

Key person protection

For use by authorised financial advisers only.

An appropriate sum assured for a key person policy for your client's business will depend on individual circumstances. Use both methods below to find a starting point for your discussions with your client and our team of experienced underwriters.

Method one – Multiple of salary

Key person's total annual salary:	x	Multiplying factor (up to 5x salary if a short term contractor or up to 10x salary if a longer term pivotal key person):	=	Method one sum assured:

Method two – Multiple of profits

Is the key person responsible for generating gross profits (e.g. sales person) or net profits (e.g. financial controller)? Net / Gross (delete as applicable)						
Average gross / net profit for business (as applicable) for last 2 years:	x	Multiplying factor (maximum 2 for gross profit or 5 for net profit):	x	Proportion of profits attributable to the key person (express as a percentage or fraction):	=	Method two sum assured:

Does method one or method two offer the best starting point for your client?

Method one Method two

Do you need to take into account any existing cover?

Yes No

For how long will the person be key to the business?
(This can help you establish a suitable term for the policy.)

Years

Consult FPI's support material or your FPI contact for eligibility and financial underwriting requirements.

Notes

- Key person cover is designed to protect the profits a business may lose if a key person were to die or fall critically ill (depending on the benefits selected).
- In calculating the proposed cover, it is important to look at the contribution that the key individual makes to the business.
- It is important to consider whether any existing policies need to be taken into account.
- The calculations overleaf do not guarantee that Friends Provident International will offer that level of cover, or any cover at all.
- It is important to consider who will own a key person policy. In most cases this will be the employer. Where the employer is a company the application form will be completed with the company as the applicant, with an authorized signatory(ies) signing "for and on behalf of [full company name]".
- Please check any additional financial underwriting requirements as detailed in the Business Financial Underwriting Questionnaire.

Data Privacy

We take the responsibility of handling your personal data very seriously and we will only ask you for details required to process your requests to us. Please be aware of our privacy policy – please visit www.fpinternational.com/legal/privacy-and-cookies.jsp to view the full policy, or this can be provided on request.

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