

business insurance

Taking care of business by taking care of you

# business (protection) package

**Protect your business by  
protecting your key people**

You may have implemented plans to protect your buildings, equipment and other key assets, but have you overlooked protecting your most important asset – your people?



redefining / standards



## Every staff member in your business is important – however, there may be some that are critical to your trading operations. How would your business cope if it was to lose a key person?

### Who is a key person?

A key person in your business provides the ideas, drive, initiative and particular skills that generate revenues and profits needed for survival and growth.

An example of a key person could be:

- The founder and owner of a business who provides direction, momentum and builds reputation.
- A specialist, such as a designer whose skills and knowledge are vital to business success.
- A top sales person who builds key relationships and business contacts.

### What happens when you lose a key person?

The loss of a key staff member due to illness or injury will be felt in many different parts of your business – however the financial impact generally occurs in three main areas:

#### Impact on revenue

- A direct impact on sales can occur due to the loss of a staff member in charge of sales or service delivery.
- An indirect impact on sales can occur due to the loss of a person driving strategic direction, major growth initiatives or managing another key part or process within your business.

#### Impact on expenses

- You may have additional costs associated with replacing a key staff member, such as recruitment and training, or employing temporary contractors.
- On the disability of an owner, fixed monthly expenses still need to be paid.
- Or you may incur interim management fees and/or accounting and legal fees to facilitate an orderly sale or wind up of your business.

#### Impact on relationships and contracts

- You may experience loss of key clients or a critical supplier following the loss of a staff member managing key relationships.
- Contractual penalties or loss of future contracts, due to the loss of a pivotal key person.

Every business is different, so the impact associated with the disability of your key people will be different. The total financial impact to your business may range from:

**Minimal impact** – that you can self manage, by drawing on reserves or ongoing revenue.

**Medium impact** – that would require additional funds to enable the business to continue trading and remain profitable.

**Significant impact** – leading to major cash flow and capital requirements to assist with required structural changes or an orderly wind up of your business.

The loss of a key person (due to illness or injury) can impact your business revenue, expenses and relationships, which could ultimately impact the value of your business. This is a real risk that can be minimised through careful planning to ensure you have the required cash flow and capital resources, together with a plan to follow should the unexpected happen.

**AXA Business Protection can help protect the value of your business by providing critical cash flow, to assist you to:**

#### Keep your business doors open

AXA Business Protection can help offset the impact on revenue by providing 'artificial revenue' through a monthly benefit while a key person is unable to work due to an illness or injury.

#### Fund your ongoing business expenses

AXA Business Protection provides a monthly benefit that can be used for any business purpose that is most urgent at the time of disablement. For example, this could be just meeting base fixed expenses until you can get back to work, or it could be used to fund a full time replacement employee.

#### Plan ahead for the future

Losing a key person can ultimately affect the value and the future success of your business.

Careful planning can help you ensure that you can manage the loss of a key person and minimise the resulting financial impact. Being prepared can help you to protect the value of the business that you have worked so hard to build.

## AXA Business Protection provides three benefit options, giving you the flexibility to build a protection package suited to your unique business needs.

All benefit options provide an agreed value benefit paid monthly in advance. All you need to do is work with your Adviser to choose which option suits your needs the best, determine what the expected financial impact would be to your business, and when you need your benefit to start and to stop.

### AXA Business Protection Benefit

This is the core benefit of the AXA Business Protection package providing:

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| <ul style="list-style-type: none"> <li>- A monthly benefit to a maximum of \$10,000.</li> <li>- Qualifying period options; 4, 8, 13 or 26 weeks.</li> <li>- Benefit period options; 3, 6, 9, 12, 18 and 24 months.</li> <li>- Entry ages 20 to 60.</li> <li>- Expiry age 70.</li> <li>- Occupation codes AA, A, B &amp; C.</li> </ul> | <ul style="list-style-type: none"> <li>- Total Disablement Benefit if the insured key person is unable to work more than 10 hours per week and meets other conditions.</li> <li>- Partial Disability Benefit if the insured key person is able to work more than 10 hours, but is still unable to work more than 20 hours or 50% of their average hours worked prior to disablement.</li> <li>- Inbuilt Waiver of Premium while the insured key person is receiving a benefit.</li> </ul> |
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### AXA Business Protection Benefit Booster Option

This benefit 'booster' can be added to the core AXA Business Protection Benefit, providing a secondary top up benefit. You can choose a different qualifying period and benefit period to that chosen for the core benefit, providing flexibility to create different cash-flow streams to your business. The key features of this Option are:

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| <ul style="list-style-type: none"> <li>- A monthly benefit to a maximum of \$5,000.</li> <li>- Qualifying period options; 4, 8, 13 or 26 weeks.</li> <li>- Benefit period options; 3, 6, 9, and 12 months.</li> <li>- Entry ages 20 to 60.</li> <li>- Expiry age 70.</li> <li>- Occupation codes AA, A, B &amp; C.</li> </ul> | <ul style="list-style-type: none"> <li>- Total Disablement Benefit if the insured key person is unable to work more than 10 hours per week and meets other conditions.</li> <li>- Partial Disability Benefit if the insured key person is able to work more than 10 hours, but is still unable to work more than 20 hours or 50% of their average hours worked prior to disablement.</li> <li>- Inbuilt Waiver of Premium while the insured key person is receiving a benefit.</li> </ul> |
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### AXA Business Protection Reducing Benefit

The Reducing Benefit provides an alternative benefit type for businesses that require a higher initial monthly benefit, but less over time as financial needs reduce. This provides a cost effective alternative to the standard 'level benefit' provided by the AXA Business Protection Benefit and Booster Option. The key features of this option are:

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| <ul style="list-style-type: none"> <li>- A monthly benefit to the maximum of \$15,000.</li> <li>- Qualifying period options; 4, 8, 13 or 26 weeks.</li> <li>- 12 month (reducing cover) benefit period.</li> <li>- Entry ages 20 to 60.</li> <li>- Expiry age 70.</li> <li>- Occupation codes AA, A, B &amp; C.</li> <li>- Total Disablement Benefit if the insured key person is unable to work more than 10 hours per week and meets other conditions.</li> <li>- Inbuilt Waiver of Premium while the insured key person is receiving a benefit.</li> </ul> | <ul style="list-style-type: none"> <li>- The Total Disablement Benefit reduces every third month while the insured key person is disabled:             <ul style="list-style-type: none"> <li>- The benefit for the first three months is 100% of the monthly sum insured.</li> <li>- This reduces to 75% of the monthly sum insured for the second three month period.</li> <li>- Reducing to 50% of the monthly sum insured for the third three month period.</li> <li>- Reducing to 25% of the monthly sum insured for the fourth three month period.</li> </ul> </li> </ul> |
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**[www.axa.co.nz](http://www.axa.co.nz)**

AXA offers flexible and easy to understand insurance options for businesses. For more information about the AXA Business Protection package and other AXA New Zealand products and services, call your financial adviser or contact AXA on **0800 ASK AXA (0800 275 292)**.

### **The choice is up to you**

**Important note:** This information describes a general summary of the key features of the AXA Business Protection package which is part of AXA Business Insurance and is not intended to be financial advice. Full details including Definitions, Terms, Conditions and Exclusions are set out in the Policy Document which is available on request. For a copy, please ask your financial adviser or contact AXA. Applications for cover may be subject to approval by AXA Underwriting. A disclosure statement is available from your AXA financial adviser, on request and free of charge.

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