

# BOOLERS

## TECHNICAL UPDATE

### **Key Person Guide: Is your business protected from the loss of a key person?**

In the event that a business's premises is destroyed by flood or fire, or vital machinery is stolen, or a major IT infrastructure problem occurs, it is likely a business will turn to their disaster recovery plan to implement a predetermined solution to see the business through the turbulent time.

It is equally important that businesses have a plan in place to protect the business in the event of a key person within the firm dying or becoming ill.

### **Benefits of Key Person Protection**

- Enabling you to act without delay in recruiting a suitable replacement
- Providing funding to cover training and recruitment costs
- Minimising disruption to existing relationships (e.g. suppliers and customers).

### **Protecting the Business**

When a key person dies the business may need to repay business debts or a director's loan account, it will likely suffer a loss in profits while getting the business back on track and incur costs in recruiting and training new staff.

Key person insurance is designed to give a cash injection to the business when it needs it most, this can avoid the business being forced in to rushed decisions and alleviate pressure from creditors.

Who is key to a business will vary depending on the organisation, whether the individual has specialist skills or knowledge, vital experience or is the top sales person, having key person insurance in place means the business will have the funds available to deal with the consequences of losing that individual.

### **If you require further information, please contact us:**

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