

## PREMIUM FINANCE

# Guidelines for premium financing

## Client profile and design requirements

Premium finance is a strategy used by high net worth individuals and/or business owners to pay for (or finance) the premium for large life insurance policies. An individual/business owner borrows money from a third-party financial institution (such as a bank) to pay premiums to the insurance provider. Please note, a premium financing strategy is not appropriate for all clients.

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### CLIENT PROFILE AND DESIGN REQUIREMENTS

- Age: 18-60 years old  
**Note:** Allianz considers juveniles and rated cases via exception
- Net worth: \$5 million or higher

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### PREMIUM FINANCE REQUIREMENTS

#### Pre-sale requirements

1. Client must complete a Premium Finance Disclosure form.
2. Producer, FMO, and vendor must complete Premium Finance addendums. (This is a one-time requirement for record keeping.)
3. You must use an approved vendor, bank, and/or lending facility. (For the approved list, contact your divisional vice president.)
4. Producer must complete mandatory premium finance training. **Click here to access the training.**

#### During sale requirements

1. Vendor must complete mandatory premium finance training.
2. Client must complete a premium finance checklist prior to the policy being issued.

Allianz has not given any legal or tax advice related to the premium financing arrangement. Allianz assumes no responsibility for the obligations, demands, losses, or liabilities, including attorney fees, resulting from the premium financing arrangement.

Product and feature availability may vary by state and broker/dealer.

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## ILLUSTRATION REQUIREMENTS

The policy must be max-funded: The sum of the illustrated premium payments must be equal to the annual maximum non-MEC premiums. If you're illustrating Death Benefit Option B with the Guideline Premium Test, and IRS rules prohibit maximum non-MEC funding, it is acceptable to fund the policy per the Guideline Annual Premium.

The policy design must have the policyholder out-of-pocket contribution be  $\geq 20\%$  (total out-of-pocket loan interest and/or premium payments divided by total planned premium for the policy).

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## LOAN LEDGER REQUIREMENTS

Allianz and our approved premium finance vendors have established loan ledger guidelines, which include disclosures and case design scenarios' requirements, and which help establish standards for all premium finance sales.

**To obtain a copy of our loan ledger standards, please contact Jeremy Conover or your divisional vice president.**

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Guarantees are backed solely by the financial strength and claims-paying ability of Allianz Life Insurance Company of North America.

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Products are issued by Allianz Life Insurance Company of North America, PO Box 59060, Minneapolis, MN 55459-0060. 800.950.1962.  
[www.allianzlife.com](http://www.allianzlife.com)