

BUY/SELL FUNDING AGREEMENT

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BUY/SELL FUNDING AGREEMENT

THIS DEED dated day of 20

Between

 of
and
 of
and
 of
and
 of

RECITALS

- A. The parties are partners / shareholders / unit holders under Partnership Deed/Shareholder agreement / unit trust.
- B. The parties have entered into a Buy Sell Agreement governing the transfer of each proprietors interest in the business should specified events occur.
- C. The parties have agreed to maintain insurance policies on life and on total permanent disability under the terms of this agreement for so long as this agreement is in force.

OPERATIVE PART

1 Definitions

In this agreement:

- (a) **Market value** means the value at which a party may be required to dispose of their interest under the partnership agreement / shareholder agreement / unit trust;
- (b) **Buy-Sell Agreement** means the Buy Sell Agreement dated ;
- (c) **Policy** means each policy of insurance on the life and on total permanent disablement of each party which:
 - (i) Has been unanimously approved by all parties;
 - (ii) Is recorded in the policy register and has not been cancelled; and
 - (iii) Is owned by the party legally entitled to receive the policy proceeds.
- (d) **Policy register** means the register maintained by the parties with up-to-date details of the policies of insurance held by the parties.

2 Insurance

2.1 Life Insurance

- (a) On the execution of this agreement all parties must arrange policies for life insurance and for insurance against total permanent disablement for the amounts set out in the Schedule to this agreement. These policies must be kept current during the term of this agreement but may be replaced with new policies with different insurance companies.
- (b) The amount of insurance cover must, so far as is practicable, be the same as the value of their interest in the business.
- (c) The parties must ensure, as far as possible, that the benefit payable at any time under each policy is more or less the market value of their respective shares in the business at that time.

2.2 Additional cover

- (a) If, because of a change in the value of the business, additional insurance cover needs to be effected, the party must obtain the approval of all the other parties to
- (b) e Buy Sell Agreement by