

BUSINESS INSURANCE FACT-FINDING

ASSET NEEDS

Sale of Equity in Business

- ✓ What separate parts of the Business Structure would need to be sold (whether the Life Insured or a Related Party owns each part)?
- ✓ What is the amount of each part of the Business that would need to be sold?
- ✓ Who is the Owner of each part of the equity to whom the Sale Price would be paid?
- ✓ What is the Pre-agreed Sale Price of each part of the equity?

Capital Gains Tax

- ✓ What is the total Purchase Price of each part of the equity?
- ✓ What is the capital gain with respect to each part (Pre-agreed Sale Price – Total Purchase Price)?
- ✓ Assuming a marginal tax rate of approx 50%, what is 25% of the capital gain?

Transactional Costs

- ✓ What is the stamp duty payable by the Purchasers with respect to each part of the equity?*
 - ✓ What are the anticipated legal fees for the Vendors and Purchasers?*
 - ✓ What are the anticipated accounting fees for the Vendors and Purchasers?*
- * See the Notes on the Risk Analysis Worksheet for rules of thumb.

LIABILITY NEEDS

External Debts and Loan Accounts

- ✓ What external debts and loan accounts are intended to be insured?
- ✓ What is the name and address of each Creditor or Lender?
- ✓ Who is the Debtor or Borrower?
- ✓ What is the current amount of each debt?

- ✓ What dollar amount of each debt will be repaid with the insurance proceeds for each insured event?
- ✓ If the debt reduces over time, should the repayment be restricted to a defined percentage of the debt?
- ✓ If there is a surplus of insurance proceeds, who should receive the surplus (e.g., the Business)?
- ✓ If the insurance proceeds are to be lent to the Debtor (in order to avoid problems with unfranked dividends), who should be the Substitute Lender (e.g., the other owners)?

Key Person Income/Revenue

- ✓ What amount of revenue might be lost in the first 12 months as a result of the loss of the Life Insured?
- ✓ Alternatively, what would be the annual salary, re-location and other costs of an employee to replace the Life Insured?

Key Person Capital

- ✓ If the value of the Business includes any "goodwill", would the goodwill suffer as a result of the loss of the Life Insured?
- ✓ By what percentage could the goodwill be predicted to suffer?
- ✓ What does this amount to in dollar terms?

PERSONAL NEEDS

- ✓ What personal and investment loans and liabilities need to be repaid?*
 - ✓ What capital gains tax liabilities will be payable if any personal assets or investments must be sold?*
 - ✓ What capital amount is required to fund the desired living expenses of any dependants (after allowing for any after tax income or capital from their equity, investments and superannation)?*
- * Advisers should use their standard Personal Fact-Finder to determine these needs.