

## INSURATIVE PREMIUM FINANCE – LOAN PORTFOLIO OVERVIEW

Information current as of October 11, 2010 (subject to change at any time without notice)

### Overview

Insurative Premium Finance (Jersey) Limited, Insurative Premium Finance (Jersey) 3 Limited and Insurative Premium Finance Massachusetts, Inc. (IPF) are traditional lenders as well as third party loan arrangers/facilitators/introducers that provide insured and/or trust grantors the capability to finance policies for extended periods to solve a number of financial planning objectives. IPF operates on a global basis although the U.S. is the primary market.

IPF offers a number of different loan types that facilitate a range of various loan sizes, forms of collateral, geographic regions and life insurance company guidelines.

All IPF loans are 100% collateralized through a combination of the policy's cash surrender value and other forms of acceptable collateral including:

- Cash and cash equivalents (Certificate of Deposits, time deposits, money markets, etc.)\*
- Marketable securities including mutual funds, individual equities and fixed income securities\*
- Cash surrender value of other life insurance policies
- Cash surrender value of annuities (special requirements)
- Standby Letter of Credit\*\*

\*In many cases will require Assets Under Management or Custodianship

\*\*Check with IPF as to applicability and other requirements

Features:

- Competitive interest rates
- Nominal origination, closing and related fees
- Variety of terms
- Simplified underwriting
- Turnkey trust and trustee services

The majority of loans are made to a Massachusetts trust utilizing an independent trust company that is not associated or compensated by IPF. The trustee assures protection of the beneficiaries' interest in addition to those of the lender. Trustee fees are a nominal \$3,250 for the first year and \$1,750 to \$2,500 thereafter. In addition to the Massachusetts trust IPF accepts use of a Jersey (Channel Islands, Great Britain) trust that may be applicable in some situations.

IPF supports the use of other trusts (in jurisdictions other than Massachusetts) to own the life insurance policy. These trusts will undergo a review and the costs associated with this arrangement will not be covered by the standard trustee fees and will be borne by the grantor of the trust.

The document set is concise and not overly burdensome in terms of financial underwriting. The documents make detailed disclosure to clients that the proposals presented are hypothetical and that results will vary based on interest rates, policy crediting rates, etc. Agents and other advisors undergo due diligence.

All information contained herein is general in nature and not intended as a comprehensive listing IPF loan particulars. Formal loan documentation and other details are made available upon formal case submission. This information is for the exclusive use of professional financial advisors. It is not approved for promotional purposes and should not be distributed to or relied upon by private clients. All information is subject to change and may be altered by IPF at anytime. Only IPF Originators are permitted to present IPF information to retail clients and solicit life insurance sales using IPF as a funder or arranger. IPF proposals are generated upon request directly from IPF or qualified distribution partners. All requests must be accompanied by a compliant sales illustration and the soliciting agent must hold the proper licenses, authorizations and applicable appointments prior to solicitation.

**Contacts & More Information**

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**INSURATIVE PREMIUM FINANCE (JERSEY) LIMITED**  
**LOAN TYPE: J3**

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<b>Minimum Loan Size and Premium Schedule</b>	Minimum annual (funded) premium of US\$100,000. Maximum annual funding (new monies) of US\$15M.
<b>Length of the Loan</b>	Initial loan term of 2 to 5 years - dependent on underwriting and case specifics. Loans may be renewable based on criteria set at the end of the term. IPF does not specify a minimum loan period and annual loans are available. All loans are reviewed to ensure they meet basic criteria and are considered appropriate given the participant's planning objectives.
<b>Interest Rate</b>	Standard interest rate of one year LIBOR plus 150 to 200 basis points. The specific interest rate spread is set based on underwriting and other considerations. Thirty-day and 90 day LIBOR and other benchmarks are available. Cases using the Jersey trust may use LIBOR, Sterling LIBOR or EURIBOR.
<b>When and How is Interest Paid or Accrued</b>	Interest can be accrued or paid out of pocket in any percentage. All interest is accounted for in advance each policy year. Elections as to the interest payment/accrual can be made each policy year at the time the annual collateral test is conducted.
<b>Commitment Fees</b>	Fifty basis points calculated based on the annual amounts financed (inclusive of interest, fees, etc.). Fees can be accrued or paid out of pocket. Custom fee structures are available to accommodate different case designs and/or client requirements.
<b>Breakage Fee</b>	Generally there is no prepayment penalty if loan is paid off on any policy anniversary or at the end of the loan term. Loans repaid at any other time will be assessed fees based on actual breakage costs.
<b>Extension Fee</b>	Not applicable, loan can be renewed as collateral and other factors are in good order.
<b>Payment of Fees</b>	Fees can be accrued or paid out of pocket. Client can make annual elections as to treatment.
<b>Insurance Carrier Ratings</b>	As of this writing life company must be rated AA- or better by Standard & Poor's. Please contact IPF for current standards.
<b>Insurance Products</b>	Supports a variety of products including fixed UL, whole life, indexed UL, SUL and convertible term. Annuity financing is also available. Product applicability is based on the planning objectives of the participant and other factors such as collateral requirements. IPF will finance existing in-force policies although IPF will need to examine all aspects of the policy. If a policy is currently being financed IPF will require loan documentation and other details.

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<b>Eligible Borrowers</b>	Must be a Massachusetts or Jersey Trust. Trustee is a law firm or depending on the specifics of the case a large institutional trust company. U.S. residents, in the majority of cases, will use the MA trust as a borrowing trust. IPF should be contacted for policyowners considering the Jersey trust or other arrangements.
<b>Insured Ages</b>	Twenty-one to maximum issue age of issuing company.
<b>Life Expectancy Evaluation</b>	IPF does not order life expectancy evaluations as part of the loan origination process nor require these at anytime.
<b>How is the Loan Collateralized</b>	<p>Collateral tests are conducted prior to loan origination and on an annual basis forty-five days prior to the policy anniversary date. Some collateral including securities will be marked to market.</p> <p>IPF will obtain cash value figures directly from the issuing life carrier. Typically this is provided in the form of a low point cash surrender value certification which accounts for: current cost of insurance, current expenses/administrative charges and guaranteed interest crediting. Depending on the carrier and other factors the low point will either cover a 12 or 15 month period.</p> <p>Cash surrender value is credited at 100% for policies issued by AAA rated (Standard &amp; Poor's) carriers; 90% for policies/carriers rated below this threshold.</p> <p>The collateral test may incorporate six quarters of annual interest.</p> <p>Generally the shortfall between the certified policy cash value and outstanding loan balance must be collateralized via the means/types listed earlier in the Overview.</p>
<b>What is the Maximum Uncollateralized Loan Balance</b>	Loans are 100% collateralized – all loans are fully secured using the elements listed earlier.
<b>Possible Reasons for Default</b>	<p>Rating downgrade of carrier or change in policy charges.</p> <p>Inability to properly collateralize loan.</p> <p>Non-performance related to required documentation or other request by lender.</p> <p>Fraud or misrepresentation by insured/grantor/guarantor.</p>
<b>Portion of the Commission paid to Lender or Marketing Organization</b>	Insurative Risk Solutions US, Inc. participates in 10% to 15% of first year target commissions and renewals. Typically facilitated via additional writing or servicing agent.
<b>Source of Funds</b>	When IPF is the lender it utilizes its own balance sheet in addition to drawing senior debt from large international, money center banks. When IPF is the arranger it works in partnership with regional as well as large international, money center banks and acts as arranger/introducer and servicer of the loan.
<b>Carrier Acceptance</b>	Extensive.
<b>Website</b>	<a href="http://www.ipfjersey.com">www.ipfjersey.com</a>

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