Business Protection
How to set up business protection policies

Reason for cover

Shareholder or Partnership protection
The policy provides the remaining owners with the funds to buy the deceased’s/critically ill shareholder’s/partner’s share(s) of the business

Type of business

Company

Trust and option agreement
Remaining owners receive funds from the trust, they or deceased’s/critically ill shareholder’s/partner’s beneficiaries can exercise the option agreement to buy/sell the deceased’s/critically ill shareholder’s/partner’s share(s) of the business

Traditional Partnership or Limited Liability Partnership (LLP)

Life of another
Remaining owners receive funds from the policy, they or deceased’s/critically ill shareholder’s/partner’s beneficiaries can exercise the option agreement to buy/sell the deceased’s/critically ill shareholder’s/partner’s share(s) of the business

Name/Setup

Company share purchase
Company receives the funds and buys shares from deceased’s estate

Life assured

Shareholder

Life of another form
Share purchase agreement

Applicant/Policy owner

Company

Documents required

Share purchase agreement

Settlor if trust required

Trust and option agreement

Flexible business trust
Appropriate option agreements\(^1,2,3,4\)

Life assured

Life assured as settlor

Draft option agreements are available for consideration by your client’s legal advisers.

1. Draft Double Option Agreement
2. Spousal by-pass trust for business interests
3. Draft Double Option Agreement for corporate share purchase on critical illness
4. Draft Double Option Agreement for share purchase on death (including spousal shares)
5. Draft Double Option Agreement for share purchase on death
Reason for cover

Key person or business liabilities cover
The policy provides owners with the funds for profit replacement or repaying debts, etc, on the death or diagnosis of critical illness on a co-owner/key person

Type of business

Company or Limited Liability Partnership (LLP)

- Name/setup
- Life assured
- Documents required
- Applicant/Policy owner
- Settlor if trust required

- Company/LLP key person
- Employee (can include directors)
- Life of another form
- Company/LLP

Partnership

- Partnership life of another
- Partner/Employee
- Life of another form
- Remaining partners (policy owned personally by partners)

Partnership in trust
(policy held as a partnership asset for all partners)

- Partnership key person trust
- Life assured or a partner
- Policy owner(s)

Sole Trader

- Sole trader on life of an employee
- Employee
- Sole trader

- Sole trader on own life
- Consider a personal trust
- Sole trader

All forms are available from www.zurichintermediary.co.uk.
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