



The Ziff Agency, LLC
INSURANCE SERVICES

*PRESERVING THE PAST
PROTECTING THE PRESENT
POSITIONING THE FUTURE*

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Introduction

The Ziff Agency , LLC is proud to offer an alternative method of purchasing life insurance to qualified candidates exclusively through its relationships with national lending institutions.

The Ziff Agency is nationwide and is considered by many the premier life insurance premium finance facilitator and structured insurance finance organization in the United States. The Ziff Agency's team of principals and directors draw from 100 + years of extensive knowledge and expertise serving as executives of insurance companies, consultants, banking and marketing organizations.



Premium Finance Service

Life insurance has proven to be one of the most effective financial tools to protect against the financial strain of a premature death. However, for affluent policy owners, there are many challenges to purchasing sufficient life insurance protection. Such obstacles include a drain on current capital or cash flows to make premium payments, potential gift taxes, and liquidation of high performing assets. Premium financing was developed to help minimize those challenges.

Through premium finance, affluent individuals and businesses are now able to acquire as much life insurance as they qualify for to solve estate planning, key-man, charitable endowment, loss protection and other financial planning needs utilizing the most favorable financing methods available.

Lending Partners

The Ziff Agency is partnering with national lending institutions that have a key focus on meeting the premium finance needs of both businesses and individuals.

Client Profile

The ideal client is from 18 to 90 years of age and has a tangible net-worth in excess of \$5 million. The Insured must have a legitimate need for life insurance to solve estate or business planning issues, financial planning objectives, or to protect against other financial losses. Client must be insurable with a Standard or better health rating from a life insurance carrier.

The minimum face amount considered for financing is \$5Million.

Note

This material has been designed to assist your understanding of the The Ziff Agency strategy. Many of the most frequently asked questions and required documents have been addressed. If you would like additional information, please contact Larry Ziff at cell number 201-394-3796.



How does the The Ziff Agency Premium Finance Program work?

National lenders will provide a secured lending facility to qualified candidates allowing individuals to purchase necessary amounts of life insurance for which they qualify. Clients will establish an Irrevocable Life Insurance Trust (ILIT) or LLC (depending on the lender) which will be the borrower, policy owner, and beneficiary of the life insurance policy. The ILIT will be responsible for posting all required collateral and repayment of the loan, which is a recourse loan to the borrowing ILIT. Lenders will not participate in viatical or life settlement insurance financing programs of any kind.

What is the term of the loan?

The loan term can be 1-5 years to finance the life insurance premiums and accrued interest. Clients will not be required to reapply annually. The Lender will review the interest and collateral position of the borrower each year prior to funding the next premium. As long as the borrower satisfies the financial requirements for collateral, Lender will then advance the annual premium as required by the policy illustration.

Are there collateral requirements?

Yes. The collateral in the form of Cash, Letter of Credit or policy Guaranteed Cash Surrender Value equal to 100% of the first year premium payments and projected interest accrual. Each year, prior to the loan anniversary, the borrower (ILIT) will be required to post additional collateral in the same form, equal to the coming years premium payment and interest costs. Lender will also require a

collateral assignment of the insurance policy that is being premium financed.

What happens at the end of the loan term?

At the end of the loan term, the loan balance will be payable in full, by the borrower. The borrower has several options to consider. 1) The first option is to explore the possibility of renewing or refinancing the loan. Lender may consider, but is under no obligation to renew the loan at maturity. Currently there are multiple banks that will consider financing “in-force” policies, however, there are no guarantees that the financing of in-force policies will be available in the future. 2) In the event the borrower is unable to pay off, refinance or renew the loan, the collateral will be used to repay the loan.

The Ziff Agency will use its best efforts to assist borrowers with refinancing their outstanding loan balance through other lending sources if borrower’s so desire. The Ziff Agency cannot guarantee any lender will refinance the transaction, or that the terms and conditions will be similar in nature.

In the event of the insured’s death during the loan term, the loan will become immediately due and payable in full. Loan balance will consist of all premiums advanced and interest accrued.

What is the loan origination fee?

Origination Fees vary with lenders and typically range between 0-100 Basis Points of the new advanced annual loan commitment and may be capitalized into the loan.

What is the loan interest rate?

The interest rate will be based on the one-year London Interbank Offered Rate (LIBOR), plus a spread. The interest rate will be fixed on an annual basis and adjusted annually at the loan anniversary date and may vary from year to year, depending on the one-year LIBOR. The basis point spread is fixed and will not change during the loan term. Some lenders have a Minimum Loan Rate (Floor) and some offer a Maximum Loan Rate (Cap) that will be disclosed prior to loan funding. Historically, from February 1998 through February 2011, LIBOR has ranged from a low of .20% (February 2011) to a high of 6.88% (November 2000). During this period of time, with an interest rate spread of 150 basis points, the total loan interest rate would have ranged from a low of 1.70% to a high of 8.38%. (Source: www.bba.org.uk). A final Lender loan illustration will be provided to ensure that the borrower understands the financing terms and projected benefits.



Are there any benefits to getting life insurance now?

Yes. In most cases, premium finance allows the client to purchase life insurance at a younger age than they might if premiums had to be paid out of pocket, providing lower long-term premiums and better ultimate value for the insured.

For example: The average annual premium (top 12 life companies) for a standard male 70 years old is 3.61% of the face amount of the policy. If that same individual waited 5 years until they were 75 years old, and had no adverse health changes, premiums would increase to 4.95% or a 37% increase in premium cost. Likewise, if that same individual at 75 years of age waited to purchase life insurance until they were 80, premiums would increase from 4.95% to 7.04% of face or an increase of 42%. Obviously, an individual waiting from age 70 to 80 to purchase life insurance would experience an increase in insurance cost nearly doubling or by 94.3%. There may never be a better time to act than now.

Who can be a beneficiary of the borrowing ILIT?

Beneficiaries of the ILIT must be either a spouse, children, grandchildren, other natural heirs of the insured, or an entity with an insurable interest such as a qualifying charity.

What type of credit information is needed to determine loan eligibility?

Lender requires a signed premium finance credit application along with financial information about the insured, borrower, organizational documents such as the trust documents, and other supporting materials. Please see the requirements section for specific information.

Are there any legal, gift or estate tax issues?

Both the insured and borrower must be represented by legal, financial and tax advisors, who will need to independently evaluate the suitability of the premium finance transaction relative to the specific needs prior to entering into the Lender Premium Finance agreement.

This material does not constitute legal, tax or accounting advice and neither Lender nor The Ziff Agency or any of its agents, employees or representatives are in the business of offering such advice. It was not intended or written for use and should not be used by any taxpayer for the purpose of avoiding any IRS penalty.

The Ziff Agency, LLC Premium Finance

