Shareholder Protection Policy
Document Checking Service
from FBC Manby Bowdler LLP
Exclusively available to
Legal & General policy holders
Who Are FBC Manby Bowdler?

Employing over 200 people FBC Manby Bowdler has offices across the West Midlands and Shropshire and provides legal services to businesses across Commercial Property, Litigation, HR & Employment and other General Business Matters.

It is accredited by quality marks ISO 9001:2008 and Lexcel, and holds the LawNet Mark of Excellence. In the latest edition of leading legal directory Legal 500 it featured in the top tier of Commercial Firms in the West Midlands, based outside Birmingham.

The firm was also highly ranked in a number of other disciplines and is also recommended by Chambers UK in a number of different practice areas.

FBC Manby Bowdler are recognised for the Stellar Service they provide to their clients, which is reflected externally through the number of awards they have won.

Why Use This Service?

Many business owners do not consider what would happen to their shares on their death or how this would affect their families who may be left in a position of having to run a business.

Shareholder protection could be a simple solution for them enabling surviving company owners to retain the shares in a business and the estate to have fair value for any shares.

This all assumes that there are no issues regarding the legal documents covering the ownership of shares, the transfer of shares or indeed the rights of shareholders within a company.

Many business owners don’t know the details within their company’s articles of association or within their shareholders agreement, so how do they know what would happen to their shares if one of the shareholders died?

It’s common to need what is termed a cross option agreement to deal with the shares on death but this is yet another legal agreement affecting the ownership of shares and how will they know this works in conjunction with their existing legal documents?
How FBC Manby Bowdler Can Help?

This shareholder protection documentation checking service, which is exclusively available to L&G policy holders, offers a quick, simple and cost effective referral service providing peace of mind that all the relevant legal documentation has been reviewed and if it was used in the future it will deliver the outcome expected.

Utilising the service gives peace of mind for the clients that all documentation is in order and that any areas of potential legal conflict have been removed from their company’s articles, shareholders agreements and cross option agreements.

It also provides peace of mind to the adviser that he has ensured the protection solution he has put in place for his clients is effective and will deliver the outcome needed in the event of a claim.

The review costs £200+VAT and if further work is required then these additional costs will be explained to the client, and require their confirmation to proceed, before the work is commenced.

4 Step Simple Process

1. Post sale of the policy, the adviser completes the FBCMB online form, whilst insurers begin to write the policies.

2. FBCMB complete a fixed price review of all documentation*, provide advice and identify any additional costs to make the suggested changes for the client to consider.

3. If your client is in agreement, then FBCMB will make all relevant changes at the agreed costs whilst liaising with the client and you, sending copies to the client.

4. FBCMB invoice the client, requesting payment within 14 days.

Timescales

For straightforward cases the checking should take no longer than 2 working days, complex cases will take longer but the time period will be agreed at the outset.

Price

Each review costs £200+VAT

If further work is required then these additional costs will be explained to the client, and require their confirmation to proceed, before the work is commenced.

*Where the client is based in Scotland or Northern Ireland, FBCMB will outsource the checking service to a law firm based in that jurisdiction to ensure any changes comply with local law.
Case Study 1

Company A’s Articles of Association contained Pre-Emption Rights on the transfer of shares not only during the lifetime of shareholder but a deemed transfer notice would be served on the death of a shareholder which meant the articles had to be amended to allow the Cross Option Agreement to take effect.

FBCMB conducted the review within 2 days and identified the changes that needed to be made. Appropriate documentation was completed by the client and filed with the authorities within a week, well within the time needed before the policy was issued.

If the amendments had not been made the cross option would have been ineffective, leading to complications regarding the ownership of the business.

Case Study 2

Two shareholders in Company C entered into Life Policies which were written into a trust but they failed to complete an appropriate Cross Option Agreement which meant that on the death of one of the shareholders the policy proceeds were paid to a trust for the surviving shareholder to use to buy the shares but there wasn’t an agreement to enable this to happen.

Unfortunately the Company was in financial difficulties and went into insolvent liquidation. The beneficiaries of the shareholder who died were unable to sell the shares and so received no benefit from this arrangement.

Had FBCMB been engaged at the time of the writing of the Life Policies they would have identified the need for a Cross Option Agreement to ensure that the shares could be bought or sold as intended by this arrangement.