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# Reasons why – for use in client suitability letters

For Business Life Insurance Options and Relevant Life Insurance



## **Business Life Insurance Options 04**

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## **Relevant Life Insurance 07**

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# Introduction

We've put together some paragraphs for you to use when you write suitability letters for your clients.

You can pick and choose the ones that are relevant for your client's circumstances.

It's your responsibility to make sure:

- the suitability letter meets the requirements of the Financial Conduct Authority (FCA)
- any recommendations you make are right for your client
- your client is aware of any risks associated with the products you recommend.

You need to remember:

- these policies have no cash-in value at any time
- that if premiums stop so will the cover
- we'll only pay out the full cover once. When we've accepted a claim, the policy will end
- the effects of inflation will reduce the value of the cover in real terms, unless the client chooses increasing cover.

You can find supporting literature for all our products in the document library on our adviser website.

For information on all the options shown below, you can refer to the policy conditions.

# Business Life Insurance Options

## Recommendation

Please select relevant paragraph/s.

### Key Person Protection

Having considered your circumstances, I recommend that you take out Aviva's <insert product/s>. I recommend that you insure the life of <insert names> because I've identified that their death <or critical illness> would have a significant effect on the financial position of the business. Choosing the right policy is important, so please read the notes below which explain how this product – and any options you've selected – meet your requirements.

### Share Protection

Having considered your circumstances, I recommend that you take out Aviva's <insert product/s> so the other owners can maintain the ownership of the business if <insert person covered name> dies <or is diagnosed with a critical illness.> Choosing the right policy is important, so please read the notes below which explain how this product – and any options you've selected – meet your requirements.

### Business Loan Protection

Having considered your circumstances, I recommend that you take out Aviva's <insert product/s> so the business can repay its borrowing if <insert person covered name> dies <or is diagnosed with a critical illness.> Choosing the right policy is important, so please read the notes below which explain how this product – and any options you've selected – meet your requirements.

## Premium options

Please select relevant paragraph/s.

**Guaranteed premiums** With guaranteed premiums your premium will stay the same throughout the policy term.

**Reviewable premiums** With reviewable rates, your premium is likely to change over the policy term. Aviva will review the premium you pay for critical illness cover after the first five years, and every five years after that.

## Type of cover

Please select relevant paragraph/s.

### Decreasing cover

Pays a cash lump sum <on your death><on your death or diagnosis of a critical illness which is covered by the policy><if a life covered dies><if a life covered dies or is diagnosed with one of the critical illnesses included on the policy>. The cover amount decreases each month broadly in line with a commercial repayment mortgage or business loan, using a fixed interest rate.

If cover is taken out on a joint life basis, it will only pay out the full cover amount once, so when Aviva have accepted a claim for one life covered the policy will end.

### Level cover

Pays a cash lump sum <on your death.><on the death of a life covered.><on your death or diagnosis of a critical illness which is covered by the policy.>.><if a life covered dies or is diagnosed with one of the critical illnesses included on the policy>.  
The cover amount stays the same throughout the term of the policy.

## Life and critical illness cover

Please select relevant paragraph/s

<Life and critical illness cover pays out if <you either die or are diagnosed><a life covered either dies or is diagnosed> with a critical illness that meets Aviva's policy definition during the policy term and <survive><survives> for at least 10 days. Aviva only covers the critical illnesses defined in their policy and no others. If Aviva pay a successful claim, the policy will end and they won't make any further payments.>

### Critical illnesses covered

Aviva's policy covers 51 conditions, 11 of which are additional benefits paying a smaller amount on top of the sum assured. This includes cancer, heart attack, stroke and multiple sclerosis. Depending on the definition of the critical illness, Aviva might pay on diagnosis only, when the condition has progressed to a specified severity or when named treatments or surgeries are performed.

For a full list of the conditions Aviva cover, please refer to the relevant Policy Conditions document that applies to your policy.

## When cover will end

Please select relevant paragraph/s.

### Policy term

To help meet your needs, a fixed policy term of xx years would be the most appropriate.

### Policy term

To help meet your needs, it would be appropriate for your policy to end when <you are><the life covered by the policy is> xx.

## Protection Promise

Aviva's Protection Promise provides up to 90 days free life insurance from the date Aviva receives your fully completed application until they make an underwriting decision. The cover provided is the lower of the cover amount you've applied for or £1,000,000, giving you peace of mind that, should the unexpected happen, you have some protection. There are some circumstances when Aviva won't pay, please see the policy summary that applies to your policy for details of when this might happen.

## Benefits included in your policy

Please select relevant paragraph/s.

### Terminal illness benefit

This is automatically included on your policy at no extra cost. It means Aviva will pay out the full cover amount if <you're><a life covered is> diagnosed with a terminal illness during the policy term that meets Aviva's definition and <have><has> a life expectancy of less than 12 months. When Aviva have accepted a claim for terminal illness benefit, the policy will end and no further benefit will be paid on death. (Please insert the following if applicable)< If the policy is taken out on a joint life basis, it will only pay out the full cover amount once, so when Aviva have accepted a claim for one life covered, the policy will end.>

### Business change benefit

This is automatically included with your policy at no extra cost if Aviva accept your policy on their standard terms. It lets you take out more cover by taking out a new policy without answering any further medical questions. You can take out a new policy (subject to the conditions that apply at the time) for the following changes to your business:

- Increased value of a key person
- An increase in the business loan
- An increase in the value of a partner or shareholders interest.

The increase is up to the lower of the original cover amount or £200,000.



## Amending your policy

You may be able to increase or reduce the cover amount and/or the policy term. You can also remove options from the policy. Depending on the change(s) you want to make, you may need to provide further medical evidence. If you have selected increasing cover, you cannot increase the term of the policy.

## Additional benefits

Please only select options that are relevant to your client, these benefits are not automatically included.

### Conversion option

The conversion option lets you convert your policy to a new whole of life policy, at any time without providing further medical evidence.

### Renewal option

The renewal option lets you renew your policy when it ends without providing further medical evidence. Your new policy can have the same options as your original policy if they're available when you renew.

### Waiver of premium

(Please choose one of the following paragraphs)

<The waiver of premium option pays your premiums if you can't work because you're ill or injured. Because you've chosen guaranteed premiums, the cost of the waiver of premium option is guaranteed not to increase during the policy term.>

<The waiver of premium option pays your premiums if you can't work because you're ill or injured. Because you've chosen reviewable premiums, the cost of the waiver of premium option will change in line with each review.>

<The waiver of premium option pays your premiums if a life covered can't work because they're ill or injured. Because you've chosen guaranteed premiums, the cost of the waiver of premium option is guaranteed not to increase during the policy term.>

<The waiver of premium option pays your premiums if a life covered can't work because they're ill or injured. Because you've chosen life and critical illness cover with reviewable premiums, the cost of the waiver of premium option will change in line with each review.>

### Total permanent disability

(Please choose one of the following paragraphs)

<This benefit pays out the full cover amount if < you become><, a life covered becomes> totally and permanently disabled and <you're><they're> unable to perform <your><their> own occupation or at least three specific work related tasks ever again. The definition that applies to the policy will be confirmed in the policy schedule. If Aviva pays out, the policy will end and they won't make any further payments.>

### Increasing cover

This benefit allows you to help counter the effects of inflation by automatically increasing your cover amount each year without answering any further medical questions. If your cover amount increases so will your premium, but at a higher percentage rate.

The maximum the cover amount will increase in a calendar year is 10%.

### Instalment option

If you make a claim, the cover amount can be paid in 2, 3, 4 or 5 equal annual instalments, as set out by the employer (policy owner) at the policy outset. This option can only be chosen at outset and cannot be amended once the plan is in force.

## Why Aviva

Aviva is one of the leading insurers in the UK. It provides insurance, savings and investment products. Aviva offers good standards of service and customer care and is committed to making further improvements to efficiency.

# Relevant Life Insurance Options

## Recommendation

Please select relevant paragraph/s.

### Relevant Life Insurance

Having considered your circumstances, I recommend that you take out Aviva's Relevant Life Insurance for <employee name> to provide some financial protection for <his/her> dependants on <his/her> death <and some financial protection for <employee name> in the event of them being diagnosed with an employee significant illness which leads to retirement or anticipated retirement.

Choosing the right policy is important, so please read the notes below which explain how this product – and any options you've selected – meet your requirements.

## Premium options

Please select relevant paragraph/s.

**Guaranteed premiums** With guaranteed premiums your premium will stay the same throughout the policy term.

**Reviewable premiums** With reviewable rates, your premium is likely to change over the policy term. Aviva will review the premium you pay for employee significant illness cover after the first five years, and every five years after that.

## Type of cover

### Level cover

Pays a cash lump sum <on the death of the life covered.><if the life covered dies or is diagnosed with one of the employee significant illnesses which leads to retirement or anticipated retirement>. The cover amount stays the same throughout the term of the policy.

### Life and employee significant illness cover

Life and employee significant illness cover pays out if the life covered either dies or is diagnosed with an employee significant illness that meets Aviva's policy definition during the policy term, survives for at least 10 days and the condition results in the retirement or anticipated retirement of the life covered. If Aviva pay a successful claim, the policy will end and they won't make any further payments.

## When cover will end

Please select relevant paragraph/s.

### Policy term

To help meet your needs, a fixed policy term of xx years would be the most appropriate.

### Policy term

To help meet your needs, it would be appropriate for your policy to end when <you are><the life covered by the policy is> xx.

## Protection Promise

Aviva's Protection Promise provides up to 90 days free life insurance from the date Aviva receives your fully completed application until they make an underwriting decision. The cover provided is the lower of the cover amount you've applied for or £1,000,000, giving you peace of mind that, should the unexpected happen, you have some protection. There are some circumstances when Aviva won't pay, please see the policy summary that applies to your policy for details of when this might happen.

## Benefits included in your policy

Please select relevant paragraph/s.

### Terminal illness benefit

This is automatically included on your policy at no extra cost. It means Aviva will pay out the full cover amount if <you're><a life covered is> diagnosed with a terminal illness during the policy term that meets Aviva's definition and <have><has> a life expectancy of less than 12 months. When Aviva have accepted a claim for terminal illness benefit, the policy will end and no further benefit will be paid on death. (Please insert the following if applicable)< If the policy is taken out on a joint life basis, it will only pay out the full cover amount once, so when Aviva have accepted a claim for one life covered, the policy will end.>

### Life change benefit

This is automatically included with your policy at no extra cost if Aviva accept your policy on their standard terms and you're under 55 at the policy start date. It lets you increase your cover by taking out a new policy without answering any further medical questions.

You can take out a new policy (subject to the conditions that apply at the time) for the following important life changes:

- Getting married or entering into a civil partnership.
- Divorce, dissolution of civil partnership or separation.
- Becoming a parent.
- A mortgage increase due to a house move, purchase or home improvements.
- At least a 20% increase in salary due to a promotion or change of employer.

The increase is up to the lower of the original cover amount or £200,000.

### Continuation benefit

This is automatically included with your policy at no extra cost. If the life covered leaves your employment, continuation benefit allows you to transfer the policy to the life covered's new employer who can then take over the premium payments.

The policy will maintain its relevant life status.

Alternatively, the policy can be cancelled and the life covered can take out a new policy (subject to the conditions and rates that apply at the time) as policyholder without any further health and lifestyle questions. The new policy will be life cover only, it will not have relevant life status and the premiums will be based on the rates, cover details, the personal circumstances of the life covered and the terms available at the time. This option cannot be used if the life assured has moved abroad.



## Amending your policy

You may be able to increase or reduce the cover amount and/or the policy term. You can also remove options from the policy. Depending on the change(s) you want to make, you may need to provide further medical evidence. If you have selected increasing cover, you cannot increase the term of the policy.

## Additional benefits

Please only select options that are relevant to your client, these benefits are not automatically included.

### **Total permanent disability**

Please choose one of the following paragraphs

<This benefit pays out the full cover amount if < you become><, a life covered becomes> totally and permanently disabled and <you're><they're> unable to perform <your><their> own occupation or at least three specific work related tasks ever again. The definition that applies to the policy will be confirmed in the policy schedule. If Aviva pays out, the policy will end and they won't make any further payments.>

### **Increasing cover**

This benefit allows you to help counter the effects of inflation by automatically increasing your cover amount each year without answering any further medical questions. If your cover amount increases so will your premium, but at a higher percentage rate. The maximum the cover amount will increase in a calendar year is 10%.

## Why Aviva

Aviva is one of the leading insurers in the UK. It provides insurance, savings and investment products. Aviva offers good standards of service and customer care and is committed to making further improvements to efficiency.

## Need this in a different format?

Please get in touch with your usual Aviva contact if you would prefer this document, (**AL98044**), in large print, braille or as audio.



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