

SALES OPPORTUNITIES AND APPROACH – STEP 2.

2

BUSINESS HEALTH CHECK

When first approaching a client, a well produced business health check can help start the conversation about protection.



BASIC QUESTIONS TO CONSIDER ASKING YOUR CLIENTS

- 1** What is the nature of your business?
- 2** Which of the following is your business?
 - Sole trader
 - Limited Liability Partnership (LLP)
 - Traditional Partnership
 - Limited Company
- 3** How many business owners are there?
- 4** How many full time staff do you employ?
- 5** Do you have a succession plan in place if one of the Shareholders/Partners were to die?
- 6** Do you have sufficient funds to buy the available share of the business from the legal representatives and retain control?
- 7** What sources of finance would be readily accessible to fund the purchase of the available business share?

8

Do you have any key individuals who contribute significantly to profits?

9

If Yes, is cover in place if they were to die or become critically ill?

10

Would there be sufficient cash flow to maintain profits whilst a key replacement is found/trained?

11

Does the business have any unprotected loans?

12

When were your protection needs last reviewed by your financial adviser?



For copies of this health check please visit our Business Protection website.

Useful leading questions

Here are some leading questions that can help you to establish or highlight the need for Business Protection cover.

Key Person Protection (Profit Protection)

- Does the business have someone who contributes heavily to profits?
- Is there existing Key Person Protection in place?
- Are there any loans outstanding?
- How would you replace them or recover if they died or suffered a critical illness?
- Would the business be able to continue without a replacement?
- How would profits be affected?
- Could your client repay their loan?
- How would their customers, creditors and debtors feel?

Business Loan Protection

- Does the business have protection in place for this risk?
- What security has been offered?
- Is the loan linked to a key person?
- Are there any director loan accounts?
- Are there any business loans linked to the key person?
- How is the loan going to be repaid?
- Could the bank sell the property secured on any linked debt?
- Are current market conditions for commercial property favourable?
- Are there second charges or personal guarantees to consider?
- Could your client's business survive?
- Is there adequate cashflow to ensure the director loan accounts can be repaid on death?

Shareholder/Partner/Limited Liability Partnership Protection

- Does the business have a succession plan?
- How will the surviving business owners retain control of the business?
- When was the value of the business last reviewed?
- Have the business profits increased?
- Can the remaining business owners buy the shares in the business?
- Will funds be available to buy the share in the business?
- Will the surviving family receive fair value for their share in the business?
- Does the family want to take an active part in the business and would the surviving business owners want them to?