PREMIUM FINANCE

The following checklists cover the majority of items required by Lenders and Insurance Companies that Premium Alliance will use for a premium financed life insurance case. There may be additional requirements by specific lenders and/or carriers that are not outlined below. Not all insurance companies and lenders will approve a client in every scenario so be sure to discuss the client with your Brokers Alliance advanced markets representative prior to reviewing any sales proposals or illustrations with your client.

CLIENT PRE-QUALIFICATION REQUIREMENTS

- ☐ The client must have a net worth greater than $5 million excluding primary residence.
- ☐ If the client is still employed, minimum annual income of $150,000.
- ☐ Liquid Assets at a minimum must be 10-20% of the total loan amount.
- ☐ Cover letter explaining the purpose of insurance and ownership structure.
- ☐ Up to age 70 is typically acceptable, over age 70 will require a special exception.
- ☐ Standard or better rate class with proposed insurance carrier.

REQUIRED DOCUMENTATION

- ☐ Pre-Qualification Survey has been completed; Click Here to Access
- ☐ Life Insurance offer from approved life insurance carrier
- ☐ Current third party financial statements
- ☐ Trust Documents (if applicable)
- ☐ Last 2 years tax returns (based on borrower)
- ☐ Brokerage statements and bank statements to match against 3rd party financials
- ☐ If the borrower is a corporation or LLC, documentation may be required to verify business and ownership, bylaws, etc.
- ☐ Carrier Illustrations and Premium Finance ledgers

ILLUSTRATION GUIDELINES

All cases will be run using multiple scenarios to meet the stress test guidelines for Brokers Alliance, the Lender, and the proposed Insurance Company. Guidelines for stress testing can vary, but at a minimum will require the following:

1. Life Insurance illustrations showing minimum guaranteed rate of return and midpoint return.
2. Lender term sheet showing increasing rates of 25 bps per year for first 10 years. Initial loan rate will be LIBOR + spread based on pre-screened credit profile.
3. If interest accrual is requested, an illustration reflecting interest paid up from must be presented to the client as well.

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