

PREMIUM FINANCE VS. LOAN FOR LIFE™

PREMIUM FINANCE

"LOAN FOR LIFE"™

POLICY ELIGIBILITY

Typically made in conjunction with policy issuance but also available for in force policies

The LFL Loan is made only to in-force policies. As a general rule, a policy must be in force for a minimum of 7 years.

TERM

They are for a specific limited term (36-60 Months) and are renewal at the Lender's Option. If Lender declines to renew or the terms of the renewal are unacceptable to the Policy Owner/Borrower, the Loan must be repaid immediately. Failure to repay will result in a foreclosure on the Policy.

The term of the LFL Loan is "Permanent" Not limited in time. Never renewable, cannot be foreclosed upon. The LFL Loan Maturity Date is the EARLIER of the Policy Maturity Date or the Death of the Insured.

PERSONAL LIABILITY

The Policy Owner/Borrower is usually required to personally guarantee the loan or to post additional collateral.

The LFL Loan is recourse ONLY against the Policy, no personal guarantee from the Policy Owner, no additional collateral.

USE OF PROCEEDS

The loan proceeds can be used solely for payment of the Policy premiums directly to the Carrier. No loan proceeds can be paid to the Policy Owner for other purposes.

In addition to the unrestricted loan proceeds paid at Closing the Policy Owner/Borrower can elect to have all future premiums paid by the LFL Lender with those advances added to the outstanding LFL Loan balance.

INTEREST RATE

The PF loan interest rate is variable and is calculated as a spread over a benchmark rate such as Prime Rate or LIBOR.

If, as and when the benchmark increases the Loan interest rate increases with no ceiling. Prime Rate Range 2001-2021 3.25% - 9.5% (JP Morgan Chase)

The LFL interest (typically 5.25% - 5.75%) is fixed for the entire term of the Loan. Can never increase

DEATH BENEFITS GUARANTEED

If P.F. loan not repaid when due, foreclosure of loan eliminates any death benefit to the family.

The Policy Owner's Beneficiary continues to own an interest in the Death Benefit throughout the entire Term of the LFL. The Borrower is guaranteed at least a minimum share of the Death Benefit up to and including the Policy Maturity Date.