

SUMMARY

TERMS AND CONDITIONS OF KEYMAN COVER PROVIDER

Keyman Cover Provider is subject to the terms and conditions of the policy issued by UBA Metropolitan Life. Here is a summary of some of these terms and conditions.

Payment of benefits	Death and disability benefits are paid as lump sums directly to the financial institution holding the loan agreement or to the business (e.g. if it is to replace a key individual).
Termination of cover	Cover ceases on the death or disablement of the first life or at the end of the term whichever occurs first.
Minimum and maximum entry ages	Individuals must have attained age 18 years but not age 74 years, to be eligible for death and disability cover. (Ages are as at the person's last birthday.)
Level of cover	
Life Cover	Cover is the same for all individuals, with the life cover being equal to the outstanding loan.
• For Loans	
• For investment protection	Cover is the same for all individuals, with the life cover being equal to the capital that needs to be protected.
• For buying shares of the deceased	Cover is the same for all individuals, with the life cover being equal to the share value.
• For replacing a key individual(s)	Cover is the same for all individuals or the individual, with the life cover being equal to the replacement value. i.e. salary or profit value.
• Disability Cover	Cover is the same for all individuals covered as per above (equal to the Life Cover).
Cover limits	Death and disability cover is subject to limits set by UBA Metropolitan Life from time to time.
Payment of benefits	No waiting periods apply to this product other than suicide (12 months).

This is a marketing brochure only. For definitive terms and conditions the policy contract will prevail.

FURTHER INFORMATION

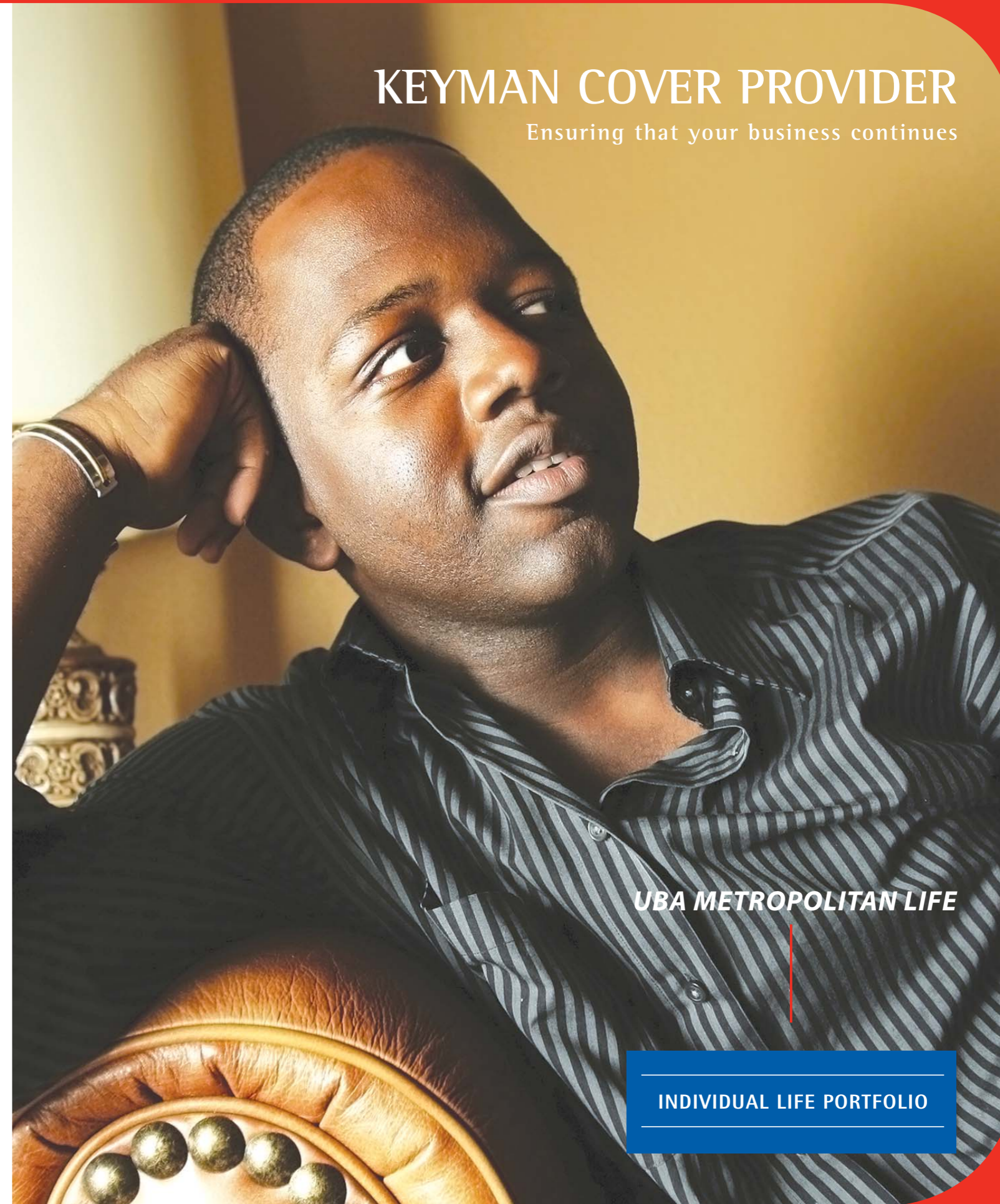
Contact your UBA Metropolitan Life Insurance Adviser today for more information on this product, or visit our website at www.ubametropolitan.com or send an e-mail to info@ubametropolitan.com, or visit us at Plot 1662, Oyin Jolayemi Street, Victoria Island, Lagos

UBA Metropolitan Life helpline

(01) 462-0570

KEYMAN COVER PROVIDER

Ensuring that your business continues



UBA METROPOLITAN LIFE

INDIVIDUAL LIFE PORTFOLIO

UBA Metropolitan Life's Keyman Cover Provider

- ensuring that your business continues

Keyman Cover Provider is a keyman insurance product designed to protect your business on the untimely death of a key person or business partner, whose sudden death would directly influence the business' financial standing, especially with regards to repaying loans to a financial institution.

THE NEED FOR KEYMAN COVER PROVIDER

The success of a business, irrespective of its size, structure or nature, is dependent on its employees. Even where a business does not appear to rely heavily on a few individuals, the chances are that it could suffer greatly, or even fail, on the death of certain employees.

UBA Metropolitan Life's Keyman Cover Provider is a straightforward, no-nonsense inexpensive term assurance solution for covering outstanding loans and providing insurance benefits to cover the loss of a key individual.

UBA Metropolitan Life's Keyman Cover Provider:

- Pays out a lump sum benefit on the first death among the lives insured;
- and, if selected, disability cover payable on the first life among the lives insured becoming permanently and totally disabled. This cover is a popular optional add-on. The disability benefit is an accelerated or advance payment of the death benefit.

HOW KEYMAN COVER PROVIDER BENEFITS THE BUSINESS

Peace of mind

- **Loan security:** Loan repayments can be very difficult if there is a drop in profits caused by the death of a key person. Credit facilities may be withdrawn through fear that the company will no longer be able to service outstanding debts. Often a key person will have guaranteed loans and their management ability may have been an important factor in the lending decision.
- **Investment protection and management buyouts:** Raising capital may be problematic in situations where a company is being formed or listed on the Stock Exchange and an important individual or investor in the business dies. The individual may have a high profile or is a significant shareholder. A similar difficulty may be experienced if a management buyout is being negotiated. Keyman Cover Provider could make all the difference to the success of such ventures. Indeed, lenders usually insist upon life cover being taken out in these circumstances.
- **Buying shares of a deceased partner or director:** The untimely death of a partner or shareholding director causes serious financial problems for the deceased's family and the business. On the death of a partner or shareholding director their share of the company passes to their estate. If the deceased's dependants have no real interest or experience in the business, they will probably need cash at such a time and may wish to sell these shares quickly. The remaining partners or shareholders will need sufficient capital to secure ongoing control of the business, without being forced to borrow the required sum to purchase these shares. This is an advantage of Keyman Cover Provider in that it can provide funds for this purpose at just the right time and removes any worry that the deceased's shares may have to be sold to someone outside the business.

- **Replacing key people:** Following the loss of a key person through death or disability, cash will be required to recruit and train a replacement. Depending on who the key individual is, profits could reduce because of a:
 - Disruption to management
 - Loss of customer confidence
 - Cashflow problems
 - Projects being delayed/halted
 - Loss of goodwill from customers and creditors

One contract

- One insurance policy on the lives of all key individuals caters for staff movements such as new key individuals joining and existing key individuals leaving

IDENTIFYING KEY INDIVIDUALS

The first step is to identify those people who are absolutely essential to the effective running of the business. All individuals whose death would have an adverse effect on the profitability and future success of the organisation should be considered, irrespective of their position.

It is a person or persons:

- with technical skills knowledge and experience
- who is a major source of business for the organisation
- providing a source of credit for the firm – the firm's backer(s), major shareholder
- whose death could seriously affect the organisation's continued profitability

Losing a key individual can be very costly and the second step is to estimate how much cover is actually required.

To simplify the process to assess the key individual's contribution there are two methods, which give typical maximum benefit levels. The best method to use depends on the particular case.

SALARY METHOD

A popular method is to cover a multiple of the key person's salary. The multiple chosen will vary according to the need. This approach is most useful where the intention is to pay for replacing the individual.

PROFIT METHOD

This is usually calculated at 5 times the net profit of the business (averaged over the last 2 years) attributable to the key individual. The net profit figure should be divided by the number of key individuals to assess the individual keyman's value to the business.

Each business is unique and as such, requirements for cover may be for one or many reasons.



UBA Metropolitan Life's Keyman Cover Provider - ensuring that your business continues