

# Sustaining success

Life insurance solutions for  
business continuity



# Is your business protected?

Exciting as it is, running your own business can be quite challenging. From increasing your customer base to protecting cash flows, there's a lot to consider, and it's hard to focus on the bigger picture when more immediate actions are at hand.



## Do you treat your business as an extension of your family?

Just as you prioritize financial planning for your family to safeguard their future and find peace of mind, it's equally crucial to secure the financial future of your business. The passing away of a business partner or a key person in your company can have significant financial implications. One solution to provide financial security is life insurance.

Zurich's life insurance plans can help safeguard your business's financial stability in the face of an unfortunate death, illness, or disability of key people in your company. The claim amount received can facilitate a smooth business succession transition.

Let's take a closer look at who you can insure in your business:

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# 1. Key persons

What really produces the profits for your business, the building, or the people?

People are at the heart of any business. While most business owners pay out to protect against risk of their physical assets such as building, key equipment or vehicle, they often overlook the protection for the most important asset – their people.

## Who is a key person?

A key person is like a superhero within the company. They are not just any employee, but someone with exceptional expertise, knowledge, and an extensive network of contacts. Without them, the company would lose a vital contributor for its prosperity, and it is ability to maintain turnover and generate profits.



A key person may include:



If a key person passes away, suffers from a critical illness, or is unable to work for an extended period due to illness or injury, your business may face financial impacts. These could stem from reduced sales, loss of professional expertise affecting competitiveness, and significant recruitment and training costs to replace the key person.

## How can Zurich help?

Zurich offers life insurance solutions designed to safeguard your key people. Such insurance provides financial compensation to your business in the event of a key person's death, severe illness, or long-term disability, thereby helping to cover any resultant financial losses.



## How much cover do you need?

Determine the coverage amount by considering factors such as the nature of your business, the financial contribution of the key person, the cost of hiring a replacement, and other relevant aspects. Let's explore a few examples to calculate this:

### Multiple of salary:

**5 to 10** times key person's annual salary

### Multiple of profits:

**2** times average gross attributable profit over the last 3 years

OR

**5** times average net attributable profit over the last 3 year

These examples are for guidance only. Your financial professional can help you derive the amount of cover required based on your business needs.



## 2. Business partners

You and the partners of your company are the foundation and driving force of its success. What would happen if one of them dies, suffers from a critical illness, or becomes permanently disabled? Who would their shares go to?

### Consider these scenarios

- Insufficient capital to buy the deceased partner's shares may hinder business continuity.
- The heir who inherits the shares may not have the skills or experience to run the company, potentially requiring additional funding for management training and consultancy.



### How insurance can help

By insuring the share value of business partners, in the event of a partner's death, the claim amount equal to the value of the deceased partner's shares can be made available to the remaining partner(s). This sum can be used to buy the shares from the deceased's family. However, remember that having insurance by itself does not automatically enforce the sale of shares. For this, you will need to create a suitable legal framework with the help of a lawyer, such as a double option agreement.



### What is a double option agreement?

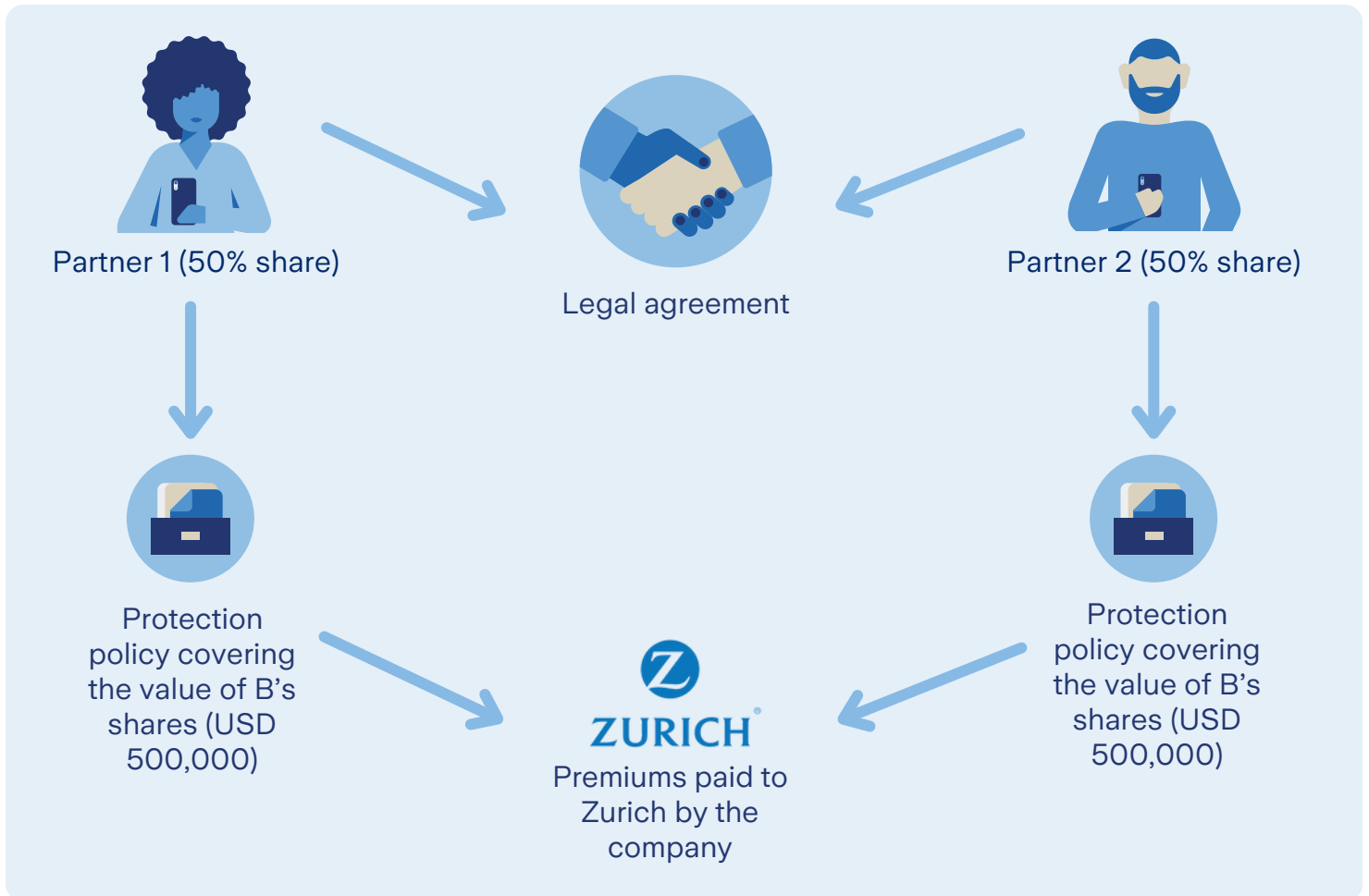
A double option agreement enforces the sale of shares by either side – the family and the partner(s). This ensures the family is compensated fairly, and the remaining partners can continue to run the business with minimal disruption.





## Case study

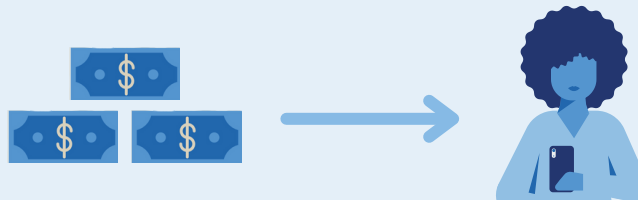
How a legal agreement and partnership insurance policy work together.



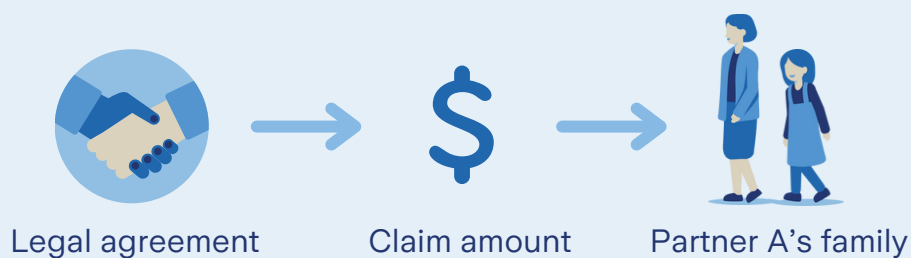
Partner A dies. Partner B submits the insurance policy claim.



Insurance policy pays out cash sum to Partner B



Following the legal course of action with the legal agreement, Partner B pays Partner A's family for the value of the shares.



# 3. Business owner - liabilities

Has your company taken out any business loans from the bank? If so, the death of one of the directors or partners can create difficulties in the repayment of the loan and in some circumstances the bank could call back the loan.

Consider the financial impact when one of the directors or partners passes away or suffers a critical illness or permanent disability.



## How does it work?

The life insurance amount received can help repay any loans on the death of a business owner.

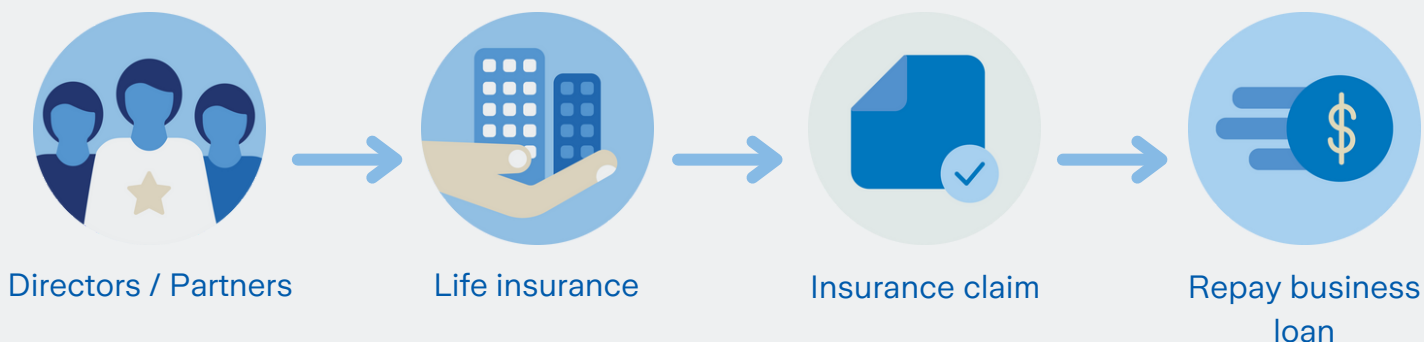
The typical scenario for cover is:

- A sum assured equal to the size of the debt.
- A term the same as the term of the debt.
- The company as the policy owner.
- The business owners or shareholders as lives assured.

For example:

$$\text{Sum insured and term} = \text{Size and term of loan}$$

If a policy is taken out and a claim is made, the company receives the proceeds to clear debts.



Having life insurance in the name of the business owners is one of the factors that can positively

improve the creditworthiness of the business, as it provides additional financial security to lenders. This can improve the business's access to credit facilities and loans and can potentially help the business negotiate better finance rates.

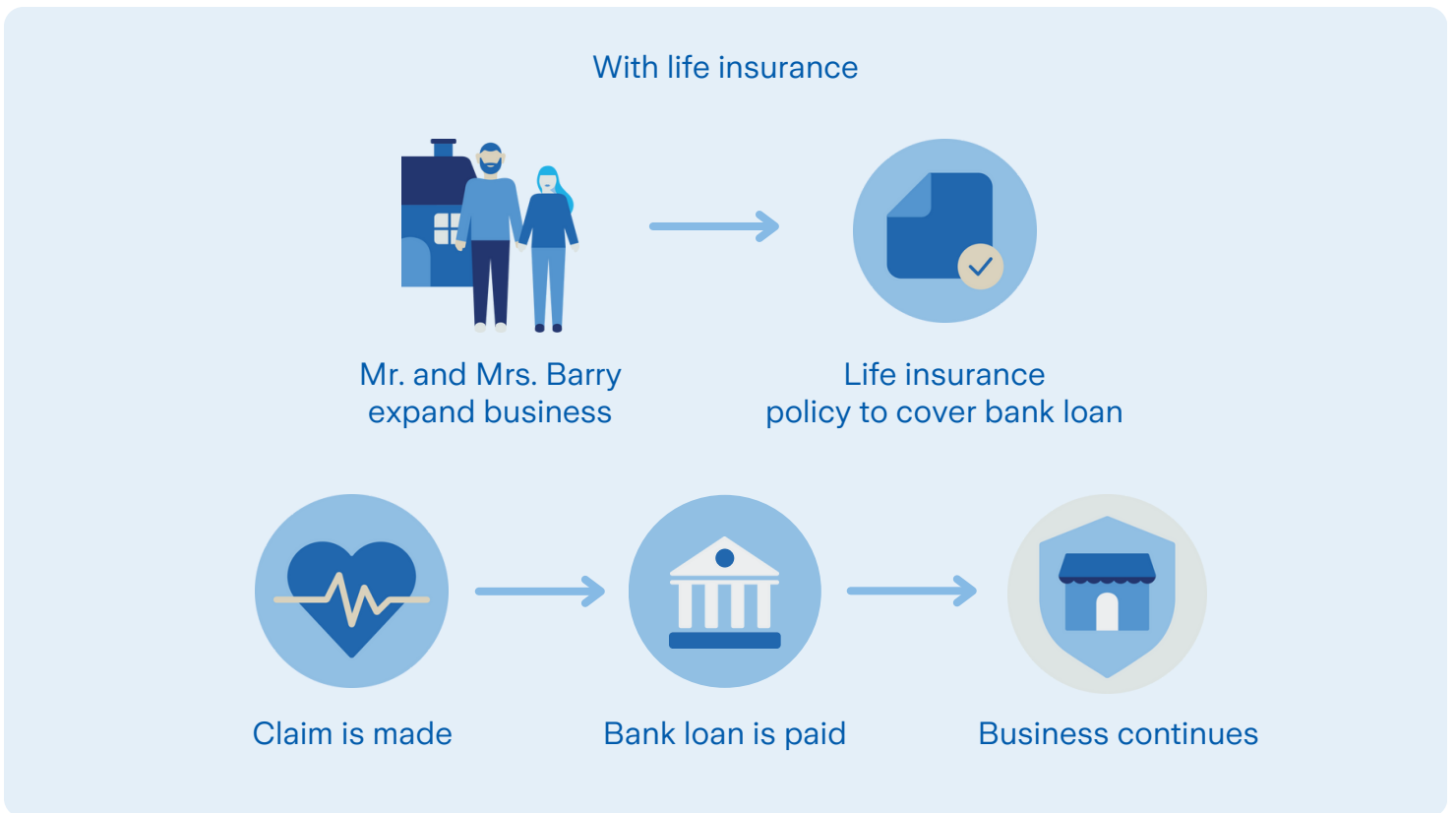




## Case study

### Barry's Ice cream shop

Barry and his wife own a popular ice cream shop and want to expand by opening two more shops. They need to borrow \$750,000 from a bank for 20 years. If Barry were to pass away during this time, the loan would need to be repaid. To protect against this, their financial professional suggests getting a life insurance policy for \$750,000 with a term of 20 years. If something unfortunate happens to Barry, the policy proceeds can be used to pay off the loan. Without this protection, his wife may have to sell assets or even close down the business to repay the loan.





# 4. Family business owners

As a business owner, you've worked tirelessly to build a successful business and ensure the stability of your family business. After dedicating a lifetime to building a successful organisation, you'd want to keep your legacy alive and make sure that your family's future generations are secured.

However, have you considered what would happen to your business in the event of your unexpected passing?



A life insurance payout provides additional liquidity, which can be beneficial for estate planning

- Ensure fair distribution of your estate.
- Keep your fixed assets intact.
- Avoid cash flow disruption in your business.
- Cover cost of business transition to your heirs.
- Maintain financial strength for business sustainability.
- Pay off any outstanding liabilities.
- Cover estate taxes that may arise upon the owner's death.



Estate equalisation refers to the process of ensuring your heirs receive an equal share of the estate. This can be challenging if the assets are not easily divisible. Life insurance can be used to provide an inheritance payout of an equal amount upon death, balancing the distribution of assets fairly between your family.



## How much life insurance cover do you need?

Determining the amount of life insurance cover needed depends on various factors.

### Business valuation

Evaluate the current value of your family business.

### Debt and obligations

Assess liabilities like debts, loans, or financial obligations associated with the business.

### Future business expenses

Factor in any potential business expenses that may arise after your passing, such as hiring a general manager or management consultancy to bridge the knowledge gap for your business heirs.

### Estate equalisation

Consider the value of fixed and liquid assets you wish to allocate to family members who are not involved in the business. Ensuring a fair share of your estate to your family beneficiaries.



## Case study

What will happen to the family business if the owner passes?

Indigo Textiles is a family business run by generations of the Gupta family. Mr. Gupta manages the business with his son Armaan. His daughter Amrita stays outside the business pursuing her career in another country.

Mr. Gupta wants to ensure that his wife and all his children get equal share of his assets, including the business.

Business valuation	Properties	Other assets	Total estate value
USD 6,000,000	USD 3,000,000	USD 2,000,000	11,000,000

### Distribution of business, assets, and life insurance payout



Business  
USD 6,000,000



Armaan Gupta 100%  
USD 6,000,000



Properties and other assets  
USD 5,000,000



Mrs. Gupta 50%  
USD 2,500,000



Amrita Gupta 50%  
USD 2,500,000



Life insurance  
USD 7,000,000



Mrs. Gupta 50%  
USD 3,500,000



Amrita Gupta 50%  
USD 3,500,000

A financial professional can help assess these factors and develop a comprehensive life insurance plan that ensures the long-term financial security and continuity of your business.

# Zurich in the Middle East

Zurich International Life Limited in the Middle East is a subsidiary of Zurich Insurance Company Ltd. Founded 150 years ago, Zurich is a leading multi-line insurer serving people and businesses in over 200 countries and territories. Zurich has been present in the Middle East for over 35 years. During this time, we have developed a deep understanding of the needs of the region's people and businesses. We provide a comprehensive range of award-winning solutions, including life insurance, savings, and employee benefits. Read more [about us](#).

## Strong claims record

Backed by solid financial ratings and widespread recognition within the industry, you can trust Zurich to fulfill our promise to you, providing you with the peace of mind you deserve.



Our Middle East claims record is proof of this:

**210** million

in benefits paid to our customers

**98%**

of all life claims were paid over the last 3 years

**72** hours

average time to pay a claim

Zurich Middle East claims paid on receipt of all satisfactory documents between 2021-2023.

## Award-winning products and services

Our customers have trusted us to protect them for almost 35 years in the Middle East, and that's why we have won many industry awards over the years, including most recently:

InsureTek Golden Shield Excellence Awards  
Life Insurer of the Year - 2021 to 2024

Middle East Insurance Industry Awards 2023  
Life Insurance Company of the Year

MENA IR Awards  
Insurer of the Year – overall 2017 to 2024  
Life Insurer of the Year 2022

International Investor Awards 2023  
Most Innovative Life Insurance Company -  
MENA 2023



## Sustainability at Zurich

Sustainability is about how we do business as an insurer, investor, employer, and a member of society. Our purpose inspires us to transform our business and embrace positive impact for us all. We want to partner with you to drive meaningful change, so we can all thrive today and in the future.



First insurance company to sign the UAE Climate-Responsible companies Pledge – Ministry of Climate Change and Environment (MOCCA) 2023.



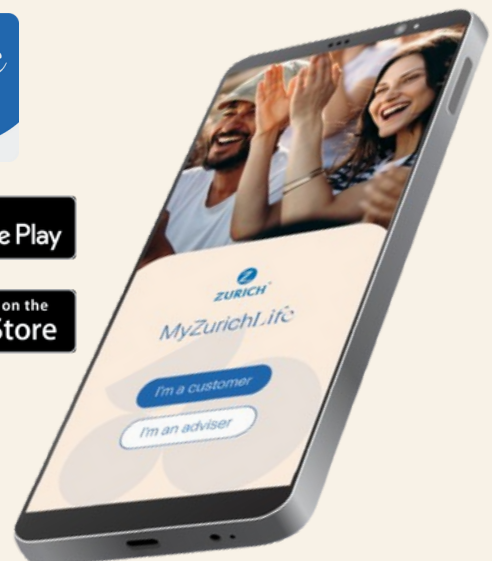
Active member of the UAE Alliance for Climate Action (UACA), accelerating the transition to a net-zero world.

Learn more about Sustainability at [Zurich Middle East](#).

## Easy access

We understand the importance of having access to your policy information at all times.

Zurich International Online (ZIO) offers quick, simple, and convenient access to your policy information, to help you control your financial plans with minimal effort.



# Zurich's financial stability

Our strong financial performance means you can feel confident that we'll be able to meet our commitments to you and your business.

Zurich Insurance Company Ltd  
S&P financial strength  
rating<sup>1</sup>

AA/stable

Zurich International Life Ltd  
ME total assets under  
management<sup>2</sup>

USD 3.7 bn



1. Standard and Poor's rating for Zurich Insurance Company Limited - February 2024.
2. Zurich International Life Limited - Middle East Assets Under Management - March 2024.

Start the conversation today.

Speak to your financial professional about Zurich's life insurance solutions. They can recommend an insurance plan to protect your key personnel and your business.



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