



FOR PROFESSIONALS

SINCE 1941

PPS BUSINESS ASSURANCE

Securing your business's future

Start with the end in
mind.

Success is better, shared.

Your business is your greatest investment

Your business is your greatest investment: physically, emotionally and financially.

WHY BUSINESS ASSURANCE?

It funds and directs your lifestyle. You have worked hard to acquire your business — whether a practice, enterprise or small business — and it is paramount to supporting the quality of life you have worked hard for.

Are you confident that your investment is covered should something go wrong? Be it safeguarding your assets and protecting them against the unforeseen or ensuring that your business can continue should something happen to you. Is there a process in place to ensure that your business is handed down to your child(ren) or spouse or, should it not be possible or advisable, to sell to your business partner?

The future is unpredictable, especially for business owners. That is why at PPS, we have developed PPS Business Assurance to protect our members' businesses against the uncertainties of tomorrow. By starting with the end in mind, our Business Assurance is built on the principle that you can never be too prepared.

Should the unexpected occur, you can have the peace of mind knowing your business's future is secure.

HOW DOES BUSINESS ASSURANCE WORK?

Business assurance safeguards you and your business from potential financial setbacks if a key member passes away, becomes disabled or suffers a critical illness. By starting with the end in mind, our Business Assurance ensures financial liquidity, no matter what the future holds and is vital for succession planning.

At PPS, we simplify the complexity of the business assurance that covers all necessary policies and parties. Trust PPS to replace uncertainty with certainty by securing your business's future.

COVER AT A GLANCE

- Buy-and-sell cover
- Key person cover
- Contingent liability cover
- Credit loan account cover

Replace uncertainty with certainty by securing your business's future.

BUY-AND-SELL COVER

In the event of the death or disability of an owner or shareholder, it is crucial to have provisions in place for the sale of their shares or interest in the business. Ensuring that the surviving partners have access to sufficient funds to purchase this interest is vital for the continued smooth operation and stability of the business.

THE BENEFITS

- Provides certainty — the buy-and-sell agreement specifies a guaranteed buyer and guaranteed price for the interest of each party in the event of the owner or shareholder's death or disability.
- Creates ready cash which can be used at the death or disability of the owner or shareholder to purchase the interest in the business.
- The surviving parties are ensured outright ownership of the business.
- Guarantees stability and continuity of the business and ensures the goodwill of employees and creditors.
- A buy-and-sell policy can cover either the full or a portion of the purchase price, ensuring the deceased's interest is acquired smoothly.
- There is a mutual agreement between the parties on how shares are valued.
- Dispute among the heirs is eliminated.
- Helps protect the financial interests of the deceased owner and their family, allowing them to continue their standard of living.
- In the absence of other surety agreements, it relieves the deceased's personal estate from all liabilities and obligations owed to the business's creditors.
- Converts a pre-emptive right to an obligation to purchase.
- Members can qualify for the Profit-Share allocation for buy-and-sell policies.

KEY PERSON COVER

Key person cover is a type of life insurance taken out by an employer on a crucial individual — like an owner, director or employee — whose expertise and contributions are vital to the business's operations.

The life policy is owned and paid for by the employer and, when the key person passes away, is disabled or suffers a critical illness, the policy proceeds are payable to the employer.

THE BENEFITS

- The employer has the peace of mind that funds are available to absorb the loss of the key person.
- Covers for an operational loss during a period of readjustment.
- Pays additional expenses of finding, employing and training new employees.
- Ensures continuity of credit and effectiveness of the business and its activities.

Protecting your business's obligations

A business is likely to incur liabilities and often requires credit facilities from the bank.

CONTINGENT LIABILITY COVER

It is standard practice for creditors to request a surety or personal guarantor for the business's financial obligations to them. A suretyship is an undertaking by a surety (normally the business owners) to fulfil the financial obligations of the debtor to the creditor. The surety binds themselves as well as their deceased estate as surety for the business's debts.

Contingent liability is a policy that can be taken out by the business on the life of the surety to provide funding on the surety's death, disability or critical illness to settle the loan. A contingent liability agreement ensures the business uses the proceeds toward the settlement of the debt.

THE BENEFITS — BUSINESS

- The business can secure credit facilities to finance its expansion.
- The business will be able to meet its obligations on the death, disability or critical illness of the surety and avoid potential insolvency.
- Ensures continuity as the funding to settle the loan is readily available.

THE BENEFITS — SURETY

- Peace of mind, knowing the business will have sufficient funds to meet its obligations and release the surety's estate from the personal surety signed.
- The surety's estate will not bear the liability for these obligations, and their dependants/heirs will not suffer financial hardship because of the surety signed during their lifetime.

CREDIT LOAN ACCOUNT COVER

When a business owner lends an amount to the business — be it a capital injection or remuneration accrued but not withdrawn — the business is indebted to that owner. This loan becomes due and payable to the owner's estate on their passing.

Credit loan insurance can be taken out by the business on the life of the owner who obtained the loan, to settle the loan on the owner's death, disability or critical illness.

THE BENEFITS

- Peace of mind that the business has the necessary funding available to settle the credit loan account.
- Ensures the business avoids taking on additional debt or facing financial hardship while settling the loan.
- Safeguards the assets of the business and ensures its continuity.
- Leads to a cash injection into the owner's estate and ensures estate administration is not delayed.

Here to assist.

In this world of uncertainty, PPS has experts who will provide you with tailored advice, which will enable you to live the life you deserve to live. They will assist your financial adviser with various financial solutions, including business assurance.

For more information visit pps.co.za

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