ADVANCED MARKETS

Premium Finance Guidelines

Premium financing is a strategy that allows high-net-worth individuals to borrow money from a lender to fund the purchase of a life insurance policy. Below are some general underwriting guidelines which will apply to most premium financing arrangements; however, United of Omaha will review each case individually on its merits.

Client/Insured guidelines for premium finance

Products available	Indexed Universal Life permanent products
Issue age limit	Age 70
Insurable interest	Clearly defined need or purpose for life insurance protection
Minimum net worth	$5 million generally
Minimum annual income	$200k+ annual income
Minimum face amount	$2,500,000
Foreign nationals	No, U.S. Citizens only
Financial documentation	2-3 years tax returns 3rd party verified financials – CPA letter (without disclaimer), bank/brokerage account or annual statements from cash value life insurance, real estate appraisals, business financial statements, etc. to support client's net worth

Lender guidelines for premium finance

Interest payments	Generally, interest must be paid as incurred on an annual basis. No capitalization of interest.
Full recourse loan required	Yes
Loan documents	Copy of Term sheet and appropriate loan documentation
Minimum loan duration	2 years (5 years for facultative transactions)

MUTUAL of OMAHA

Case design guidelines for premium finance

Exit strategy	Clear rollout of loan during life of insured, death not an acceptable strategy
Policy structure	Income Advantage - structure with minimum face amount and maximum premium commitment Life Protection Advantage – structure for highest death benefit with no lapse guarantee premium
If trust owned	Copies of executed trust documents
United required documents & forms	Cover letter explaining the structure of the policy and purpose of the financing in relation to long-term life insurance needs, including well-documented business and estate planning needs. L7884 – Premium Funding and Acknowledgement Form L8002 – Statement of Policyowner Intent Financing spreadsheet showing normal/stressed conditions with bank loan and policy values

Mutual of Omaha will not consider the following premium financing designs or arrangements:

- Premium financed funds used to pay premiums on life insurance policies owned by or payable to a charitable organization.
- Stranger Owned Life Insurance (STOLI) or Investor Owned Life Insurance (IOLI) programs.

Mutual of Omaha reserves the right to refuse to issue a policy based on our assessment of the premium finance structure. Final approval of all premium financing cases is the sole responsibility of the Underwriting and Risk Management departments at United of Omaha.