



# Business Succession Planning



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## Do you have a will? Does your company have a will?

You and the partners/shareholders of your company are the driving force and foundation of its success. What would happen if one of them dies, suffers from a critical illness or permanent disablement? Who would their shares go to?



### Without protection

- The shares of the deceased partner/shareholder may go to someone who does not know the business either through inheritance or sale
- The heir who inherits the shares may not have the skills and experiences to be involved in the operation of the company
- There may be conflict of management style between the heir and the existing shareholders

The company may struggle and the family of the deceased is left with a business with little or no value

OR

- The heir may want to sell the shares for quick cash
- You may not have the fund to buy back the shares

Your company will have to be dissolved and the price would be lower than its actual value

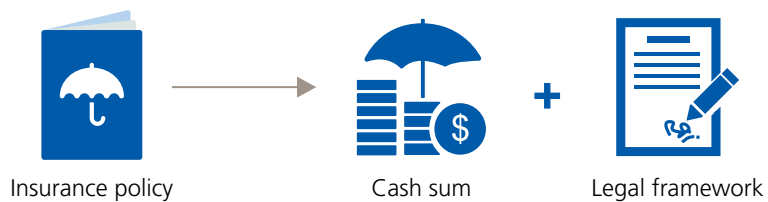
### Possible solution

Zurich helps you create a structured succession plan with an insurance protection that ensures you have the money to buy back the shares of a deceased partner.

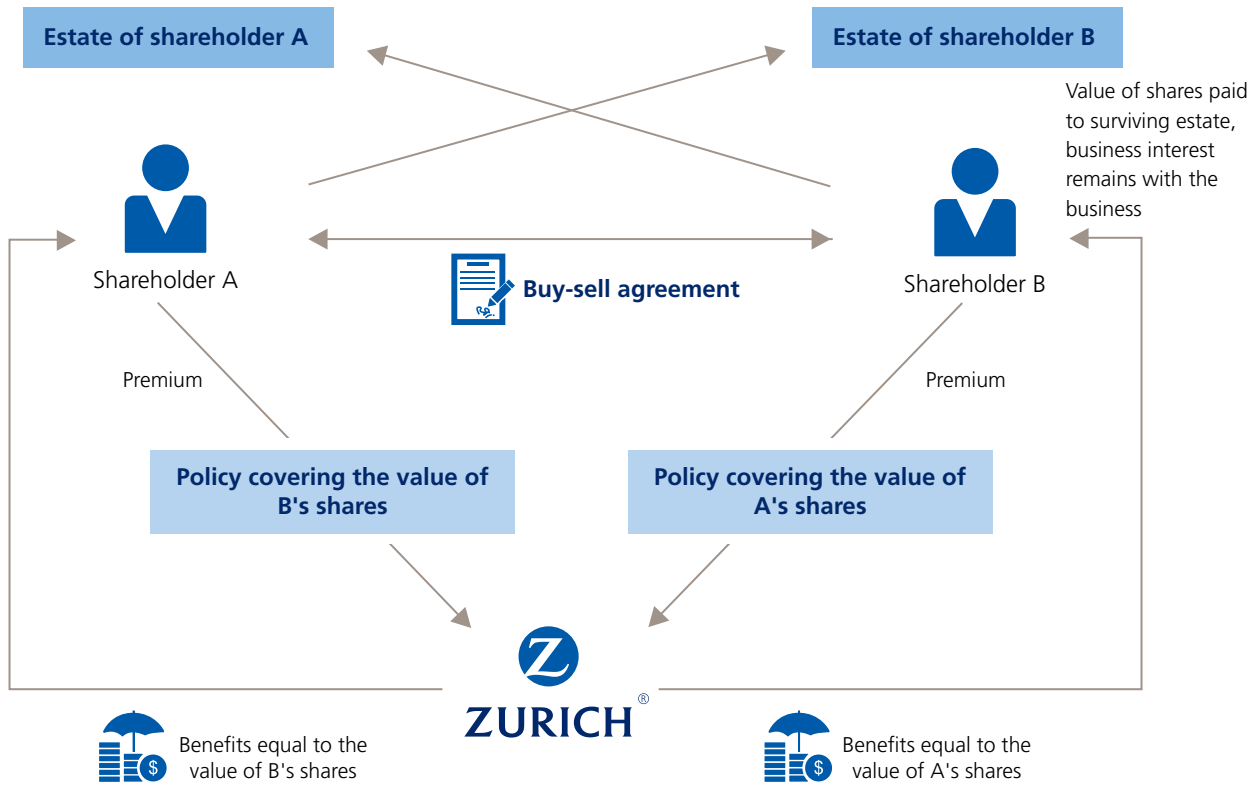


### How it works?

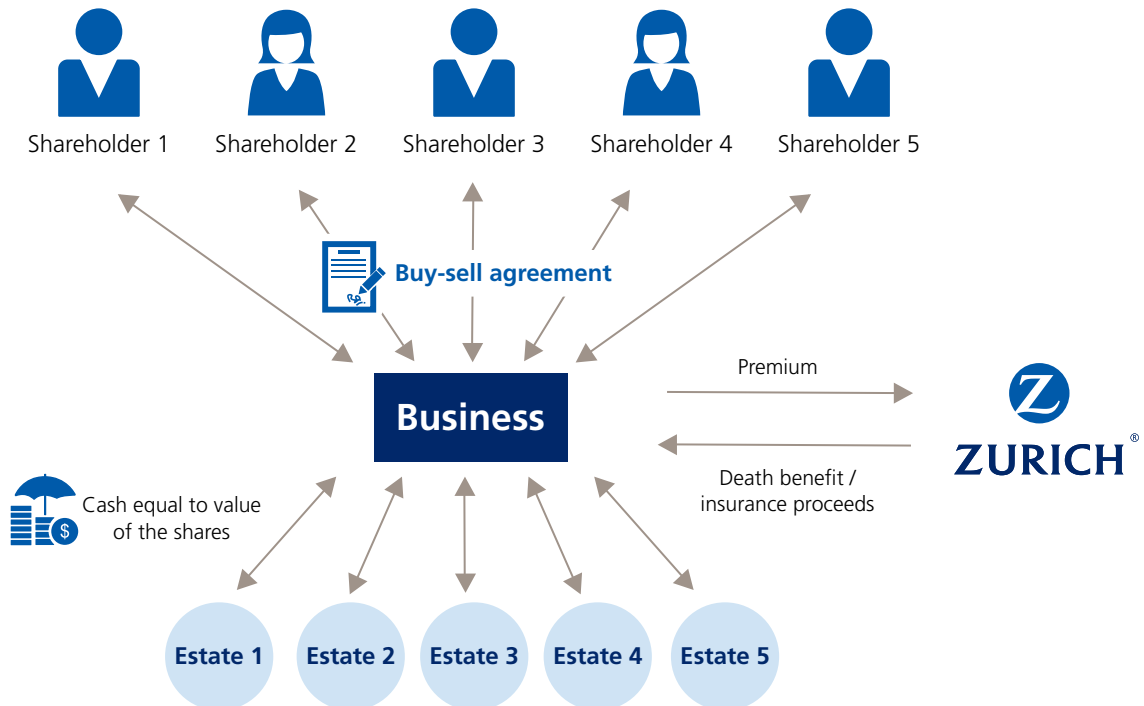
Apart from the insurance policy that provides a cash sum for the buy out of shares, a legal framework will be set up to give you and the remaining partners the right to buy out the shares of a deceased partner.



**Buy-sell and co-shareholder's insurance – 3 shareholders or less**



**Buy-sell and co-shareholder's insurance – multiple shareholders**



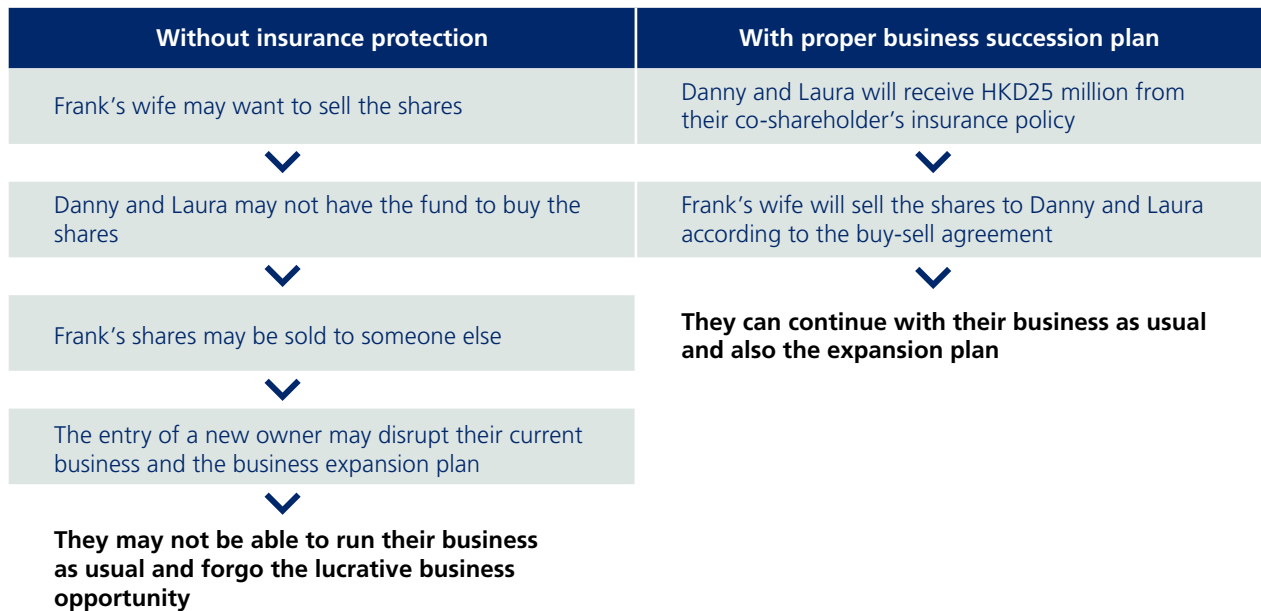


## Case study

Frank, Danny and Laura co-own a seafood import and wholesale company with equal shareholding. The business is doing well.

Financial performance	Value (HKD)
Sales	\$15 million
Gross profits	\$3.75 million
Current valuation	\$75 million
Shareholding of each owner	\$25 million

**The company plans to expand into oyster bar business which is very profitable at the moment. Unfortunately, Frank passes away in a plane crash during a business trip in this inopportune time. Frank's wife knows nothing about the business and their children are too young to be involved.**



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