



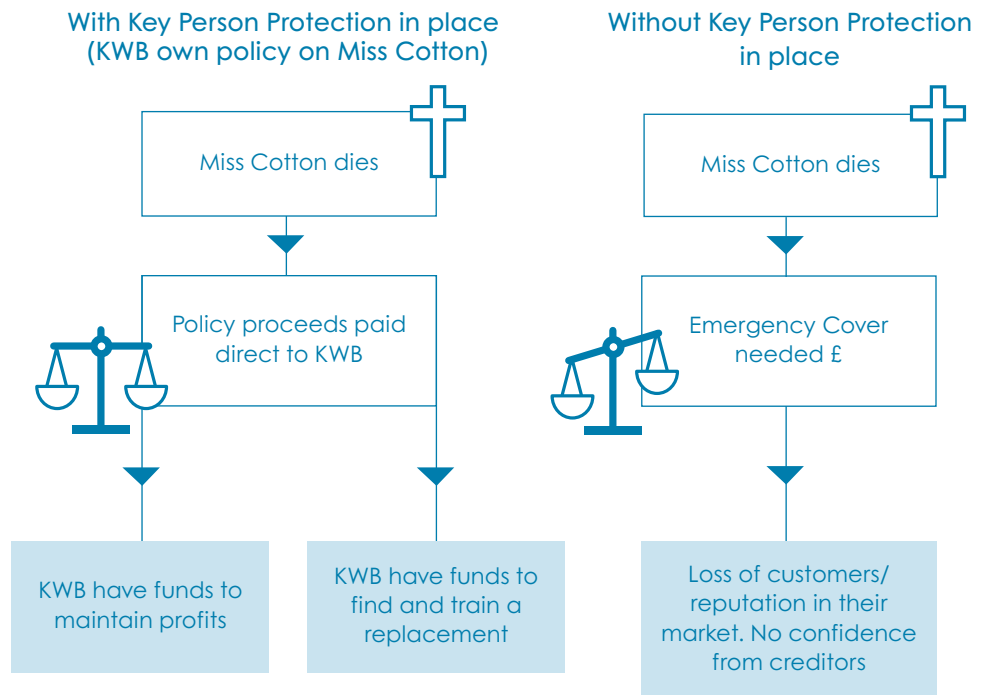
Let's talk business protection

Key Person Protection Case Study

Kingswood Wedded Bliss (KWB) is a wedding planning company with a renowned reputation for offering a complete service to meet their clients' wedding needs. Miss Cotton designs all their wedding dresses and is famous for her designs and creativity.

After recent discussions, the shareholders have realised that their business relies heavily on the reputation of Miss Cotton's designs. If anything were to happen to her, their business would suffer and they could potentially lose up to 70% of their profits. In addition, they would have to recruit and train a replacement, which could take at least 3 years.

They decide to take out a Key Person Protection Plan, which would provide the funds to deal with these problems should anything happen to Miss Cotton.



It would be a good idea for KWB to contact their local tax inspector. This will help them to understand tax relief on the policy premiums and the tax liability on any payments made in the event of a claim.

On a normal Key Person policy, the benefit paid to KWB would be treated as a trading receipt. This means it would be subject to corporation tax at the company's rate for that financial year. It would therefore, make sense if the sum assured was based on gross profits so any tax liability at point of claim will be accounted for.