

# Overview of CAMBRIDGE'S NEW PREMIUM FINANCING PROGRAMS



## Premium Financing Done Right

### Client Profile

- Age 70+
- Legitimate need for life insurance to solve estate planning, wealth transference, wealth replacement and financial planning objectives or to protect against other financial losses (Key-Man; Buy/Sell, etc.)
- Net worth sufficient to justify a minimum of \$1,000,000 Death Benefit
- Must be "accredited investor" and meet all carrier financial requirements to justify face and loan amount

### Program Features/Benefits

- Cashless – minimal out-of-pocket cost
- Competitive terms
  - Interest rate
  - Favorable commitment period
  - Policy pledged as collateral for loan plus unsecured guaranty by insured/other approved guarantor
  - Flexibility
- After loan is repaid, beneficiaries receive balance of death proceeds
- U.S. bank funded

### Loan Details

#### Term

- 36-month initial loan term, with annual options to renew (with lender consent)

#### Collateral Requirements

- Policy pledged as collateral for loan plus unsecured guaranty by insured/other approved guarantor

### Loan Details (*continued*)

#### Interest Rate

- Fixed – Bank cost of funds + 3%
- Floating – One year LIBOR + 3%, adjusted annually

#### Ownership Structure

- Policy owner and borrower is an ILIT
- Trustee is a national bank and trust company

#### Legal Safeguards

- Legal opinion regarding insurable interest for every loan
- Legal opinion that addresses the legality of the loan for every loan

### Fees & Expenses (*for initial loan term*)\*

- Loan origination fee - \$15,200 – \$25,200 (based on face amount)
- Loan servicing fee - \$5,000
- Trustee fees - \$6,000
- Legal fees - \$14,500 (includes Trust Protector fee)

### Case Submission Requirements

- Income Tax returns for two previous years
- Completed financial statement on form provided by Cambridge Financing Company (CFC)
- Signed HIPAA authorization form provided by CFC
- Carrier illustration(s)
- LEs dated within the past 90 days
- Signed Producer Agreement

\* Additional fees for multiple policies may apply

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