

# KEY PERSON START-UP COVER



## What is Key Person Start-Up Cover?

Key Person Start-Up Cover is an 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 due to a disability 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.

## Key Person Start-Up Cover overview

<b>Entry criteria:</b>		Minimum entry <b>age 20</b> 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

## How does it work?

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 three 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.

## Offsets

No offsets apply.

## What's not covered?

- › Intentional self-inflicted harm including attempted suicide
- › Participating in a criminal activity
- › Pregnancy or complications thereof lasting less than 90 days after the end of the pregnancy
- › Failure to comply with the advice and treatment recommended by the attending treatment provider.

## 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 one year premium review period. This means your premiums will adjust each year on your policy anniversary in line with your increasing age and any underlying premium rate changes that have occurred since your last policy anniversary date.

## 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 benefit if you are unable to work if you are totally disabled. This is payable at the end of the waiting period.	A monthly sum insured payment may be payable if you're totally disabled. 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 recurs within six months of going off claim.	If you suffer a recurrence of a disability within six months of the end of a claim for the same illness or injury, the waiting period will be waived for the new claim. Both the original and recurrence claims will be added together for the purposes of calculating the duration of the payment term.	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.	Payable in addition to any monthly sum insured that has already been paid, a lump sum of 6 times the monthly sum insured is payable if you die while on claim.	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 Income Cover.
<b>After three years</b>	There is an option to convert Key Person Start-Up Cover to Business Extra.

## 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</b>	A partial benefit if you are only able to work in a reduced capacity due to illness or injury.	If you have been totally disabled for seven days or more and then return to work in a reduced capacity (working 75% 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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