

10 PREMIUM FINANCING REQUIREMENTS FOR FOREIGN NATIONALS

1. Two Forms Of Identification

One form of identification must be a passport. Second form of ID must have a picture of the insured.

2. Foreign Address

The insured's stated address must be in the country of residence.

3. No Blacklisted Countries

The insured's country of residence cannot be in a country that has been blacklisted by the life insurance carrier being applied for.

4. Background Check

The insured must pass a background check and have no criminal record or major blemishes online.

5. Insurance Carrier

The insurance carrier must be a domestic life insurance carrier. A foreign subsidiary of a domestic carrier will NOT work.

6. Domestic Entity

The entity owning the policy (ie: Trust, Corporation, LLC) must be a domestic entity and maintained during the entire period that an outstanding loan balance is due.

7. Tax Returns & Financial Statement

The lender only needs two years of tax returns of the LLC and a corporate financial statement of the LLC that owns the policy, NOT personal tax returns or a personal financial statement. However, if the LLC is a newly-formed entity and has not filed two consecutive years of tax returns due to it being a new entity, the lender will require two years of personal tax returns.

8. Collateral

The loan must be 105% secured by the policy cash surrender value (CSV) at all times. If the policy CSV is projected to be less than the required 105% of the principal loan balance, the client could:

- a. Pay additional premium into the policy to increase the CSV.
- b. If the policy is max-funded, the client could pay down some of the loan principal in order to meet the 105% threshold.
- c. Post an amount of liquid domestic collateral with the lender equal to 105% or greater than the principal loan balance.

9. First Year Premium

The first year premium must be paid out-of-pocket by the insured. This is done by transferring this amount into a newly opened checking account with the lender. The premium will then be paid from this account to the carrier for the first year premium. This is needed to establish a banking relationship with the lender. A \$500 account balance must be maintained in this account to keep the account active.

10. Interest Payments

With the expectation of financing premiums starting in year 2 of the policy, the client will be required to pay the annual interest amount in advance by transferring such amount into the checking account mentioned above prior to the loan being funded.

Each premium financing case on a foreign national insured is underwritten on a case-by-case basis, however the lending arrangement is established before the policy is issued and delivered. This gives the client the assuredness that a lender is committed to funding the loan starting in the second year of the policy.

For more information regarding this unique program, contact us.

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