

# Imeriti, Inc.



## Premium Financing Overview

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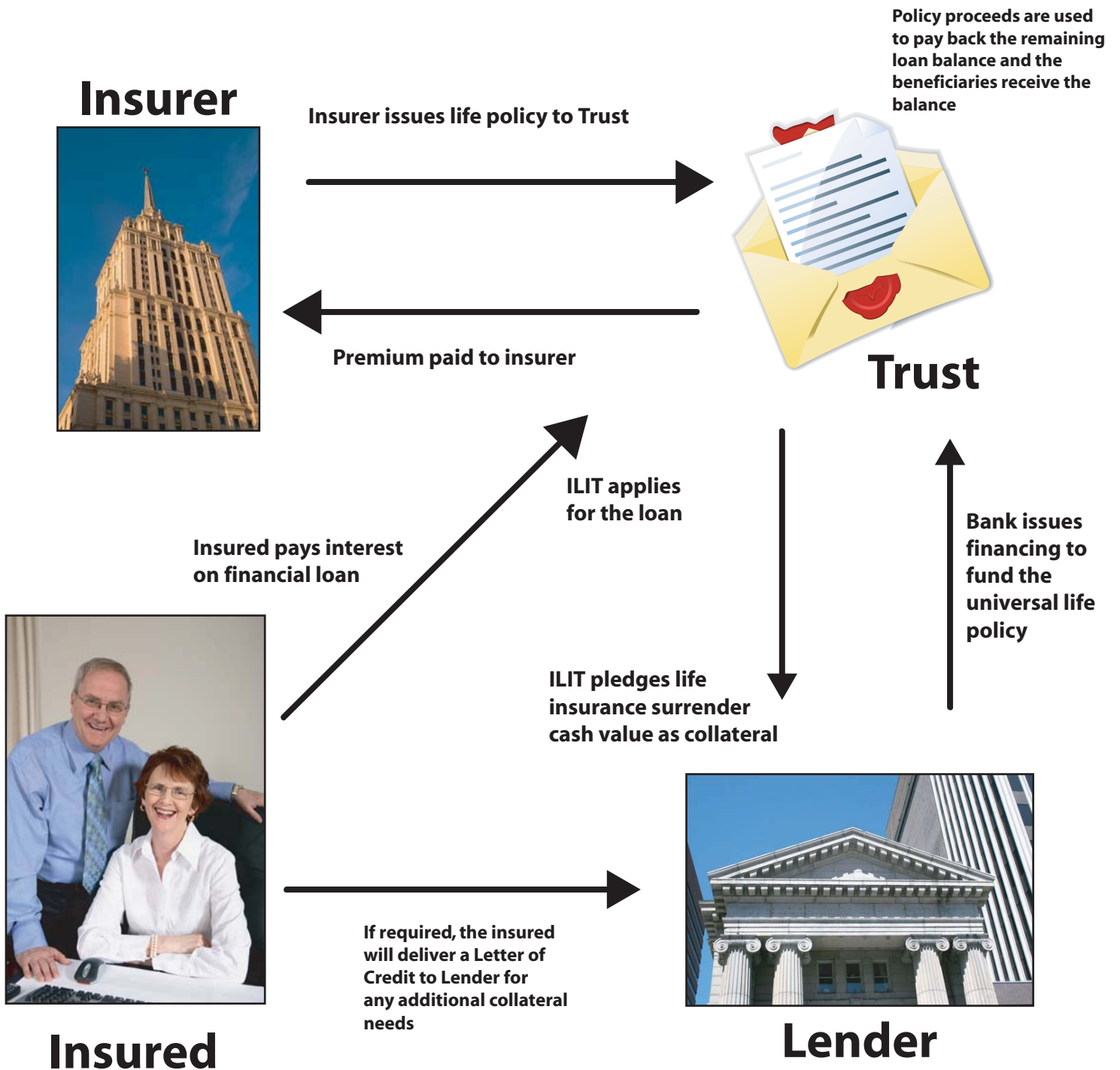
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**2010**

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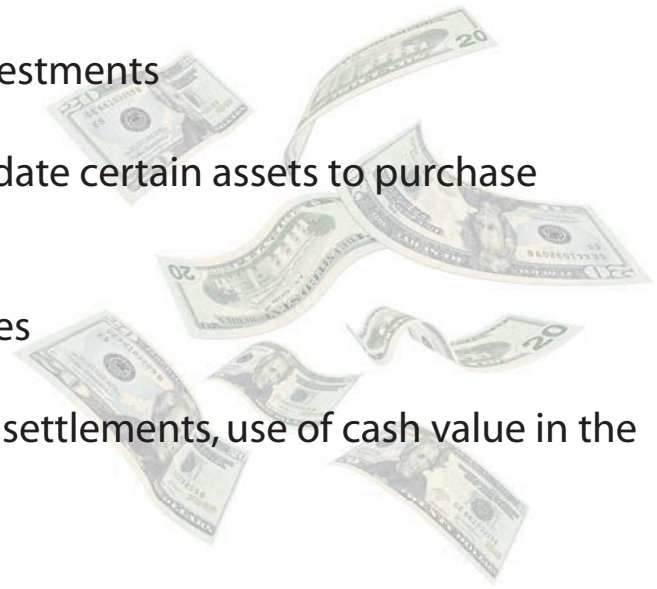
# What is Premium Financing?

Premium financing leverages current individual assets to purchase life insurance through a lender. The use of premium financing allows individuals to purchase large amounts of insurance with relatively small out of pocket expenses.



# Benefits of Premium Financing

- Little or no impact on current individual investments
- Leverages current investments
- Potential tax benefits by not having to liquidate certain assets to purchase life insurance
- Provides instant liquidity to estates
- Can allow for favorable gift tax consequences
- Protect net worth and cash flow
- Creates flexible options in the future for life settlements, use of cash value in the policy, and changes to policy



## Ideal Customers for Premium Financing

- Age 65 or older
- Have a net worth of at least \$1,000,000
- Must have sufficient assets to pledge for a letter of credit if necessary
- Must be able to qualify for medical underwriting



## Collateral

- Real estate
- Collectibles
- Cash
- Brokerage accounts
- Other non-liquid assets



18.00	37.52	17.12	-0.75	1.81%
16.75	17.02	42.15	+0.13	0.48%
17.47	40.06	27.09	+0.46	2.09%
42.15	27.09	22.47	-1.26	-5.12%
27.09	22.47	23.37	+12.51	3.30%
23.37	22.74	23.37	+0.74	0.78%
23.37	22.74	23.37	+0.42	1.69%
23.37	24.85	24.82	+0.30	1.22%

# Premium Financing: Case Study 1

The next two pages contain two sample cases that highlight why individuals use premium financing for their permanent insurance needs. In addition, these examples show how much little up front investment is needed to get very large amounts of insurance.

## Case Study 1:

A 73-year-old, real estate investor has a net worth of \$2 million, with more than 60% of his assets in real estate. His financial advisor discussed ways he could enhance his estate and what he would be able to leave to his heirs. The customer wanted to add \$1 million to his estate by purchasing a life insurance policy. Considering his current health (Table B rating), a \$1 million policy would cost \$56,000 annually. Due to this substantial out-of-pocket cost, the customer wanted to explore alternative options. Working with his advisor and Imeriti, he was able to obtain a \$2 million, permanent life policy for \$8,800 per year (paying the interest each year on the premium finance loan). Assuming a normal life expectancy of a 73-year-old male (8 years), his heirs should receive \$3,050,000 from the life insurance policy plus the remainder of his estate. This provides an additional \$500,000 for his heirs compared to purchasing the policy without leveraging his investments.

	Premium Financing	Purchase Insurance Out-of-Pocket
Yearly out of pocket cost	\$8,800	\$56,000
Death benefit from insurance policy	\$2,000,000	\$1,000,000
Money from insurance policy left to heirs	\$1,120,000	\$1,000,000
<b>Total Estate:</b> (Assuming interest or premiums were paid from current assets)	<b>\$3,050,000</b>	<b>\$2,552,000</b>

# Premium Financing: Case Study 2

## Case Study 2:

An affluent ex-tennis pro (age 75) built a large estate over his lifetime. In addition to his estate, he has 8 original Van Gogh paintings. Between his brokerage accounts, paintings, and real estate, he has an estate worth an estimated \$50 million. This created a very large estate tax situation. Since 90% of his net worth was not liquid (real estate and art), he needed to find a solution to purchase life insurance to cover the estate tax issues. The premiums on this policy were approximately \$1.5 million per year. Because he did not want to liquidate his assets to pay for this policy, premium financing was a perfect solution. Using premium financing the customer had a \$200,000, instead of \$1.5 million, annual liability to fund a life policy with \$30 million of permanent coverage.

### Upon Death (without Life Insurance)



### Upon Death (with Life Insurance)



800.921.3100



www.imeriti.com

# Imeriti and Premium Financing

***Imeriti provides the complete package of services to ensure all aspects of premium financing are covered!***

**We only have three expectations when working with advisors:**

- Find candidates that meet the criteria for premium financing
- Complete the four page assessment form with the customer
- Complete the application package when a financier is found

**Imeriti will provide the following services:**

- ✓ Find an appropriate lender based on the needs of the customer - we currently work with over 50 lenders (including: Bank of New York, ING, AIG, Credit Suisse, etc.)
- ✓ Work with actuarial firms to determine customer's life expectancy
- ✓ Work with over 30 insurance carriers to find the best premium based on the health situation of your customer
- ✓ Follow the case through all underwriting
- ✓ Work with lawyers, if necessary, to prepare any trust or other legal documents
- ✓ Assist with placing the case in force
- ✓ Work with the advisor to set up annual reviews of the policy and loan to ensure the policy still meets the customer's needs