

# PREMIUM FINANCE CASES EXPOSED

## AN IN-DEPTH LOOK AT MISTAKES ADVISORS SHOULD AVOID

**A**s an advanced insurance professional, you know that premium financing is the key to closing the big cases. But do you know the three pitfalls in working with the wrong partner?

Sure, the policy and financing can make you a six-figure commission, but is it worth the seven-figure headache if your partner steers you and your client wrong?

Just ask Tim Whitmore. He parlayed his 26 years of experience into the industry's most client-focused premium finance operations as the chief marketing officer and premium finance specialist for Life & Annuity Masters. He says if your partner is just looking to get the business, look out.

"You are going to be sold something that overpromises the client and blows up in the future — I've seen that happen far too often," Whitmore says. "When professionals work with true experts like us who have seen it all, **they will be assured of cases that are built solely in their clients' best interest.**"

That is why Life & Annuity Masters builds the insurance case and arranges the financing in one package.

Below are three warning signs to look for the next time you venture into the premium financing market.

### 1. Best-case scenarios that blow up in your client's face

Many policy illustrations that follow the AG 49 guidelines are hiding something — the company's internal rate of return

and effective rate, which can be greater than what AG 49 allows. In other words, some policies and premium financing start losing money on day one.

What's worse is that some of those products hide the nonguaranteed crediting rates in a black box. You'll even find illustrations showing distributions and fees rolled up — making a product look more attractive on paper. And that leads to a downright ugly failure for your client.

"That's why we use our own stress tests, measuring the hypothetical crediting rate of the policy to the hundredth percentile — all the way back to 1975 — analyzing every one-year rolling period," Whitmore says. "We also stress-test borrowing rates the same way. **So, agents can rest assured they are educating their clients on the risks.**"

### 2. They jam your client into a malformed cookie cutter

There are a lot of cookie-cutter policies available out there that don't fit the unique needs of a client. Many partners work with only a few carriers. This can really limit your options and may not serve your client's best interests.

"Our philosophy is to put the client first, considering what he or she is trying to accomplish, the need and all financial statements," Whitmore says. "Then, **the product and the loan are designed solely around their specific criteria.** We have access to all the carriers out there and will use the best choice for each client."

### 3. They take a big chunk of your hard-earned commission or overcharge your client

Agents and advisors need to look out for policy stipulations that affect their compensation. **Most shops offer terrible splits to advisors — often keeping 30 to 50 percent of the commissions.**

And they can hold back commissions for a charge-back period. Others get kick-back fees paid by the bank, resulting in potentially higher borrowing rates for your clients.

Life & Annuity Masters' splits are as low as 10 percent. And any agent sending them a premium finance case gets paid when it's placed.

### Placing a successful premium finance case can be easy and profitable

While many organizations require you to do the bulk of the legwork — gathering financials, presentations, illustrations, and tax and legal documents — **all that Life & Annuity Masters requires is a telephone call and some case details.**

They take care of the rest, even offering proven point-of-sale service — letting you get back to work while pocketing up to 90 percent of the commission.

For more information regarding Life & Annuity Masters' premium finance opportunities and to access their powerful objection handling strategy, **No More Nos!**, visit **CloseBigCases.com** or dial **844.443.9324** today!

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