

# Premium Financing Guidelines

These guidelines are intended as best practices for the submission of a case to Symetra for premium financing consideration. Premium financed submissions will be thoroughly reviewed by the Premium Financing Review Team (PFRT) on a case-by-case basis. The guidelines below are general, and as such, may not be all-inclusive and are subject to change at any time.

## Client/Insured Profile

- Maximum issue age of insured is age 70.
- Clearly defined need or purpose for life insurance protection.
- Insurable interest qualifications must be present.
- Minimum net worth of \$5 million (consider \$2.5 million under age 50).
- Minimum annual income of \$200,000 (consideration with ability to fund life insurance premiums).
- Ability to fund non-financed life insurance premiums.
- Must be a U.S. citizen or permanent resident.
- Ownership must be a person, an entity or trust residing in the U.S. (policyowner cannot be outside the U.S).

## Underwriting Requirements

- Insured(s) will be fully underwritten.
- Financial information:
  - Last two years of tax returns for the policyowner (grantor, if trust owned).
  - Financial supplement: form LUC-220.
- If trust-owned, the trust must not be under the control of or affiliated with the lender.

## Lender Requirements

- Loan must be 100% collateralized at all times (non-recourse or hybrid loans will not be allowed).
- Loan commitment period for a minimum of three years.
- Loaned funds must be from a U.S. domiciled lender.
- Lender loan structure and documents must be reviewed and accepted by Symetra.

## Case Design Requirements

- Any associated loan fees should be paid out of pocket and not rolled into the initial loan.
- Loan interest paid annually.
- For life illustrations and finance spreadsheets:
  - The initial loan rate in the finance spreadsheets should be equal to or higher than the lender's offered loan rate.
  - The loan rate should increase in annual increments at a minimum of 25 bps per year up to 10 years or cap at 200 bps above the initial lender's loan rate.
  - The payment of annual loan interest will not be allowed from policy cash values.
  - Illustrations should not indicate a Modified Endowment Contract (MEC), subject to approval.
- Exit strategy(ies) must be clear and reasonable for the loan repayment:
  - Death of the insured is not an acceptable strategy.
  - Must be the same strategy(ies) presented to and agreed upon by the client/insured.
  - Must not include a life settlement option.

## High-Net-Worth Foreign Nationals (Non-Resident Aliens)

The following applies to high-net-worth foreign nationals in addition to Symetra's premium financing guidelines and best practices:

- Maximum issue age of the insured is age 70.
- Minimum global net worth of \$5 million for all ages (U.S. equivalency).
- Minimum annual income of \$200,000 (U.S. equivalency).
- Ability to fund non-financed life insurance premiums.
- Loan interest paid annually.
- Loaned funds must follow lender requirements for premium financing.
- Symetra's ownership and high-net-worth foreign national guidelines apply (refer to piece LIM-1543).

## Helpful Steps for Case Implementation

Step	Producer	Description	Symetra Source
1. Case Review	X	Review case design and requirements	Advanced Marketing Team
2. Illustrations/Design	X	Prepare premium finance illustrations	Sales Desk
3. Informal Underwriting Offer	X	Submit case with cover letter disclosing a premium financed case	New Business/Underwriting
4. Review Loan Program	X	Review lender and verify acceptance by Symetra	Advanced Marketing Team
5. Initiate Trust (if trust-owned)	X	Trust should begin to be drafted by client's legal advisor	N/A
6. Contact Lender	X	Discuss case design and requirements	N/A
7. Formal Underwriting Offer	X	Receive formal underwriting offer	New Business/Underwriting
8. Loan Submission and Documents	X	Submit loan documents and requirements to lender	N/A
9. Case Submission Requirements	X	Submit cover letter and required documents for review	New Business
10. Finalize Case Design	X	Revise premium finance illustrations	Sales Desk
11. Finalize Trust (if trust-owned)	X	Submit new application with trust as owner	New Business
12. Submit Outstanding Requirements	X	Submit any outstanding requirements, copy of trust, loan docs, final signed illustration and spreadsheets	New Business
13. Case Acceptance	X	Receive premium financing approval	Premium Financing Review Team
14. Policy Issued	X	Policy is issued	New Business
15. Collateral Assignment Executed and Acknowledged		Lender wires funds to Symetra and Symetra sends acknowledgement of receipt back to lender.	New Business
16. Policy Funded	X	Policy is in-force	New Business

### Questions?

For further assistance, contact the Symetra Advanced Markets Team at (781) 398-4504.

### Not Eligible for Premium Financing

Symetra is not able to 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.
- Multi-life designs where insurable interest qualifications are not present.



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The trust must have a provision to purchase life insurance as a trust investment and the trustee should have authority to purchase life insurance on the grantor(s).

The lender in a premium financing arrangement is an independent third party lender and is not affiliated with Symetra Life Insurance Company. An owner must qualify for the third-party loan and meet the collateral requirements of the lender.

Premium financing is very complex and includes market uncertainty, potential loss of collateral, and the possibility of a policy lapse. Neither Symetra nor its producers are licensed by any state to act as a lender. Symetra does not endorse any lender or premium finance program and does not support or promote Stranger Originated Life Insurance (STOLI). The agreed upon loan terms and loan agreement are those of the third party lender and not those of Symetra Life Insurance Company.