

# business shareholder protection

a critical part of your business continuity plan

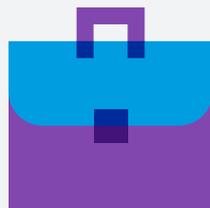


As part of any business continuity plan, the death, critical illness or permanent disability of a key shareholder needs careful consideration. To deal with this eventuality, many businesses put a shareholder agreement in place.

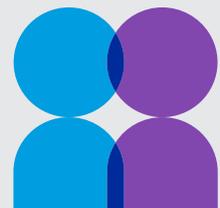
## What are the issues?

A shareholder agreement, amongst other things, sets out the contractual obligations of shareholders in the event of death, critical illness or permanent disability of a shareholding business partner, including such details as:

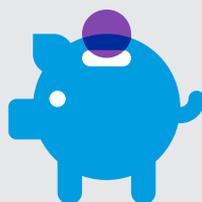
**Business control and shareholder succession**



**Buy/sell provisions**



**Valuation of shareholdings**



**Processes for liquidating shareholdings**



Where a triggering event occurs, the contractual obligations to buy or sell may create substantial liabilities for the surviving shareholders. Therefore, to be an effective tool, the shareholder agreement must include a provision for funding the purchase of a deceased/disabled owner's interest in a timely manner.

Insurance is often the most cost-effective way to fund these buy/sell obligations. Life and disability insurance are preferred because they make the necessary proceeds available at the exact time the funds are required most.

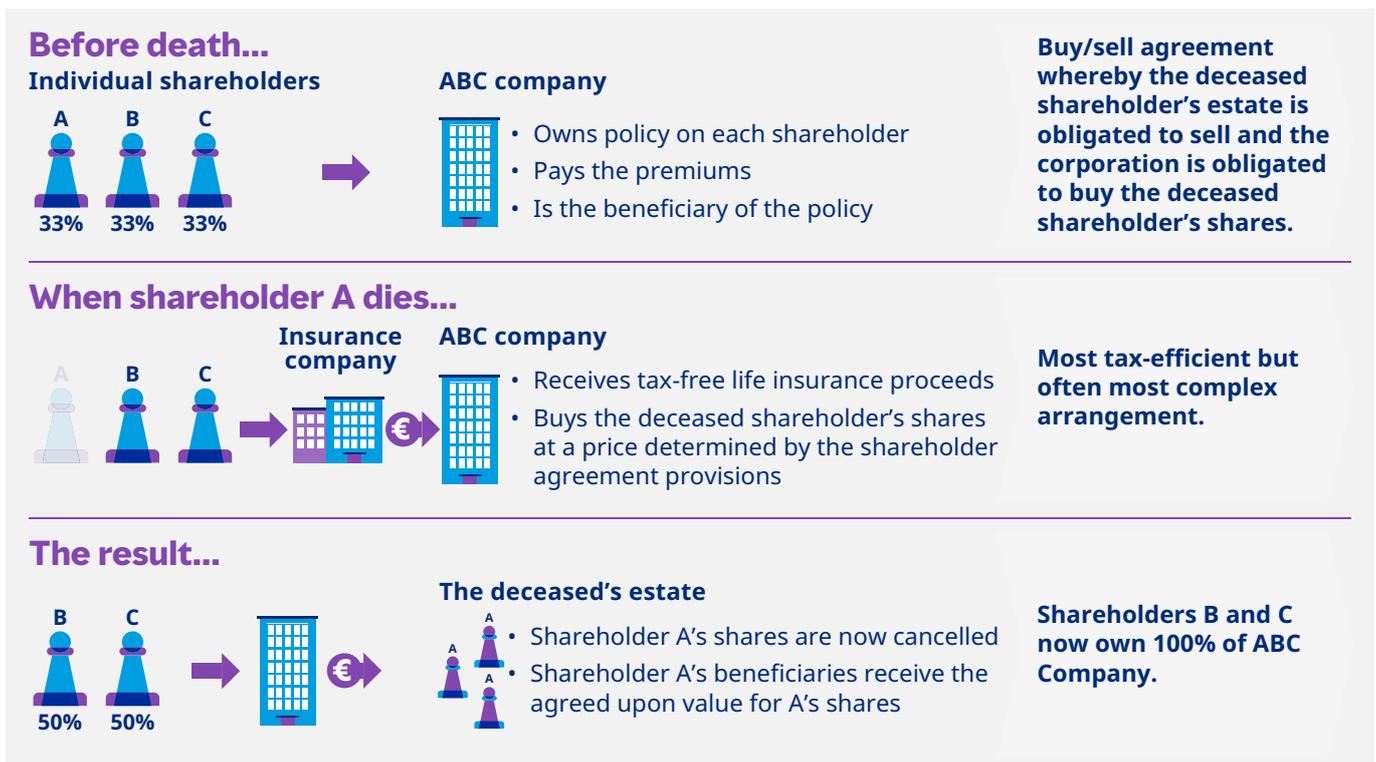


## Business shareholder protection insurance

Business shareholder protection seeks to mitigate the transition costs associated with the death, critical illness or disability of a shareholding business partner. Shareholder protection policies can be personal or corporate owned.

The optimum arrangement will depend on many factors, such as your specific business continuity needs and the legal structure of the business. Please consult your legal and tax advisers about the method that is most appropriate for your organisation.

The following illustrates how a corporate owned shareholder protection arrangement might work:



## How can mercer help?

Our team provides specialist advice and insurance solutions to protect your business's critical human assets, its people. To learn more, please contact your Mercer protection planning consultant on **+353 1 553 0189** or email us at [myprotection@mercer.com](mailto:myprotection@mercer.com).

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