CONCORD CAPITAL
Frequently Asked Questions

Capital

How much do I and my client need to understand about Concord's capital markets strategy and sources?

It is helpful to understand that our documentation requirements are driven largely by requirements of our capital sources and rating agencies.

Who are Concord's capital markets funding sources?

Capital sources include commercial money center banks, regional banks, large investment banks, institutional investors, money market funds, bond funds, and other pooled capital managers and financial institutions.

How does Concord Capital access capital markets?

Concord Capital generally issues Notes to institutional investors to raise funding for premium finance loans. Notes may be rated by a Rating Agency, or may be unrated. Generally, Notes are backed by the payment obligations of the premium finance loans and are secured by the associated premium finance loan collateral (policy cash surrender value, letter of credit, or other collateral~~.~~).

Who is the Structured Finance team?

Concord's Structured Finance team includes professionals with combined experience of over 60 years in funding diverse types of receivables, loan and securities portfolios, as well as insurance premium finance. These individuals have experience in structuring financing transactions for banks, finance companies and asset managers. As such, they are in constant touch with the most current financing strategies, ratings methodologies, investors and distribution agents.

Does Concord have a finite group of capital markets funding sources?

Concord and the Structured Finance team are continually developing and expanding our universe of capital markets funding sources. These may include commercial banks, investment managers, credit insurance providers, hedge providers, etc. We are continually developing funding structures, strategies and solutions that can provide lowest cost financing for clients for whichever product they choose to fund.

What is the Structured Finance Team's mission?

The Structured Finance Team's mission is to develop strong market relationships with key capital sources / partners to provide:

- Multiple strategies for funding different transactions or asset opportunities
- Broad insight to alternative execution
- Capital partners capable of rapid turnaround for time sensitive transaction opportunities~~.~~

CONCORD CAPITAL

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Collateral

What types of collateral are accepted?

Policy cash value, letters of credit, and in some circumstances other assets

What is a LOC?

An LOC is a letter of credit that can be used to collateralize the loan. An LOC is a document issued by your bank that essentially acts as an irrevocable guarantee of payment to a beneficiary. This means that if you do not perform your obligations, your bank pays. The LOC must be provided by an A1/P1 rated bank.

What is an LCV and how long does the LCV coverage last?

"LCV" stands for "Letter of Collateral Value." It is a unique collateral solution being offered by Concord and can be purchased in connection with certain Concord loan programs to satisfy some/all related collateral requirements, and can, in some circumstances, eliminate the need for other forms of collateral. The LCV collateralizes the loan for 30 months from the date of funding.

Compensation

Does Concord "go on the app" for a percentage of the life insurance commissions?

Yes, Concord will be listed on the life insurance application to receive a portion of the life insurance commissions.

Concord Ultra Plus Solution

What are the face amount limits?

The minimum face amount is $500,000 and the maximum face amount is $15,000,000.

What is the maximum exposure per insured?

$30,000,000 in aggregate and $15,000,000 at each carrier.

Will you accept a survivorship policy?

No. Each policy must be issued on a single life.

What carriers and products are permitted?

Only individual universal life and indexed universal life are permitted.

Please contact Concord directly for an up-to-date list of approved carriers.

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Concord Traditional Solution

What carriers and products are permitted?

Whole life, universal life, indexed universal life, and survivorship policies are all permitted.
Please contact Concord directly for an up-to-date list of approved carriers.

What is the minimum and maximum face amount?

There are no minimum or maximum face amount limits.

In-force Financing

Will Concord Capital consider in-force financing opportunities?

Yes, contact your Aggregator or Concord Capital.

Lender

Who is the Lender?

Concord is the lender. Concord is not an arranger of premium finance loans for other institutions.

Life Expectancy Reports

What is an LE?

LE stands for Life Expectancy Reports. LE reports are a special form of risk assessment currently offered by five or six specialized medical underwriting appraisal firms in the United States. These reports typically calculate life expectancy in terms of months, as opposed to years.

What premium finance solutions require an LE?

An LE from AVS is required for a Concord Ultra Plus solution. An LE is not required for a Traditional premium finance solution.

Whose LEs do you accept?

We will look at all LE's but an LE from AVS is required for a Concord Ultra Plus solution.
AVS is a specialty medical underwriting firm that produces Life Expectancy reports.

What are the LE requirements?

As determined by AVS, no shorter than 24 months and not longer than 220 months. It must be less than a year old and underwritten with the latest actuarial tables (i.e. AVS 2008).

Frequently Asked Questions

Life Expectancy Reports

How is an LE report compiled?

An LE report is assembled by assessing several factors such as sex and current age of the insured, genetics, lifestyle choices, geographic location, family medical history, and attending physicians statements.

Why does the insured need to obtain an LE?

An LE is required to establish the market value of a life insurance policy. The Market Value (MV) is used as all or part of the collateral for the loan.

How much does an LE cost ?

A typical LE report may cost between $200 and $500 and can usually be processed within 8-10 days.

Loan Documentation

What documentation is required to apply for the loan?

The following documentation is required:

- NAIC-compliant life insurance ledger
- Loan application
- Balance sheet, income statement, and supporting financial data (e.g. bank statements dated within the last 30 days)
- ILIT documents

Net Worth

Will the net worth of a spouse be considered in calculating the net worth for the insured?

If the insured and the spouse file taxes jointly, then in general the spouse's net worth and income will be included.

Ownership Arrangements

Who is the owner of the policy? What are the residency requirements?

The owner of the policy must be a “bankruptcy-remote” entity, in most cases an Irrevocable Life Insurance Trust (“ILIT”). Concord will provide a sample of an ILIT document upon request for the client to review with his/her counsel.

Ownership Arrangements

Is a corporate or professional Trustee required? Can Trustee fees be financed?

Yes, a corporate or other professional trustee is required. For Concord Ultra Plus, Wilmington Trust must be the trustee. For Concord Traditional, the client can select a trustee. Concord can make referrals to companies which provide corporate trust services upon request. Clients are permitted under Concord Traditional Solution to appoint co-trustees or trust protectors. With the Ultra Plus Solution, clients are required to appoint co-trustees or trust protectors, subject to Concord's approval. Trustee fees can be financed, subject to Concord's approval.

Who is an eligible co-trustee?

The co-trustee may not be related or subordinate to the insured.