

Sample Resolution to establish a Grouped Critical Illness Plan

This sample is generic in nature and is provided for discussion and illustrative purposes only. Those who are considering an arrangement that would involve this sample resolution should consult their own tax and legal advisors with respect to their particular circumstances.

The Company [XXXX name] has determined it's in its best interests to provide supplementary health benefits for certain classes [identify class of employee] of employees. It's resolved that:

the Company establish a grouped critical illness insurance plan

the employees eligible to be included in this plan are [identify employees, e.g. senior executives, senior managers, etc.]

the Company apply for individual critical illness insurance policies to insure those employees for an insurance amount equal to [insert formula, e.g. 2 times annual salary]

the Company will own and pay the premiums for the individual critical illness insurance policies purchased under the plan

any benefits payable under the policies will be paid directly to the insured employee by the insurance company, and

on termination of the plan or termination of the employee's service, the Company will immediately assign ownership of any policy that was purchased under the plan insuring that employee, to that insured employee.

A motion was made by [name], seconded by [name] and after discussion, the resolution was approved by a majority of the directors of the Company.