

Poms & Associates

Insurance Brokers, Inc.

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Poms & Associates Agent Vicki Sternfeld Comments on “First-Class Financing”

Vicki Sternfeld, Property and Casualty agent with Poms & Associates, was interviewed for the article “First-Class Financing,” published in *Agent's Sales Journal* on June 30, 2011. The article discussed the very rare and niche world of premium financing and the abundant benefits that arise for both the agent and the client when this complex insurance solution is initiated.

Premium financing allows an individual or company to borrow money to cover the cost of an insurance premium. The premium financier pays the insurer and then bills the insured on a monthly basis. The article explained that businesses most often use premium financing because they can bundle multiple premiums together, pay an initial upfront cost, and then make monthly payments.

Ms. Sternfeld explains in the article, “It really helps out with cash flow. It may make sense, especially now with interest rates fairly low, to pay a little interest on the loan payment and pay off the loan monthly, as opposed to coming up with a couple of hundred thousand or a million dollars all at once.”

Ms. Sternfeld has executed multiple premium financing deals including a \$1 million deal. She has also facilitated deals in which the client had to pay an unexpected fee of \$70,000 in addition to their already amounting costs. She recommended that the company premium finance the amount.

“It gave them the ability to pay the audit off over a period of time as opposed to coming up with \$70,000 they didn't have at the time,” she said.

In the article, Ms. Sternfeld also discusses the intricacies of personal premium financing, which are most common amongst the wealthy and are typically used when taking out life insurance policies. The article explains that when a client uses premium financing to take out life insurance, they do it through a trust which is applied through a loan at a bank, and the bank examines all aspects of the clients' financial and physical well being. The bank also requires the client to offer up collateral. This process is often complex and the article emphasized the need to be well informed and work with experienced professionals when doing these types of deals.

Ms. Sternfeld gave details to *Agent's Sales Journal* about a client who needed to premium finance a \$10 million life insurance policy that carried an \$188,000 annual premium. The terms her client wanted were 10 monthly installments. Ms. Sternfeld solicited quotes from three premium financiers, including the insurance company.

Ms. Sternfeld said, “They came back and said, ‘We need 15 percent down. The monthly payment is this, the finance charges are this and the APR is this’.”

To read the article in its entirety, please visit www.asjonline.com.



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