



What is Buy/Sell insurance?

Buy/Sell insurance pays a lump sum if you or one of your partners dies or suffers a serious illness or injury and are unable to stay in the business. The payout helps ensure that the remaining owners can acquire the departing owner's share and continue running the business. It should also help ensure that the departing owner or their estate will be fairly compensated for giving up their rights to the business.

Why is Buy/Sell insurance important?

Buy/Sell insurance can help minimise the risk of:

- The remaining owners having to sell the business in order to pay out the departing owner of their estate
- A departing owner, or their spouse or estate, taking legal action over a valuation of the business.
- A departing owner's spouse deciding - against the wishes of the continuing owners - to become an active partner of the business
- A departing owner's spouse or estate selling their share of the business to an unsatisfactory third party.

Types of insurance

There are three types of risks that can be covered by Buy/Sell insurance:

- The death of a business partner (life insurance)
- Their total and permanent disablement (TPD insurance)
- Them suffering a trauma such as heart attack, stroke, cancer, and paraplegia (trauma insurance).

When it comes to business estate planning, the big question you need to ask is:

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Would your business be able to buy a departing owner's share of the business if they died or suffered a serious illness or injury?

If your answer to this question is no, you need to consider transferring that financial risk to an insurance company.

Securitas Financial Group can help answer any questions you have about Buy/Sell insurance and then calculate how much Buy/Sell insurance you need to safeguard your business in the event something should happen to one of the partners. Furthermore, we will 'broker' the major insurers to find you and your business partners the right cover at a competitive price.

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