



**LIBERTY**  
*In it with you*

## CONTINGENT LIABILITY.

### MORE REWARD FOR YOUR BUSINESS. LESS RISK TO YOU.

The majority of businesses use banks and other financial institutions to access business loans, asset finance and overdrafts. This credit is often used to get the business off the ground and is instrumental in the future development and success of the business.

However, in almost every case, you and your business partner will be required to sign an agreement as business owners. This agreement will make you and your partner personally liable to the financial institution in the event of the business being unable to repay its debt. The agreement is known as a Suretyship and it is a form of security held by the financial institution to avoid a loss if the business defaults on its repayments.

While the use of lending facilities can empower and grow your business, the potentially devastating consequences of the death or disability of one of its owners are often overlooked.

Firstly, the death or disability of you, or your business partner, can severely impact the business' ability to generate the income needed to continue operating and meet its financial obligations. Secondly, the death of one of the business owners will impact the security held by the financial institution as that business owner is no longer there to take personal responsibility for the business debt.

As a result of the Suretyship agreement, the death or disability of one of the business owners can result in the financial institution claiming payment of the full outstanding amount owed by the business.

What's of an even greater concern, is that the financial institution is not limited to claiming payment from the business. The claim for payment can also be made against all the business owners, including the estate of the deceased owner.

Furthermore, each business owner is not only responsible in proportion of the shareholding, they can each be held responsible for 100% of the business debt regardless of their share of ownership.

While we may not like to think about it, the truth is that the probability of the death or disablement of a business owner is relatively high. And, the consequences can be severe.

That's why we'd like to talk to you about a Contingent Liability plan. Our specialised services have years of experience and expertise in mitigating these kinds of risk to you and your business. So, let us help you to structure a solution. After all, we're in it with you.

*Prepared by Liberty's Legal Marketing Specialists.*



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