

### The risk is real...

Around 2,500 Australians die each week and no one business, occupation or age group is immune<sup>1</sup>.

### Chance of one partner...<sup>2</sup>

No. of partners	Dying before age 65	Dying or totally disabled before age 65
2 Partners	35 in 100	52 in 100
3 Partners	47 in 100	67 in 100
4 Partners	57 in 100	77 in 100
5 Partners	66 in 100	84 in 100
6 Partners	77 in 100	89 in 100

### How your financial adviser can help...

Business Insurance is a specialised field of insurance. It is strongly recommended you consult trained advisers who can undertake a detailed analysis of what is required and who can tailor a protection package to meet the individual needs of your business.

There are many ways in which a Guarantor Protection policy can be structured to ensure that the proceeds are paid to those liable for the business loan in the event of the guarantor's death.

If you wish to explore the benefit that Guarantor Protection Insurance cover can provide to your business, consult your qualified adviser.

Your adviser:

Zurich Wealth Protection is issued by Zurich Australia Limited ABN 92 000 010 195 AFSL 232510 (Zurich) of 5 Blue Street North Sydney, NSW 2060. This information is dated 1 March 2012 and is derived from sources believed to be accurate as at this date, which may be subject to change. It should not be considered to be a comprehensive statement on any matter and should not be relied on as such. The summary information in this publication is general in nature and does not take into account personal objectives, financial situations or needs. You should consider the relevant Product Disclosure Statement (PDS) and the appropriateness of the product(s) before making a decision regarding the product(s) (available from your financial adviser or on [www.zurich.com.au](http://www.zurich.com.au)). We also strongly recommend that you seek professional financial advice before making any decision regarding your personal insurance needs. The people referred to in the case study are not real.

**Sources:**

1. Australian Bureau of Statistics 2008.
2. Zurich Mortality and Morbidity calculator, 2004.

ZU20125 V5 09/13 - PTAX-006140-2012

Zurich Australia Limited  
 ABN 92 000 010 195, AFSL 232510  
 5 Blue Street North Sydney NSW 2060  
 Zurich Service Centre  
 Client Enquiries: 131 551  
[www.zurich.com.au](http://www.zurich.com.au)

# Who inherits your business debts if something happens to you?



# Secure your family by protecting your business loans

You put in a lot of effort and personal sacrifice to build and run a business. Delivering goods or services, watching the costs, getting the right connections and the right people in place are keys to success. Your wealth is generated and often locked up in your business.

Most businesses, in order to start or expand will have organised one or more loans. More often than not, because these loans are of substantial amounts, they require a personal guarantee.

A personal guarantee means that the loan is secured against the personal assets, most commonly your home. These 'guarantees' are not extinguished until the loan is repaid in full or revoked by the bank or creditor. In the sudden event of death, the guarantees and loans do not die too. Repayment or renegotiation is a critical financial issue that is inherited by other guarantors or your family.

Business Insurance is a simple concept that aims to remove the worry and financial hardship that these unplanned events can cause. There are three areas of business insurance:

- Key Person Insurance
- Business Succession Planning
- Guarantor Protection

This flyer explores the needs and benefits of Guarantor Protection Insurance.

## What is Guarantor Protection Insurance?

The concept of Guarantor Protection is simple. A Guarantor Protection policy ensures that on the death or total and permanent disablement of a guarantor, the debt can be fully repaid. The business owners and guarantors are protected from the ramifications of being forced to liquidate their assets to repay the loan.

While this primarily benefits the guarantor and his or her estate in protecting personal assets, it also has benefits for surviving principals. With the debt repaid, the business owners and guarantors are freed from further financial burdens at a time of stress.

Your business insurance adviser can assess guarantor protection requirements as part of a comprehensive review of your business insurance needs.



## A Case Study

As Margaret and her two young children said their farewells to their husband and father on the day of his funeral, they did not realise that their pain and suffering was about to get worse.

Nathan was tragically killed in a car accident driving home one day after work. He had worked hard to build his business to the point where it provided a financially stable environment for his family.

As with many businesses, Nathan took out a significant loan and gave personal guarantees without realising the full ramifications of what those guarantees meant.

Nathan's business debts did not disappear with his death, as many people think will be the case. His estate became liable for his loan. As a consequence, Margaret was left with insufficient funds to discharge the liability and was forced to sell personal assets and the family home to meet his liability.

Had Nathan taken out personal guarantor protection insurance he could have provided the financial security for his family that he intended.