

## ❖ Insolvency Cover Plans – Client Information Sheet.

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In an ever changing business world, problems can arise and circumstances change. As part of our commitment to our clients, this information fact sheet briefly illustrates what an Insolvency Cover Plan can do to benefit you or your business interests. We hope that this information will be a benefit to you now or in the future. At WestCorp we specialise in Insolvency Cover Plans. We take great pride in being a “people” business. We assist all types of businesses and individuals to review their existing corporate or personal security levels, already given to lenders, via second charges or personal guarantees and instruct clients towards a business and personal equity protection strategy that is of benefit to their needs and ultimately their families.

## ❖ The Need For Insolvency Cover Plans.

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In today’s economic environment you must give credence to considering the down side of your business activities, the “what if” factor. It is a disconcerting fact that over 80% of all businesses in the UK fail within the first 5 years and of the 20% remaining 80% of those fail within the next 5 years that indicates a 96% failure rate over a 10 year period. Within the current economic climate these figures are now understated. We feel that the statistics alone indicate the need for clients to operate an Insolvency Cover Plan.

**What if your business were to get into difficulty now or in the future? What if a major account failed or the bank decided to reduce their facility! Ask yourself seriously what other contingency plans have been made for your family and business, what would you be left with? Then compare that to what the creditors would claim for!**

If the worst were to happen and you already have in place an ICP, then you will have cast a potential net of protection over your business and assets, subject to the ICP’s security holdings. Your ICP will rank along side other secured creditors and debate with them whether the business should be allowed to continue, if anything should and would be sold off and for how much. You will have allowed yourself to be in a position of negotiating strength with potentially hostile creditors and more importantly you will have constructed a legal position whereby the ICP can execute its security deeds and claim the assets that it has covered, through the courts if need be, thus allowing you to either **continue with the existing business, restart in business or sell off assets to accumulate capital to live on until you have reorganised your affairs.**



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This can buy you a much needed valuable breathing period, in a time of extreme difficulty and pressure. It really does make sense to protect all that you have worked for with an ICP.

Most business owners provide all the required business insurance cover, adhere to all the necessary provisions and legal requirements to cover employees and clients in the process of daily trading, very few have the time or foresight to clearly consider the potentially negative implications of business life and when they finally do, it is normally too late!

## ❖ What Insolvency Cover Plans Can Do.

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The Insolvency Cover Plan once created secures the unencumbered assets, equity, machinery, plant, fixtures and fittings etc. that a client may wish to cover. The security is granted by the trading business in favour of the ICP either as a first or ranking security holder. The appropriate security documents are registered at Companies House and or the appropriate registering authority. The legal instruments that we use are very powerful and list all the secured assets granted in favour of the ICP under the contract agreements. The contracts designate the value of the service provided by the ICP over the contracted term; it is these services and other provision account values which the ICP secures against the available assets. These security registrations allow the ICP to become a ranking secured creditor alongside either the bankers or other secured creditors to the trading business. The ICP now has a legal say in the client's business affairs, should future difficulties arise. The ICP continuously moves in parallel with your trading business throughout your business career until retirement or sale, tracking your business, adding or removing asset cover and protection as and when required, subject to the contracts in place.

It is clearly essential for a business or individual with assets to protect such assets from the potential pitfalls of granting securities to lending institutions, preferential or trading creditors. It is also prudent for individual directors/owners of businesses who have given guarantees, to protect primarily, their **homes and personal assets** against future unforeseen business problems.

With an ICP in place a client can reduce the prospect of a lender or creditor, railroading their business into terminal oblivion and closure. **The Insolvency Cover Plan is not an insurance product.**



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## ❖ How Insolvency Cover Plans Work.

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An ICP is a specifically detailed and designed asset management company created for clients within the UK or overseas who wish to protect their existing business and personal assets, or who, on starting out in business wish to lay the foundation for the protection of any assets that they have or may accumulate over their working career, in fact any item of intrinsic value either personal or business related, that they consider should be protected.

The ICP is limited in liability and incorporated within the UK subject to requirements. Once formed this powerful protection vehicle can be used to accrue and protect all and any unencumbered business and personal assets, from potential future creditor liabilities.

**The ICP is a totally separate entity from your existing business or form of employment and it operates distinctly within its own right.**

Through WestCorp, active nominee Directors are appointed to the ICP. The officers of the ICP Company act as administration and management agents; actioning agreed legally constituted contract instructions regarding the protection of specific business or personal assets.

**The overall share structure and the ICP and nominee officer's actions will always remain within the clients control and be determined by the direction that they wish their ICP to follow, (Subject to the Companies Act 1985 to 1989) and the agreed legal contracts entered into at the inception of the ICP.**

**It is important at this stage to realise that WestCorp does not control the client's active ICP, we are appointed to act as administering and management nominees.** We action, execute and administer the ICP's legal contracts, through our solicitors agents, we then add securities, subject to individual requirements and subject to regulations governing the ICP company's powers to do this within its Memorandum and Articles of Association. WestCorp administer and manage all the associate contracts in respect of UK authority compliance requirements for each specific ICP. **The client has control of this legal vehicle to secure or discharge assets when required.**



## ❖ **Protecting & Securing Your Future.**

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An ICP can protect your business against future Creditor's and their Security Instruments subject to the nature of the securities given and available equity. An ICP can secure encumbered assets.

In many instances bankers or lenders will require security for either new or existing borrowings. By signing a **Personal Guarantee or a Bond & Floating Charge** individuals in essence sign away their right to control their business to the lender if trading difficulties occur at a later date. Without fear or favour lenders will pursue clients to the bitter end, their legal departments are often a separate body empowered with the sole purpose of conducting legal representation for the lenders affairs, consequently the borrower becomes just another number on their files and the sleeping giant with all its legal recourse is awakened to consume all that they own to settle any outstanding secured or unsecured debt. If the client has signed securities and the lenders are owned, then they will stop at nothing to re-claim the debt due plus interest in full.

## ❖ **Your Questions - Answered.**

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Clients often ask us why there is no apparent knowledge of this service to business owners and individuals at large; primarily the answer is that there is. Many Directors and owners of larger corporate businesses have operated various ICP through WestCorp within the UK to the benefit of their businesses and themselves personally. The obstacles of the past have always been the speciality of the service and the very high costs involved in the products, development, administration and management.

The difference now however with **WestCorp** is the ability to utilise our online website platforms offering our **InstantCover** facilities subject to our criteria requirements and terms. Having intellectual property rights over our work, service and specific provision and having dealt with a broad spectrum of clients we are now in a position to relate more uniquely via our websites to multiple business operators of any size. This area of business protection is a specialism in which we at WestCorp have many years hard earned practical experience.



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We are always asked about the processes involved and about the workings of an ICP, the administration and management processes. The incorporation and setting up of the legal securities and the construction and make-up of each ICP is unique. Each individual ICP has its own memorandum and articles of association so fashioned and structured to meet each client's specific requirements, no two ICP's are contractually the same. This detailed process is checked and verified at each stage and provided the client's information is accurate and factual and that the property assets we are listing and securing have an element of free equity and the moveable assets are in part or whole unencumbered, we can prepare suitable contracts and legal charges, to effect the ICP objectives in accordance with the memorandum and articles of association.

Once the detailed formation process has been achieved the ICP then operates by taking up all the clients required assets and securing them through the appropriate legal contracts and security documents, listing assets by a letter of hypothecation, or other security instruments. This process is actioned by way of various agreed contracts made between the ICP and their existing trading business. This is a most effective and affordable legal vehicle for protecting their hard earned business and personal assets. It can also act as an excellent tax vehicle in certain circumstances.

Frequently we have clients who have various business **Court Actions pending** and on a number of occasions clients leave us with very little time to prepare to protect their assets, most clients in this position invariably require to **secure their homes**. As a rule we require a minimum of **14 days from application approval** to complete the initial provisions of service, but to date we have never been unable to help or advise a client to protect assets, unless a **Liquidator, Receiver or Trustee in Bankruptcy** has already been appointed. Each application is carefully reviewed and judged according to the facts made available. We can provide quotations in principle very quickly and action the processing of an ICP within a jointly agreed timescale, subject to the assets involved and your application proposal details and our underwriting criteria.

## ❖ What to do next.

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The application process of agreeing the makeup of your specific ICP and the facts relevant to its structure can be agreed in principle within **3 days**. The time taken by our legal agents to draft the appropriate contracts and securities may take longer and is subject to the registration bodies processing timescale. At the end of the process we present you with a tailor made fully operational ICP package and all the relevant documentation. Assets can be added or removed as requested.

All matters relevant to your clients ICP will be handled through WestCorp and our appointed agents. Our staff are here to answer any questions that you may have. So please give us a call if you require an instant quotation, or further details on our services – Tel: 0117 339 0002 – Email: [admin@westcorp-uk.com](mailto:admin@westcorp-uk.com)