

Documentation required to put Business Protection in place

Type of Arrangement	Irish Life Requirements	Company Requirements
<p><u>Personal Shareholder Protection</u></p> <p>Each Shareholder effects individual policy in Trust for other Shareholders and pays premium personally</p> <p>Life Assured = shareholder Policy Owner = shareholder</p> <p>Policy issued in Trust with the beneficiaries the 'other' shareholders in the business</p>	<p>◆ Proposal Form / CAB</p> <p>Disclosure Declaration – customer is individual shareholder, he / she signs the declaration personally.</p> <p>Health Declaration – life assured is individual shareholder, he / she signs the declaration personally, no separate proposer.</p> <p>If CAB used :</p> <p>Customer Consents Declaration – customer is individual shareholder, he / she signs the declaration personally.</p> <p>◆ Shareholder Trust Form – shareholder is settlor, he / she signs the Trust Form personally. The form must be signed before the policy is issued.</p> <p>◆ Underwriting Questionnaire – Partnership Share Purchase Corporate Co Directors Cover Financial Questionnaire</p>	<p>1. Shareholder Buy / Sell Double Option Agreement – one single agreement which is to be signed by all the shareholders.</p> <p>This is the legal agreement which allows the purchase and sale of shares to take place.</p> <p>Irish Life's draft agreement also incorporates a reciprocal agreement between the shareholders stating that each shareholder will effect a policy for the benefit of the other shareholders.</p> <p>The Buy/Sell and Reciprocal Agreement are required for the shareholders own protection.</p> <p>But these documents and the trusts attaching to the policies are also required by the Revenue Commissions as evidence of a commercial arms length agreement – to avoid any charge to inheritance tax arising on the payment of the policy proceeds.</p>
<p>Shareholder Protection: Where share purchase cover is being put in place either as a Personal or a Corporate arrangement, it is very important that the clients own legal advisor should advise on the suitability of our draft agreements for the clients own particular circumstances. In particular to ensure that any agreements are not in conflict with the Company's Articles of Association.</p>		

Type of Arrangement	Irish Life Requirements	Company Requirements
<p><u>Corporate Shareholder Protection</u></p> <p>Company takes out policy on each shareholder and company pays premium</p> <p>Life Assured = shareholder Policy Owner = company i.e. ABC Ltd</p>	<p>◆ Proposal Form / CAB</p> <p>Disclosure Declaration – customer is the Company. A company director or company secretary signs the declaration ‘for and on behalf of ABC Ltd’</p> <p>Health Declaration – life assured is individual shareholder. He / she signs declaration as Life Assured. The company is the ‘proposer’. A company director or company secretary signs the declaration ‘for and on behalf of ABC Ltd’</p> <p>If CAB used: Customer Consents Declaration – customer is the company. A company director or company secretary signs declaration ‘for and on behalf of ABC Ltd’</p> <p>◆ Underwriting Questionnaire – Partnership Share Purchase Corporate Co Directors Cover Financial Questionnaire</p>	<ol style="list-style-type: none"> 1. Corporate Share Purchase Agreement – a separate “Put and Call” agreement must be prepared and completed between the Company and each shareholder involved. 2. Pass a Special Resolution - to authorise the Company to enter into the Share Purchase Contract with each shareholder. The Special Resolutions must be passed before each agreement can be signed. 3. Check Company’s Articles of Association – the company must be authorised to buy back its shares in its Articles of Association, so the Articles may need to be changed. A special resolution is required to change the company’s Articles. 4. Confirm Capital Gains Tax Treatment – is likely to apply to the proceeds from the sale of shares back to the company (7 conditions)
<p>Corporate Shareholder Protection: It is recommended that someone other than the “Life Assured” in each case should sign each of the applications “for and on behalf of the company”.</p>		

Type of Arrangement	Irish Life Requirements	Company Requirements
<p><u>Keyperson Cover</u></p> <p>Company effects policy on 'key' person to provide for loss of profits / calling in of loans on his / her death / serious illness</p> <p>Life Assured = key person Policy Owner = company i.e. ABC Ltd</p>	<p>◆ Proposal Form / CAB</p> <p>Disclosure Declaration – customer is the company, a company director or company secretary signs declaration 'for and on behalf of ABC Ltd'</p> <p>Health Declaration – life assured is the key individual, he / she signs the declaration as Life Assured, the company is the 'proposer' a company director or company secretary signs declaration 'for and on behalf of ABC Ltd'</p> <p>If CAB used:</p> <p>Customer Consents Declaration – customer is the company, a company director or company secretary signs declaration 'for and on behalf of ABC Ltd'</p> <p>◆ Keyperson and Business Loan Cover Questionnaire</p> <p>Key Person Cover – if cover to protect Loss of Profit or Replacement Cost.</p> <p>Business Loan Cover – where cover is to protect company borrowings</p>	<p>1. Board Resolution</p> <p>The decision to effect cover should be minuted at a board meeting of the company.</p> <p><i>e.g. "That the company shall effect a life assurance policy on the life of X in the sum of €XXX,XXX with a view to meeting the financial loss which the company is likely to suffer in the event of their death whilst in the service of the Company.</i></p> <p><i>Mr Y is hereby authorised to complete all necessary documentation 'for and on behalf of the company' and it is hereby declared that the proceeds of this insurance are intended for the protection of the Company itself and not for the benefit of the key individual or his family."</i></p>
<p>Keyperson Applications: It is recommended that someone other than the "Keyperson" sign the application "for and on behalf of the company".</p>		

Information is correct as at 3 January 2012 but is subject to change.