

Business Protection *from Investec Life*

Life insurance that means business



Partner with the private client insurer that *never settles for ordinary*

One of the most significant risks your business faces is if something happens to you. That's why Investec Life offers comprehensive, flexible life insurance solutions to ensure that you and your stakeholders have the financial breathing room to continue operating should you pass away or suffer an illness or injury.

Does your business have outstanding debt?



Contingent
Liability Cover

Are there key employees in your business who drive revenue or profitability?



Keyperson
Insurance

Do you have shareholders or business partners?



Buy & Sell
Agreements



Contingent Liability Cover

Many businesses rely on **financing** to fuel their operations, whether they are launching new initiatives, pursuing current opportunities, or procuring essential equipment or assets. The **funding** may be in the form of an overdraft facility, a term loan, asset finance, or private equity.

In South Africa, it is customary for banks and financial institutions to require the business owners to sign surety when securing loans for their businesses, putting their personal estate at risk.

Signing surety means that business owners personally stand as a guarantor for the loan if the business cannot meet the loan obligations. This risk becomes significant if the business encounters liquidity problems and is subsequently unable to repay the debt, resulting in the business owner's personal assets being pursued.

As a result, business owners typically take measures to separate their personal and family financial wellbeing from the financial affairs of the business by taking up contingent liability cover.



Suppose the business owner passes away or becomes permanently disabled. In that case, contingent liability cover will settle the loan, relieving financial pressure on their personal estate and allowing the business to continue operating without the burden of loan obligations.



Contingent Liability Cover

Benefits to the business owner

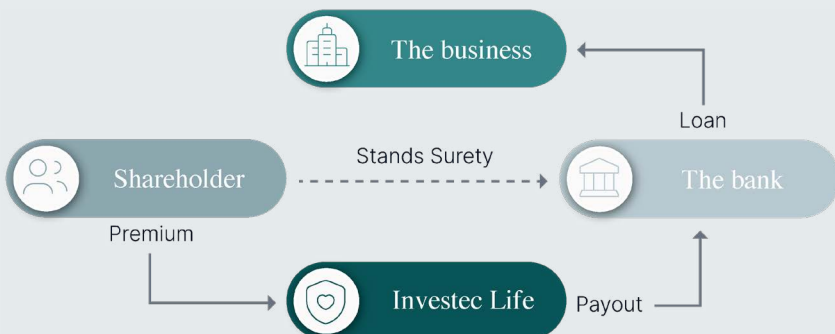
- The business owner's personal estate is not subject to any liability.
- The winding up of the estate is not unnecessarily delayed.
- The lifestyle of the business owner's dependants will not be affected.

Benefits to the business

- The liability is settled in full without negatively impacting the business's financial position.
- It enables a strong foundation for business going forward.



How it works



Keyperson Insurance

Highly skilled and proficient employees, especially those with specialist skills or knowledge, play a crucial role in the success of a business. If one of these employees unexpectedly passed away or became permanently disabled, it could have a significant financial impact on the business.

Keyperson insurance is a life insurance insurance policy a company takes out on the business owner, a leading executive, **or any key employee**. If that person **dies unexpectedly or becomes permanently disabled**, the keyperson insurance policy provides the financial means to **keep the business running** until the individual is replaced.

Who is a key person?

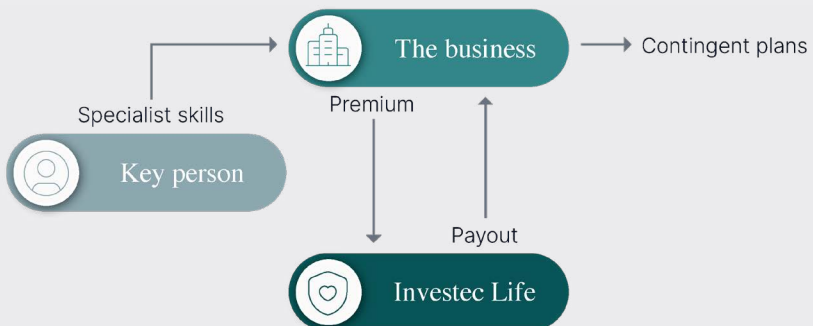
Anyone with a significant impact on revenue generation and profits of the business, has specific expertise or Intellectual Property pertaining to the business, or is not easily replaceable without incurring additional costs.

Benefits to the business

- The life insurance policy helps the business cover financial losses that may arise due to the absence of the key person, such as loss of profits, recruitment and training costs, and interest on loan repayments.

The payout also helps to preserve the business's creditworthiness by enabling it to meet its financial obligations, without burdening the business or its remaining owners.

How it works

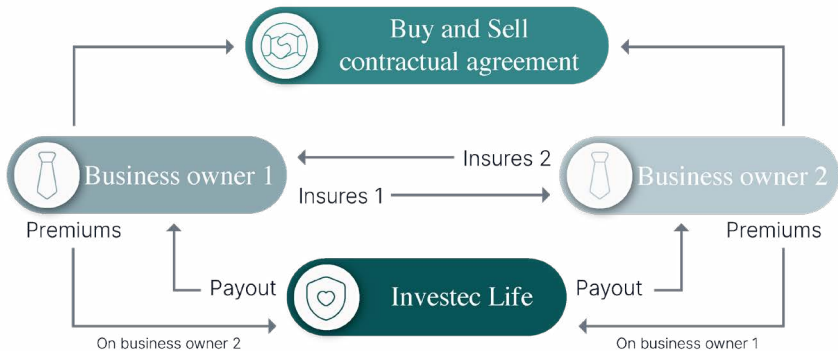


Buy and Sell Agreements

Buy and sell agreements are legally binding contracts that are entered into to ensure the continuation of the business. They enable this by regulating the purchase of the partner's interest in a company (at a predetermined price), in the event that a business partner passes away or becomes permanently disabled.

To finance this purchase, buy and sell agreements often use life insurance policies to create the capital necessary for a potential buyout in the event of a partner's death or permanent disability.

How it works





Buy and Sell Agreements

Benefits for the deceased shareholder

- If structured correctly in terms of the Income Tax/Estate Duty act, these policies are **excluded from Estate Duty**.
- The shareholder can rest assured that they will be compensated appropriately for their share in the business, ensuring a fair distribution of assets.

Benefits for dependants

- The dependants will receive a lump sum of capital instead of inheriting an ownership stake in a business with which they may have limited or no familiarity.
- The capital received can be used by the dependants to provide an income, pay off debt or invest in their future.

Benefits for the shareholders

- Buy and sell agreements enable business partners to retain control and decision-making authority within their existing group, without third-party involvement.
- The life insurance policies ensure that the business partners have sufficient funds to purchase the deceased owner's interest in the business. This ensures that the business's liquidity is not affected and helps minimise any potential delays or complications.

Ready to take the next step?

✉ Email us on AdvisorySupport@investec.co.za

☎ Call us on [+27 11 291 3934](tel:+27112913934) or [0860 443 443](tel:0860443443).

