

A VISUAL GUIDE TO

Keyman Insurance in Dubai

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Leaders with and without a title

Every business has a few individuals who significantly contribute to its growth and profitability.

Typically Owners, Partners, Directors, Managers, people with special skills and those who manage critical areas of your business without a title.

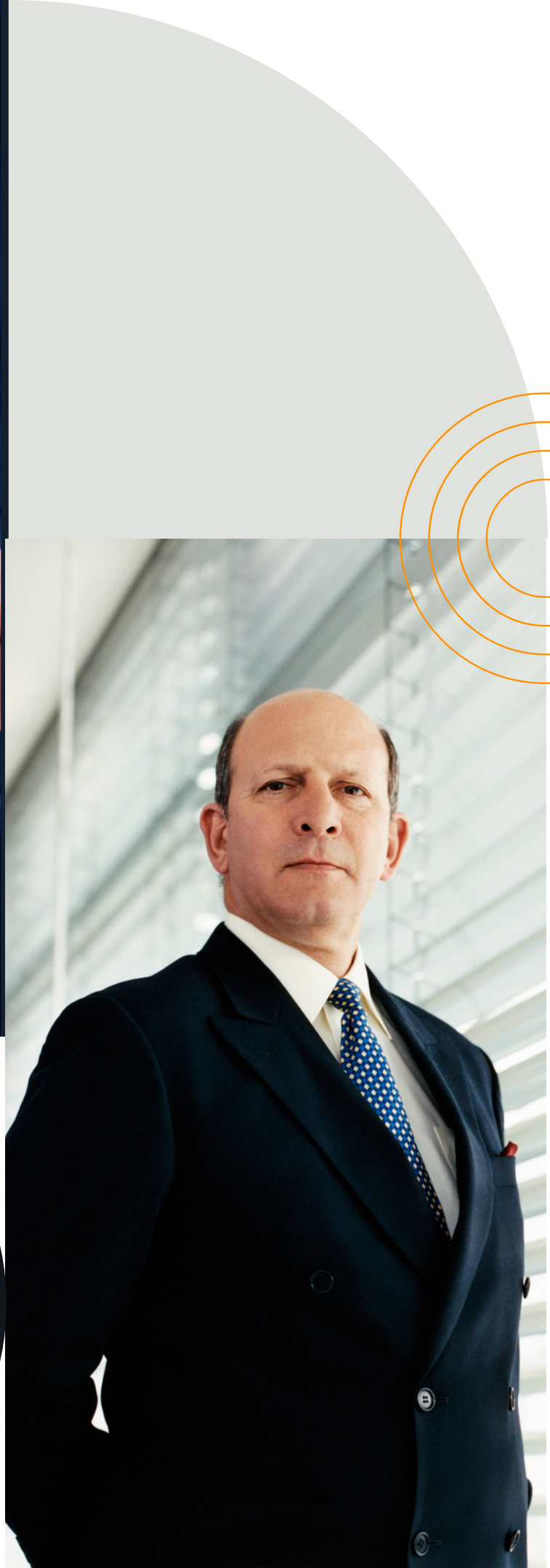


Understanding the risk

OF LOSING THE KEY PEOPLE

Temporary or permanent loss of such indispensable people due to death, disability or critical illness can have a devastating impact on the revenue, profitability, goodwill and continuity of your business.





How to mitigate this risk?

You can buy Keyman insurance on the lives of such Key people with the business as the beneficiary to mitigate this risk.



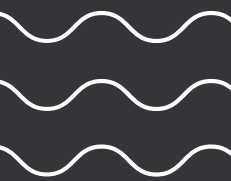
KEYMAN INSURANCE

Can provide your business with the necessary capital infusion at its most vulnerable phase, helping it sustain and endure the loss of its vital employee, Partner/Director.

Does my business need Keyman Insurance?

Your company must have a Keyman insurance if it largely depends on one or a few individuals to sustain, grow and excel. Like...

- Owner, Partner, Director or Chairman
- CEO, CTO, CFO, COO Etc.
- Personnel holding key positions in the production, accounts, finance, IT, and the sales / marketing departments of your company.



Six reasons why - Keyman Insurance



1. TO MITIGATE LOSS OF REVENUE AND PROFITS

Key Person's death or disability may result in loss of revenue and profits. Keyman Insurance can help your firm with the necessary cash flow until an alternative strategy is planned and established.



2. FOR SUCCESSION PLANNING OF A FAMILY BUSINESS

Family businesses typically have family members and or non-family employees who are crucial to its success. Keyman insurance can provide the successor with a secure platform to learn, adapt, sustain and grow the business.



3. TO BUYOUT SHARES OF THE DECEASED PARTNER

To ensure the availability of funds in the event of a partner's death to buy out the share of the business, many firms will purchase Keyman Insurance on the lives of all partners.



4. AS COLLATERAL FOR BUSINESS LOANS AND FACILITIES.

Almost all banks require a Keyman Insurance on the lives of Owner/Partner/Director as collateral to grant the business a loan or a facility.

5. TO PROTECT THE INTERESTS OF THE EMPLOYEES AND SUPPLIERS

In most cases, the business of a single Owner/Promoter also dies along with them. In such cases, the employees face an unexpected and uncompensated layoff and the creditors also remain unpaid.

6. TO IMPROVE CHANCES OF VENTURE CAPITAL FUNDING

In addition to a sound business plan having a Keyman insurance provides potential investors with much more confidence, encouraging them to invest in your startup.

Six reasons Why...

How to calculate the amount of cover?

1. MULTIPLES OF SALARY

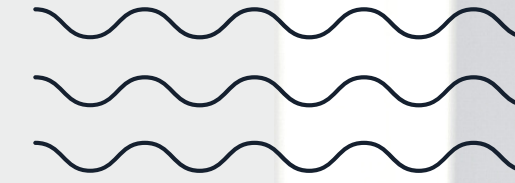
5 to 10 annual salary of the key employee. To cover the cost of hiring and training a replacement

2. MULTIPLES OF PROFIT

2 - 3 times attributable average gross profit or 5 times average net profit over the last 3 years

3. PARTNERS SHARE - CAPITAL & RESERVES

Up to the share of a partners in capital, Reserves and goodwill, to facilitate buyout of deceased partners equity





Business Loan Protection

BUSINESS LOANS


Many businesses take out loans to expand their operations. But their ability to repay will often depend on a few key people. Business loan protection is like life insurance taken out to cover a mortgage. It can help repay the borrowing in the event of death or disability of such key people.

PERSONAL GUARANTEE

Partners or Directors of a company typically provide a personal guarantee for business loans, making them jointly and severally liable. Having a Keyman Insurance in place will also help protecting their personal assets should one of the partner/Director die or suffer a critical illness.



Case Study



Ahmed and Chang are partners in a IT company. The last few years have been very good for the firm. They decide to expand the business with an addition of another office and hiring more staff.

For this, they decided to borrow Dhs 1,500,000 from a bank over a period of 6 years by offering the current office property as collateral. While the loan was taken on the firm, both partners had to give a personal guarantee.

To protect the firm and their personal assets both partners, they also availed a reducing term life and critical illness insurance and assigned it to the bank.

Now they do not have to worry about the burden of the loan falling on the surviving partner, should one of them die or be diagnosed with a critical illness.



Partnership Protection

WHAT IS PARTNERSHIP PROTECTION?

If a partner in a firm dies or wishes to leave the firm when diagnosed with a critical illness, typically the other partners will want to buy the affected partner's share in the business and keep control. But only a few will have enough cash to do so

Partnership protection in the form of Keyman insurance taken on the lives of all partners to ensure that funds are available to allow the remaining partner(s) in a business to buy a partner's shareholding if one of them dies, becomes terminally ill or suffers a critical illness. This in turn gives each partner the security of knowing that their beneficiaries or personal representatives will have a ready and willing buyer instead of having to maintain an interest in the business.



Case Study

ZED Trading LLC is a partnership company with 3 partners Zane, Eddy and Danny. They started this firm 10 years ago and it now a flourishing office equipment trading company.

All three partners contribute immensely to the continuity and success of the firm with their complementing skills and capital. Given that all 3 partners are in their 50s, they have put a buy/sell agreement in place. They have agreed that the surviving partners will have the first right to buyout the shares of deceased partner and pay the deceased partner's family their share of the business.

To ensure that the business has adequate cashflow in place to fund the buyout, all 3 partners have availed a Keyman insurance of USD5.00 Million each with the firm as the beneficiary.

The Indispensable

Andrew Carnegie, the American industrialist and philanthropist, once said, "Men and Women, not machines, are the real source of profits in any business". Yet many businesses choose to insure the machines and building and ignore the people.

You can rebuild a building, buy a new vehicle or a new computer, but is it so easy to replace a business owner or a key person in your business?

Let's sit down to understand your business risks and how best to mitigate them.

Click [here](#) to arrange a free online meeting.





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