

# Partnership Insurance Buy/Sell Agreement



*Aviva Life & Pensions UK Limited recommends that this form is referred to the client's solicitor to ensure that its terms reflect the parties intentions in regulating the sale of their interests in the Partnership and that the agreement is compatible with the terms of the written Partnership Agreement, if any. In this regard, please note Clause 5 is in the alternative.*

THIS AGREEMENT dated the \_\_\_\_\_ day of \_\_\_\_\_ 20 \_\_\_\_\_ made

between [name] \_\_\_\_\_

of [insert address] \_\_\_\_\_

\_\_\_\_\_ (hereinafter called "the First Party") of the first part,

between [name] \_\_\_\_\_

of [insert address] \_\_\_\_\_

\_\_\_\_\_ (hereinafter called "the Second Party") of the second part,

between [name] \_\_\_\_\_

of [insert address] \_\_\_\_\_

\_\_\_\_\_ (hereinafter called "the Third Party") of the third part,

between [name] \_\_\_\_\_

of [insert address] \_\_\_\_\_

\_\_\_\_\_ (hereinafter called "the Fourth Party") of the fourth part,

between [name] \_\_\_\_\_

of [insert address] \_\_\_\_\_

\_\_\_\_\_ (hereinafter called "the Fifth Party") of the fifth part,

(Insert names of each partner)

A. The parties hereto (hereinafter jointly called "the Partners") carry on at (addresses) \_\_\_\_\_

\_\_\_\_\_ the business of \_\_\_\_\_

under the name of \_\_\_\_\_ (hereinafter called "the Partnership").

**(Where no partnership agreement)**

B. At the date hereof the parties have not entered into a written partnership agreement but have agreed between them that the parties hereto are respectively entitled to the shares of income (or losses) of the Partnerships profits and capital assets of the Partnership set out opposite their names in Appendix A.

**Alternative**

B. The parties hereto have entered into a written partnership dated the \_\_\_\_\_ day of \_\_\_\_\_

20 \_\_\_\_\_ (hereinafter called "the Partnership Agreement") wherein it is provided that on the death of a

party hereto his personal representatives shall be entitled to that quantum of accrued partnership profits or losses

as therein set out and to that quantum of capital in the Partnership as therein set out.

- C. Each of the parties hereto has agreed to reciprocally effect policies of life assurance, details of which are set out in the Schedule annexed hereto and which are hereinafter referred to as "the Policies" and separately as "the Policy".
- D. The parties hereto have agreed on a number of matters regulating their relationship in regard to the Partnership as hereinafter set out in particular on the conditional sale of each party's share in the partnership. The purchase and sale of such shares shall be subject to the terms and conditions hereinafter contained in this Agreement.

**NOW THIS AGREEMENT WITNESSES and in consideration of the covenants of the parties hereto contained it is hereby agreed and declared as follows:**

1. For the purposes of this Agreement:

"the Auditor" means the auditor (or if there is none, the accountant) of the Partnership for the time being.

"Consideration" means the amount payable under Clause 3(a) hereof.

"the First to Die" means, where the context so admits, the first of the parties hereto to die and the first of the Survivors to die.

"the Full Market Value" means a sum equal to the full market value of the Share of the First to Die determined in accordance with Clause 3(b) hereof.

"the Personal Representatives" means, where the context so admits, the personal representatives of one or more of the parties hereto who has died.

"the Policy" or "the Policies" includes, unless the context otherwise requires, any further policy or policies of assurance into or for which the Policies or any of them may be converted or substituted and which by future written agreement between the parties may be made subject to the terms of this Agreement or any other policy effected by any future partner who adheres to this Agreement in accordance with Clause 7.

"the Survivors" means the survivor or survivors of the First to Die.

"the Share" means all of each party's share in the Partnership [including, in particular, the share of profits (or losses) and capital due on a dissolution of the Partnership or otherwise] and includes all or any share in the Partnership acquired by the Survivors after the date hereof.

2. On the death of the First to Die the Survivors shall, subject as hereinafter provided, purchase and the Personal Representatives shall sell the Share in the Partnership, which belongs at the date of the death of the First to Die beneficially to the First to Die, to the Survivors, pro rata to their respective Shares held at the date of death of the First to Die.
3. (a) The Consideration to be paid by the Survivors in respect of the Share of the First to Die shall be a sum equal to the Full Market Value of the Share determined in accordance with Clause 3(b) of this Agreement.  
(b) (i) The Full Market Value will be determined and certified in writing to the Survivors within one year of the date of death of the First to Die by the auditor of the Partnership for the time being.  
(ii) If, for any reason, the Auditor is unable or unwilling to act in determining the Full Market Value a valuation shall be carried out by an independent accountant to be nominated by the Auditor and references to the Auditor hereafter in this agreement shall be treated as including the independent accountant so nominated. The Auditor's expenses shall be borne by the parties in such proportions as the Auditor considers appropriate.  
(iii) The Auditor in determining the Full Market Value shall act as an expert and his determination shall be final and binding on the parties hereto.
4. (a) Completion of the sale and purchase of the Share of the First to Die shall take place within thirty days after the date of determination of the Full Market Value by the Auditor, provided that if the insurance company with whom the Policy on the life of the First to Die has been effected has not paid out the death benefit on the Policy within the said period of thirty days completion and the payment due under this clause 4(a) shall be deferred but the said payment shall be paid within 10 days of the payment on the Policy having been made by the said insurance company.  
(b) On completion the appropriate document of transfer (or transfers, if appropriate) of the Share of the First to Die duly executed in favour of the Survivors, shall (subject to the proviso in Clause 4(a) ) be delivered by the Personal Representatives to the Survivors and the Survivors shall deliver or shall procure that there shall be delivered to the Personal Representatives of the First to Die a banker's draft (or drafts, if appropriate) in respect of the whole of the Consideration.
5. The parties hereto agree that while this Agreement is in force no party shall have any right to transfer, encumber or dispose of his Share except as herein provided and during the continuance of this Agreement if any other person be admitted to the Partnership he shall be required to effect a reciprocal policy of assurance on his life and to enter into a written agreement with the parties hereto on equivalent terms.

#### **ALTERNATIVE**

This Agreement shall take effect only in compliance with and subject to the Partnership Agreement which shall take precedence over the terms hereof should there be any conflict between the two.

6. (a) Each party hereto mutually covenants to maintain the Policy on his life in full force by payment of premiums in accordance with the terms thereof.

(b) Each party hereto mutually covenants that in the event of his failure to pay the premiums under the Policy on his life he authorises his partners in the Partnership to pay any amount outstanding in respect of such premiums by deduction from his share of the profits of the Partnership on receipt of a written notice in writing from the other parties hereto furnishing details of non-payment and requesting payment of outstanding premiums.

(c) Each party hereto mutually agrees that any interest he acquires in any of the Policies effected by the other parties hereto may not be mortgaged, charged or assigned without the consent of all parties hereto.

7. This Agreement Shall:-

- (a) bind the Personal Representatives of all the parties hereto;
- (b) cease to bind any party hereto when he shall have ceased to be a partner in the Partnership;
- (c) cease to have effect on the dissolution of the Partnership;
- (d) be governed and construed in accordance with the laws of Ireland;
- (e) be varied or revoked or terminated in any manner as agreed by the parties hereto in writing and if any other person shall be admitted to the Partnership, as soon as he has effected an appropriate policy of assurance on his life he may adhere to the terms hereof by notice in writing signed by himself and the parties hereto in which case the terms hereof shall apply to him as if he were a party hereto.

**IN WITNESS** whereof the parties hereto have hereunto set their hands the day and year first herein written

**SIGNED**

by the said \_\_\_\_\_  
in the presence of \_\_\_\_\_  
Signature of Witness \_\_\_\_\_  
Address \_\_\_\_\_  
\_\_\_\_\_  
Occupation \_\_\_\_\_

**SIGNED**

by the said \_\_\_\_\_  
in the presence of \_\_\_\_\_  
Signature of Witness \_\_\_\_\_  
Address \_\_\_\_\_  
\_\_\_\_\_  
Occupation \_\_\_\_\_

**SIGNED**

by the said \_\_\_\_\_  
in the presence of \_\_\_\_\_  
Signature of Witness \_\_\_\_\_  
Address \_\_\_\_\_  
\_\_\_\_\_  
Occupation \_\_\_\_\_

**SIGNED**

by the said

in the presence of

Signature of Witness

Address

Occupation

**SIGNED**

by the said

in the presence of

Signature of Witness

Address

Occupation

Whilst every care has been taken to ensure that this Agreement has been drafted correctly, Aviva Life & Pensions UK Limited do not accept any responsibility for the suitability or appropriateness of this Agreement in any case. We recommend that the form should be referred to the Client's solicitor for examination and approval.

**APPENDIX A**

**First Party:**

Share of income or losses:  % share of capital:

**Second Party:**

Share of income or losses:  % share of capital:

**Third Party:**

Share of income or losses:  % share of capital:

**Fourth Party:**

Share of income or losses:  % share of capital:

**Fifth Party:**

Share of income or losses:  % share of capital:

**SCHEDULE**

	POLICY NO	LIFE-ASSURED	SUM ASSURED	PREMIUM
1				
2				
3				
4				
5				

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