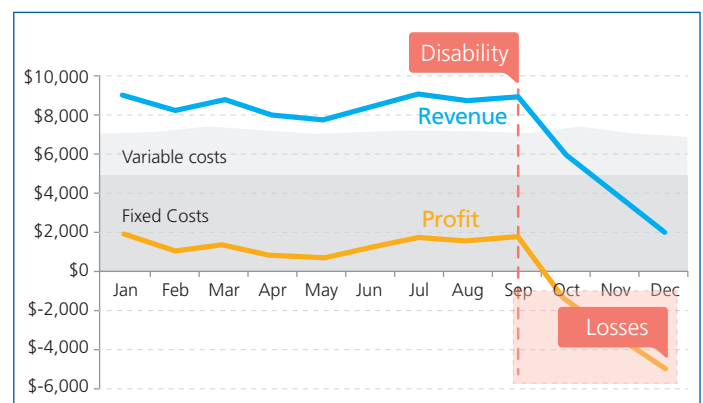
If your client is a business owner and they are unable to work because of sickness or injury, their business will likely need to hire a replacement employee. Key Person Replacement cover may provide a potential short-term solution to ensure the business continues to operate and meet client service/delivery expectations and continue as a viable going concern.

Your client, as business owner, can apply to insure up to 75% of the cost of a replacement employee provided they are a key person. The benefit payable is based on a proportion of the actual cost incurred by the business to hire a replacement employee, while the business owner is unable to work due to sickness or injury. Any revenue generated for the business by the replacement employee will not offset the benefit payable.

Why is it important for your clients?

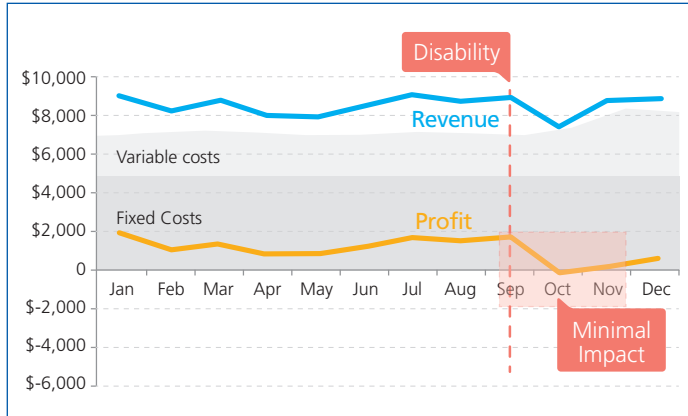
Many SME business owners are also key persons in their business, responsible for revenue and the ongoing viability of the business. It is often the case that if they were unable to work, due to sickness or injury, a replacement would be immediately required. The cost of a replacement person can significantly impact the cashflow, overall profitability and ongoing viability of any business.

The following example demonstrates the scenario where a business loses a key person, which in turn has an immediate impact on revenue generation and the ability to cover costs.



Key person replacement cover provides a short-term solution where a replacement is needed. This can then potentially be combined with Income protection (with a one year waiting period), to give the business owner a long-term solution in the event of the worst case scenario.

In addition to providing a short-term solution, Key person replacement cover is designed to reduce interruption to the business and minimise the impact on cash flow, as illustrated below.



Key person replacement cover at a glance

Key Person Replacement cover provides a short-term solution to cover up to 75% of the cost of a replacement, subject to the following:

- the applicant being a business owner and a genuine key person in the business
- at underwriting the replacement cost is easily identifiable and sounds reasonable considering the key person's role in the context of the business
- cover to be owned by the business
- cover is limited to 12 times the monthly benefit
- replacement is a third party
- standard Business Expenses cover is otherwise unavailable
- any Income protection cover is subject to usual underwriting and at least a one year waiting period.

Contact your Zurich BDM on 1800 252 650
adviser.service@zurich.com.au

Zurich Australia Limited
 ABN 92 000 010 195, AFSLN 232510
 5 Blue Street North Sydney NSW 2060
www.zurich.com.au

This information is of a general nature only and should not be taken as a recommendation of any particular product. It is not personal advice and does not take into account any personal objectives, financial situation or needs, which should be considered along with the appropriateness of the information provided and the Zurich Wealth Protection Product Disclosure Statement (PDS) (available on www.zurich.com.au or by calling us on 1800 005 057) before making a decision. The information is a summary only and there are relevant exclusions and conditions. Zurich Australia Limited ABN 92 000 010 195 AFSLN 232510 is the issuer of the product.

This information is provided for the use of licensed Financial Advisers only. In no circumstance is it to be used by a person for the purposes of making a decision about a financial product or class of products.

AGRG-012405-2017 ZU23267 V2 05/17

