10 REASONS TO USE LIONSMARK CAPITAL

(AND NO ONE ELSE FOR PREMIUM FINANCING)...

REASON #1: BEST LENDING RATES IN THE INDUSTRY

REASON #2: NO COLLATERAL CALLS, NO PERSONAL GUARANTOR REQUIREMENTS, & LOAN RECOURSE IS LIMITED TO THE POLICY ONLY

REASON #3: SUPERIOR POLICY FUNDING DESIGN

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REASON #8: ULTIMATE TRANSPARENCY TO THE CLIENT

REASON #9: SUPERIOR POINT-OF-SALE ASSISTANCE

REASON #10: EASY LOAN RENEWAL PROCESS

LIONSMARK CAPITAL

REASON #1: BEST LENDING RATES IN THE INDUSTRY

Lionsmark Capital has five lenders that facilitate our lending program. All five lenders are publicly traded banks. Three are regional banks, one is national and one is international. None of our lenders have capacity issues and based on the size of the loan and location of the client, Lionsmark Capital will appropriately place the client with the appropriate lender.

Our loans are based on the 12-Month U.S. Treasury Daily Yield Curve (USTDYC) instead of Prime or LIBOR. Once the loan is in force, the USTDYC rate is locked in for 13-months. Our lenders then add a spread on top of that base rate, dropping their spread 25 basis points after the borrowed premiums have been seasoned for 12 months.

We will not be beat when it comes to lending rates.

REASON #2: NO COLLATERAL CALLS, NO PERSONAL GUARANTOR REQUIREMENTS & LOAN RECOURSE IS SOLELY LIMITED TO THE POLICY

The design of the policy creates a 95/5 LTV ratio that has been approved by our five lenders and allows the policy to serve as the sole collateral. We do not use any high-early cash value riders to accomplish this, nor do we spread agent commissions.

Many of our competitors use these gimmicks, which are all unnecessary in our design. Due to the policy sufficing as the sole collateral, there are no client personal guarantor requirements and no personal guarantor requirements, which by definition results in the financed premium loans being non-recourse to the borrower.

To discover how we accomplish this, you may request an apples-to-apples comparison with one of your clients (you may redact the names for privacy purposes if you prefer), or you may request a preview of some of our case studies.

Lastly, the design of our policies virtually guarantees that the client shall never receive any collateral calls even if the S&P 500 has negative returns in the first three years of the policy and the policy credits 0% in these first three years.

Every client is obviously different, however the vast majority of clients may qualify for the parameters articulated above.

REASON #3: SUPERIOR POLICY FUNDING DESIGN

In the ***Leveraged Index Arbitrage***TM program, the client pays a significant first-year premium out of pocket. Traditionalists in the premium financing space will often times balk at this idea, arguing that doing so negates the power of leverage.

This is a very ignorant stance because based on the way Lionsmark Capital designs our policies, the first-year premium is almost always less than the amount of collateral the client is required to post in a traditionally premium financed policy. The first-year premium paid out-of-pocket allows the policy's CSV to get a "head start" so that when we load in financed premiums starting in year 2, the CSV is scheduled to be a minimum of 105% of the principal loan balance, not only in this year, but on a move-forward basis, even if the S&P 500 has negative returns in the first three years of the policy and the policy index credits 0%.

Essentially, in our design, the "non-collateral collateral" is sitting inside the policy instead of a low-to-zero returning collateral account. Those that do not understand nor subscribe to our methodology clearly do not fully believe in the IUL chassis with the 0% floor.

Carriers like our methodology for several reasons. One, the client has more "skin in the game" by paying a substantial first-year premium out-of-pocket. Two, the fact that the financed premiums begin in the second year gets the policy closer to being outside the carrier's "two-year contestability period," which reduces both early policy lapses and negative PR issues in regards to premium financing that may fall on the carrier in the future. And three, paying the first-year premium out-of-pocket further substantiates the client's credit-worthiness, solvency and suitability for premium financing.

REASON #4: STRONG CARRIER PARTNERS

Lionsmark Capital's ***Leveraged Index Arbitrage***TM program can be used with eight (8) different carriers. We only use A-rated carriers that are approved by our lenders in our program. To find out more about which carriers have products that work well with our program, contact us for a detailed conversation.

REASON #5: EASY LOAN UNDERWRITING

We can typically secure a lending package for the client within five business days. In the ***Leveraged Index Arbitrage***™ program, the policy serves as the sole collateral and its CSV is required to be an amount greater or equal to 105% of principal loan balance at all times. Hence, the lender is really underwriting the strength of the carrier and the secured CSV of the policy more so than the borrower.

As a formality, our lenders require 2-years tax returns and a *Personal Financial Statement (PFS)* to be signed by the client (each lender has their own version of a PFS), however the profitability and balance sheet of the client is not taken into consideration for loan underwriting. The lenders are solely evaluating the carrier and the design of the policy, for they require to be 105% secured at all times, solely based on the policy's CSV.

At the annual loan renewal each year, the client will need to submit either their most recent tax return OR proof of filing an extension. Again, this is more of a formality and is not taken into consideration for loan renewal approval. It is the policy's CSV position that is being evaluated each year by the lender.

REASON #6: QUANTIFIABLY OUTPERFORMS A MANAGED INVESTMENT ACCOUNT

Returns are more than double a 70/30 equity-to-bond ratio managed fund in any 40-year period in the history of the S&P 500, using an all-in investment fee of 1.35%.

Drop the fee to 27-basis points using a 100% S&P 500 correlated fund, and the ***Leveraged Index Arbitrage***™ program's 40-year outcome is about the same during a hypothetical 40-year period using 1980-1999 S&P 500 returns run back-to-back (creating a hypothetical 40-year period). During this period, the S&P 500 CAGR was 17.99% (not including dividends).

Other than this 40-year period of time, the net returns of the Leveraged Index Arbitrage Program are more than double compared to the hypothetical S&P 500 correlated fund.

Both of these examples above assume a 65-year old male client (not exactly a spring chicken) with a Preferred Non-Tobacco health rating.

REASON #7: THRIVES IN THE MOST HEAVILY STRESS-TESTED SIMULATION IN THE INDUSTRY

Lionsmark Capital is the only firm in the premium financing sector that breaks down the annual *Total Policy Cost (TPC)* of life insurance policies and transparently shows the drag that such costs have on the cash value IRRs on a year-to-year basis.

We are also the only firm that illustrates actual/historical stress-tested time periods that include volatility, displaying several detrimental sequence-of-returns periods, using the years 2000, 2001 and 2002 as the first three years of the policy when the *TPCs* are the highest and create the most impactful negative drag on returns.

Most firms that stress test their designs use a static policy credit assumption (albeit a low assumption, say 3.85% for example), however this static policy credit does not take into account volatility nor negative sequence of returns, thus showing the client a stress-tested model that is not very stressful.

Lionsmark Capital uses a combination of historical periods that have actually happened to illustrate real scenarios. We also have the ability to model virtually any other alternative investment or life insurance policy (financed or non-financed) to show an apples-to-apples comparison of performance and cash value accumulation. Often times, our stress-testing modeling causes the majority of our premium financing competitors' designs to result in policy lapses.

REASON #8: ULTIMATE TRANSPARENCY TO THE CLIENT

Our software illustrates five different 40-year back-tested periods using S&P 500 performance (not including dividends), including:

1. The last 40 years (S&P 500 CAGR during this time was 11.86%)
2. The last 20 years x2 (S&P 500 CAGR during this time was 7.17%)
3. The best 20-year period (1980-1999) x2 (S&P 500 CAGR during this time was 17.99%)
4. The worst 10-year period (2000-2009) x2 (S&P 500 CAGR during this time was -0.99%)
5. 2000-2009, then the last 20 year period, then 2000-2009 (S&P 500 CAGR during this time was 3.01%)

These time periods illustrate volatility and various sequences of returns to showcase the value of the IUL chassis and crediting method. No other premium financing intermediary has software that is able to illustrate these models, applying the client's actual proposed policy to these back-tested periods. If you want your client to experience ultimate transparency and you want to mathematically prove the financial outcome of the ***Leveraged Index Arbitrage***™ program compared to ANY other alternative investment or life insurance policy (financed or non-financed), Lionsmark Capital is the ONLY premium financing intermediary that has the ability to do so.

We are not just considered *Best Of Class* in this regard. We are literally the ONLY one in this regard.

REASON #9: SUPERIOR POINT-OF-SALE ASSISTANCE

Not only does Lionsmark Capital secure the lending resources, design the policy illustration, import it into our software which generates the back-tested modeling and stress-tested proposal, we also assist in the point-of-sale process. The agents/advisors that we do joint work with may either bring the client to our office in Irvine, California or we can screen share to present the proposal to the client. The ability for our software to change variables on-the-fly (ie: loan interest rates, early loan payoff, income drawdowns, etc.) exponentially increase efficiencies and compress the sales cycle dramatically.

If the client wants to see adjustments made to the overall plan, our software allow us to make those adjustments right there on the spot, rather than having to redesign and reschedule consecutive meetings booked a week out, which can prolong the sales process, often times resulting in a non-sale. Our process is nimble, efficient and most of all, fully transparent to the client.

REASON #10: EASY LOAN RENEWAL PROCESS

Our premium financing loans are on 13-month cycles which allows the policy to receive its index credit PRIOR to the loan renewal date. Upon the annual renewal of the loan, this allows the lender to see the policy's cash surrender value AFTER the index receives its annual credit (assuming an annual point-to-point crediting method). This is important (and unique) because the CSV of the policy is factored into the annual collateral requirement, which is often times none. There is no other premium financing intermediary that has this type of loan cycle. Each year, the client submits last year's tax return OR proof of filing an extension. Our lenders solely evaluate the structure and CSV of the policy to determine renewing the loan, and based on the initial design of the policy that has already accounted for 0% index credits for the first three years of the policy, the likelihood of the CSV not meeting the required 95/5 LTV is virtually impossible. However in the virtually impossible scenario that the lender does not renew the loan, we have four other lenders in our stable that step in.

FOR MORE INFORMATION, GO TO:

WWW.LIONSMARKCAPITAL.COM

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