



acumen[®]
INSURANCE SOLUTIONS



Ensuring Your Bank is Always Protected
in a Life Insurance Premium
Financing Transaction

PREMIUM FINANCING CREATES A UNIQUE OPPORTUNITY FOR YOUR BANK

Properly designed life insurance can be an effective tool for addressing important personal and business planning objectives, including spousal protection, wealth transfer, tax planning, liquidity needs, business succession, key employee retention, and charitable planning.

Financing life insurance premiums can be a great way for a family or business to acquire the amount of insurance they need by borrowing money from a bank to pay the policy premiums.

Premium financing creates a unique opportunity your bank to loan money to strong, established individuals and companies.

However, your bank needs to understand how the life insurance policies should be structured to so your bank can protect itself and be fully collateralized at all times, in case things do not work out as anticipated.

INTRODUCTION

Life Insurance premium financing can be an attractive option for families and business that:

- Need a substantial amount of life insurance for estate, asset protection, business succession, liquidity, tax, and/or executive retention planning purposes
- Don't want to use existing capital to pay the premiums Ensuring Your Bank is Always Protected in a Life Insurance Premium Financing Transaction
- Have insureds at standard underwriting rates or better and,
- Satisfy the carrier's underwriting requirements

Once the policy generates enough surplus cash value or the insured dies, the owner of the policy can Then re-pay the premium finance loan to the bank.

Premium financing arrangements are widely accepted by life insurance companies and are utilized by consumers with a higher net worth who have a need for life insurance and prefer to retain their capital rather than liquidate assets to pay the premiums.

BORROWERS

Borrowers like premium financing because they retain their assets to invest for higher returns compared to the cost of borrowing.

BANKS

Banks like premium financing because it gives them a secured long term loan with desirable borrowers.

INSURANCE CARRIERS AND AGENTS

Insurance carriers and agents like premium financing because it provides them with large premiums.

ACUMEN'S UNIQUE PROGRAM PROTECTS THE BANK

Acumen Insurance Solutions works with insurance companies to develop specific, more secure products for those who want to finance their policies and banks who are interested in lending the premiums. For example:

- **The policy is a specifically-designed high cash value index universal life product (not considered a security by the SEC) which serves as most or all of the cash collateral for the loan, with any shortfall covered by cash or cash equivalents.**
- **Certain designs can guaranty the cash surrender value will be equal to or greater than the loan balance for the first three to five years.**
- **Acumen Insurance Solutions works only with solid lending institutions and A-rated insurance carriers, which we continually monitor to ensure they do not fall below an acceptable rating.**

Your bank is encouraged to do its own review of these insurance companies, or, if the you desire, Acumen will ask the insurance carrier to provide documentation supporting their superior ratings.





REQUIREMENTS OF YOUR BANK

1

Your bank is asked to lend 100% of the first year's insurance premium. The cash surrender value is always close to or in excess of the loan balance. The note duration typically ranges from one to ten years.

2

The note may be renewed annually, with the next year's premium added, and only to the satisfaction of your bank. If your bank's loan is greater than the cash value of the life insurance policy, the difference will be secured with cash or equivalents, at the your discretion.

3

The borrower will be required to open an account at your bank, with deposits sufficient to cover one year's prepaid interest.

4

Acumen will furnish all financial information on the borrower that your bank would like to receive, so that you can make a prudent underwriting decision prior to funding a loan and at each renewal thereafter.

5

Historical policy performance shows that the increased cash value of the life insurance policy will be sufficient to pay the interest after the fourth or fifth year. The borrower pays the interest on the loan until such time as the life insurance cash surrender value supports the interest payment withdrawals and still maintains a favorable collateral position.

6

The loan principal is repaid during the life of the insured by taking loans from the increased cash value or utilizing other assets. It can also be repaid upon the passing of the insured from the incoming death benefit proceeds.

BENEFITS TO YOUR BANK

1

The loan will always be 100% secured by the cash surrender value of the life insurance policy, with any shortfall secured with cash or equivalents, at the your bank's discretion.

2

Interest is prepaid in advance to your bank each year.

3

The loan, although long term, may be renewed on an annual basis at which time your bank will be able to reassess and decide whether to continue lending or to decline the loan.

4

The individuals and companies brought to your bank for lending decisions undergo rigorous financial scrutiny, with the typical borrower having a net worth in excess of \$5 million.

5

Acumen continually monitors the insurance carriers' ratings to ensure that they continue to maintain requisite financial strength.

6

Your bank will increase its loan portfolio without concern of delinquency and/or foreclosure.

7

Your bank will be able to develop new relationships with clients and prospects, and Acumen will cosponsor and cover the costs associated with seminars to help your bank develop and educate new clients, if requested.

8

Your bank will use its own loan documents to ensure it receives all the information from the borrower it needs to make a sound lending decision.

SUMMARY

Premium financing is becoming a popular tool for successful businesses and high net worth families to use to meet their life insurance acquisition needs.

Acumen Insurance Solutions provides your bank with a conservative premium financing lending platform that will diversify its loan portfolios and attract new deposits from high net worth individuals and successful businesses.

The loans have the following features:

- **Financially desirable borrowers;**
- **100% cash collateral, backed by highly rated life insurance carriers;**
- **Annual interest paid in advance to your bank; and,**
- **Election your bank to renew the loan every 12 months.**

Contact us for more information

833.3 acumen | acumeninsurancesolutions.com