

Premium finance guidelines¹



General Requirements

- Client Participation- the client must participate in the funding to discourage early surrender
- No “Free” Insurance- not positioned as premium free
- Premium financing is an alternative payment method, not a sales strategy. The policy design should be based on a death benefit need
- Liquidity is necessary- client must have the ability to fund the policy
- Plan design should include an exit strategy other than policy loan or withdrawal
- Premiums that exceed premium limits will be subject to additional Home Office review and approval²

Client Requirements

- Maximum issue age is 70
- Net worth at least \$5,000,000, excluding residence
- Minimum Income of \$150,000 annually
- Sufficient liquidity to manage policy crediting rate and premium finance loan rate fluctuations
- U.S. citizen or permanent resident only (no foreign nationals)
- PF policies that are to be owned by a business, and insure executives of the business, will be underwritten and analyzed on a case-by-case basis, but generally must meet all individual case requirements
- Producers desiring to write PF on themselves, their family members, or other Producers will not be permitted
- U.S. situated ownership (no offshore trusts or non-U.S. based entities)

Agency and Producer Requirements

- Cover letter and Premium Finance Submission form must be submitted
- Must be contracted with American General Life Insurance Company prior to case submission
- Must be experienced³ placing premium financed cases or split the case with an insurance professional

that is experienced in placing premium financed cases. The experienced insurance professional must be involved in the entire solicitation, sale, and ongoing service of the policy and must be included on the application for at least 25%

- All commissions will not be released until proof of the fully funded loan is received and the contract is funded

Lending Requirements

- U.S. currency financing (no foreign currency transactions)
- Lender must be a recognized bank or financial institution with a U.S. presence
- The lender may not require a particular trust or trustee
- The trustee may not be affiliated with the lender, producer or marketing organization
- VRDO/VRBO arrangements will not be considered
- Bank loan must be full recourse and 100% collateralized

Illustration Requirements

- Interest accrual is not permitted and must be paid annually in cash, except for level pay strategy with interest accrual in later years
- Loan repayment permitted by means of policy withdrawal or variable rate policy loan (should have other means to repay loan, but will illustrate)
- Bank loan must be repaid by year 20
- Maximum number of years for scheduled premiums is 10
- Policy may not be a Modified Endowment Contract (MEC)
- Variable Universal Life policies not allowed
- Income distribution solves are not allowed
- Premium finance illustrations will not be provided to inexperienced agents³

For premium finance case support and information contact:

Advanced Sales Department (855) 323-6923
advancedsales@corebridgefinancial.com

¹The premium finance guidelines are to be used with all new business and term conversion premium financed policies.

²Premium limits may vary depending on product.

³Experienced agent is defined as an agent who has written and placed five premium finance cases within the last five years and all policies still in force.

Policies issued by **American General Life Insurance Company (AGL)**, Houston, TX except in New York, where issued by **The United States Life Insurance Company in the City of New York (US Life)**. **AGL does not solicit, issue or deliver policies or contracts in the state of New York.** Guarantees are backed by the claims-paying ability of the issuing insurance company and each company is responsible for the financial obligations of its products. Products may not be available in all states and features may vary by state. Please refer to the policy for more information.

All companies above are wholly owned subsidiaries of corebridge financial, inc. Corebridge financial and corebridge are marketing names used by these companies.

This material is general in nature, was developed for educational use only, and is not intended to provide financial, legal, fiduciary, accounting or tax advice, nor is it intended to make any recommendations. Applicable laws and regulations are complex and subject to change. Please consult with your financial professional regarding your situation. For legal, accounting or tax advice consult the appropriate professional. © Corebridge Financial, Inc. All Rights Reserved.