

# KEY PERSON START-UP COVER



## What is Key Person Start-Up Cover?

Insurance that provides an agreed monthly payment to compensate for losses the business may face if you or a key person is unable to work as a result of an injury or illness.






## Why do you need Key Person Start-Up Cover?

The smaller the business the greater the reliance there is on one or two key employees. You and the key employees in your business are its most valuable assets. The expertise and knowledge you and your key people contribute is essential to the running and the success of your business.

Key Person Start-Up Cover is specifically designed to protect new small businesses from the financial impact caused, if you or a key person is unable to work due to an illness or injury, by providing pre-agreed monthly payments to ensure your business stays afloat while you or a key person recovers.

For new businesses it can be difficult to prove profitability to justify agreed value levels of cover. If your business has been in operation for 3 years or less, Key Person Start-Up Cover allows you to choose a sum insured amount from \$1,000 per month to a maximum of up to \$8,000 per month coverage.

## Key Person Start-Up Cover overview

|                        |   |   |
|------------------------|---|---|
| <b>Entry criteria:</b> |    | Minimum entry <b>age 20</b><br>Maximum entry <b>age 60</b>  |
| <b>Cover amount:</b>   |   | Maximum amount of <b>\$8,000 per month</b>                  |
| <b>Cover term:</b>     |  | To <b>age 65</b>  |
| <b>Waiting period:</b> |  | You can choose a waiting period of: <b>4, 8 or 13 weeks</b> |
| <b>Payment terms:</b>  |  | <b>2 years</b>  |

### Occupation classes: 1-4

Your occupation class is determined by the work you do. Your financial adviser will be able to help you work out what occupation class will apply to you.

### Mandatory cover:

Premium Cover

## Offsets

No offsets apply.

## What's not covered?

- › Intentional self-harm including attempted suicide
- › Taking part in a criminal activity
- › Pregnancy or complications resulting from pregnancy, unless the disability lasts more than 90 days after the pregnancy
- › Not following the advice and treatment of, or under the regular care of, a medical practitioner

## Benefit details

Key Person Start-Up Cover provides several benefits that are built-in to the cover as well as some options you can choose to add at an additional cost.

## Premium details

**Minimum premium:**



\$20 per month (incl. policy fee)

**Payment frequency:**



Weekly, fortnightly, monthly, half-yearly, annually

**Payment method:**



Direct debit, credit/debit card

### Premium review structure

Under Key Person Start-up Cover, you will have a 1 Year premium review period. This means your premiums will be recalculated on each anniversary date based on your sum insured, age-related changes and, if applicable, any changes to Cigna's protection premium rates or relevant laws.

## Some facts to think about



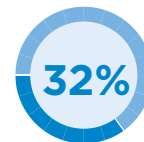
In 2018, the incidence rate was **129 claims per 1,000 FTEs** for self-employed people compared to 98 claims per 1,000 FTEs for employees.

(Statistics New Zealand; Injury statistics - work-related claims: 2018)



**4 out of 10 males** and **6 out of 10 females** are likely to be off work for 30-90 days due to an illness or accident before they reach 65.

(Davies Financial and Actuarial Limited, Jan 2010)



**32% of injured people** take longer than 10 weeks to return to work.

(ACC Annual Report 2016/2017)

### If you're still not sure, ask yourself.

If I or a key person suffered an illness or injury that prevented me or a key person from working, would my business be able to continue to operate?

If 'no', then now is a good time to talk to your financial adviser.

## Built-in benefits

Key Person Start-Up Cover provides the following benefits that are built-in:

| Benefit                             | What is it?  | How it works   | Why it's important  |
|-------------------------------------|--|--|---|
| <b>Total Disability Benefit</b>     | A monthly payment if you are totally disabled and are unable to work.                        | If you become totally disabled as a result of an illness or injury, a monthly benefit may be payable. Payments begin at the end of the waiting period.   | Helps to meet the short to medium-term needs of your business while you or a key person focuses on recovery.                                      |
| <b>Recurrent Disability Benefit</b> | Waiver of your waiting period if your disability returns within 6 months of going off claim. | If you become totally disabled or partially disabled again because of the same illness or injury within 6 months of the original claim ending for this cover, your waiting period will be waived and your claim for the same illness or injury will be assessed as a continuing claim on the original Total Disability Benefit or Optional Partial Disability Benefit claim. | If you or a key person suffers a recurrence of the same disability you are not unfairly penalised by having to wait out the waiting period again. |
| <b>Death Capitalisation Benefit</b> | An additional one-off lump sum payable in the event you or a key person dies while on claim. | If you die while on a claim under this cover, this benefit will pay an additional lump sum of 6 times the monthly sum insured.   | An injection of capital into the business to maintain financial stability in the event you or a key person dies.                                  |

## Conversion options

| Years                    | Conversion  |
|--------------------------|---|
| <b>After two years</b>   | There is an option to convert Key Person Start-Up Cover to an Assurance Extra Income Cover. |
| <b>After three years</b> | There is an option to convert Key Person Start-Up Cover to a Business Extra policy.         |

## Optional benefit

An optional benefit that you can choose to add for an additional premium:

| Optional benefit                           | What is it?  | How it works   | Why it's important   |
|--|--|--|--|
| <b>Optional Partial Disability Benefit</b> | A monthly payment if you are only able to work in a reduced capacity due to illness or injury. | If you have been totally disabled for 7 days or more and then return to work in a reduced capacity (working 75 percent or less of your pre-disability hours), a Partial Disability Benefit may be payable once the waiting period is over. | Ease back into full-time work by making sure that you do not suffer financially. |

**Talk to your financial adviser**

**Call us on 0508 464 999**

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