

Premium Finance Options: Why And How It Works

Overview: In this course, the participant will learn about Premium Financing in greater detail to help them better support their customers. This course will explore information about the financial parameters of a premium finance decision as viewed from both the customer and the premium finance company.

Timeline

8:30 to 8:40 Introduction

1. Speaker
2. Agenda
3. Explain that this is an interactive course and to get the most out of it, their participation is necessary.

8:40 to 9:00 Pre-Test Participants take a pre-test:

1. To assess their expertise in Premium Finance.
2. To set expectations of the course material and focus participants.

9:00 to 9:15 Presentation

1. Industry Overview
2. Parties involved
3. Options other than Premium Financing
4. Benefits of Premium Financing to each party

9:15 to 9:25 Competition Round 1

Class splits into two groups for the competition and is tested on the material presented to that point in the class. (Questions are on the PPT.) The purpose of the review is:

1. Review information from the class.
2. Clarify any information that was not clear initially.
3. Reinforce the fact that the participant will be expected to know the material.

9:25 to 10:00 Presentation

- 1) How does it work?
 - i) Collateral – unearned premium
 - ii) Pro – Rata v short rate
 - iii) Collateral – Terms and Structure
 - iv) Exposure
 - v) Provisions
 - vi) Accelerated earnings
 - vii) Types
 - viii) Policy Premium and Taxes

10:00 to 10:15 **Competition Round 2**

Class splits into two groups for the competition and is tested on the material presented to that point in the class. (Questions are on the PPT.) The purpose of the review is:

1. Review information from the class.
2. Clarify any information that was not clear initially.
3. Reinforce the fact that the participant will be expected to know the material.

10:15 to 10:30 **Break**

10:30 to 10:50 **Case Studies.**

Participants are asked to read the case studies and make a decision about each of the cases based on the information given in class. After decisions are made, they are reviewed in class and commentary is given by the instructor.

10:50 to 11:20 **Presentation**

- 1) PFA
- 2) Who can finance
 - i) Sole proprietorship
 - ii) General Partnership
 - iii) Limited Partnership
 - iv) Corporations
 - v) Risk Retention Groups
 - vi) Estates and Trusts
 - vii) Captives
 - viii) Multi Named Insureds
 - ix) Master Policy Financing
 - x) Joint Ventures

11:20 to 11:30 **Competition Round 3**

Class splits into two groups for the competition and is tested on the material presented to that point in the class. (Questions are on the PPT.) The purpose of the review is:

1. Review information from the class.
2. Clarify any information that was not clear initially.
3. Reinforce the fact that the participant will be expected to know the material.

11:30 to 11:55 **Presentation**

- 1) Interest
 - i. Rule of 78's
 - ii. Actuarial
- 2) APR v Finance Charge
- 3) Responsibilities of each party
 - i. Agent/Broker
 - ii. Carrier/MGA
 - iii. Insured
 - iv. Finance Company
- 4) Pitfalls and how to avoid them
- 5) Get the most out of Premium Financing
- 6) Exceptional Opportunities
- 7) Technology in the industry
- 8) Hot topics

11:55 to 12:05 **Competition Round 4**

Class splits into two groups for the competition and is tested on the material presented to that point in the class. (Questions are on the PPT.) The purpose of the review is:

1. Review information from the class.
2. Clarify any information that was not clear initially.
3. Reinforce the fact that the participant will be expected to know the material.

12:05 to 12:25 **Case Studies.**

Participants are asked to read more sophisticated case studies and make a decision about each of the cases based on the information given in class. After decisions are made, they are reviewed in class and commentary is given by the instructor.

12:25 to 12:30 **Q&A and Close**

Time required: 4 hours.

Materials Required: PowerPoint presentation, which includes presentation and review exercise; Participant hand out; Pre-test and case studies.