

Episode #249: How to Speed Up the Premium Finance Process

Video Transcription

Hello, and welcome to another episode of "Money Script Monday." My name is Luke Geller and today, we're going to be talking about how to speed up the premium financing process.

Now, this process can be pretty long and daunting, which is why I wanted to talk about that today. So two months ago, I actually got married, right? The reason I bring that up is because I had to plan a wedding. And when I say I, we, my wife and I had to plan a wedding, and that is also a long and daunting process, right?

When we were going into it, we knew that we wanted to find a venue that would help us out with that. And we did. We found a venue that's kind of all-inclusive and has a lot of the vendors that they already take care of.

But most importantly, they gave us a large binder. And in that binder, it had literally from the day we signed the contract to the wedding day everything that we needed to do with timeframes of when we should have everything done by and like categorized everything.

It was amazing and took the stress off of us planning the wedding by a lot. And if anyone here has ever planned a wedding, you know that that can be extremely stressful.

So that's why I bring that up because what I want to do today is I want to try and make that premium financing process a little bit less stressful for you because, again, it can be very long and can be, you know, daunting going into it.

So we're going to talk about a four-step process to do that. The first step is going to be gathering the documents. Step two is going to be the insurance carrier, you know, going through the insurance carrier process. Then we're going to look at the bank loan process. And then finally, the closing process.

So let's get started and we'll jump right into gathering the documents. Now gathering the documents, when I say this is the most important step, it truly is.

The reason it's the most important is because you can save so much time in every other step just by doing a thorough job of gathering and getting as much information as possible ahead of time.

Now, it's going to depend on what program you're doing, what bank you're working with, and what carrier you're working with, with what exactly you need.

However, you're going to want to work with your agent to make sure you find out what that is. And your agent should know exactly what's needed and what documents are going to be needed. But I'm going to go over a few of the basic ones.

You're going to want to know or you're going to want to have two years of tax returns. You're really going to want to know what's going to own this policy. Is it going to be trust-owned, or is the business going to own it, is the entity going to own it?

Now, if it's trust-owned, you're going to need to know who the trustee is. You're going to have to have the trust ID number. You're going to have to have all the trust documents.

If it's business-owned, or corporate-owned, you're going to have to have the corporate tax returns. You're going to have to have, you know, all the information of the corporation itself, the articles of incorporation, you know, who the owners are, things like that if you're going that route, right?

Then on top of that, you're also going to want third-party financials because the insurance carrier most likely will. And we'll jump into that.

Also, one of the other most important parts for the carrier is the attending's physician statement, which is really your medical records. This kind of takes us into step two, which is the carrier underwriting process.

Now, if you did a good job in step one, then you could really shave some time off here in step two, but it usually takes around 6 to 12 weeks. Now, when you are getting regular coverage, it could be anywhere from two to eight weeks to get that coverage.

But again, we're adding another component to it. So there are a few extra things you need. But always, always one of the things that takes the longest is getting your medical records.

So if you can reach out to your doctor's office letting them know you're about to apply for a large insurance policy, then that could shave so much time off of this, right? And just make your life a lot easier because you'll already have those ahead of time.

So once you gather all the documents, fill out the application for the life insurance carrier and, you know, submit everything, do the exam, submit the APS, be ready also for some follow-up questions from the insurance carrier.

You're applying for a large amount of death benefit. So, you know, the insurance carrier is going to want to make sure that you qualify medically and financially. So that's why they're asking for all this information.

So once we gather the documents and we go through the carrier underwriting process, we get approval on your underwriting, on your health, and financially and the policy's issued, then we start the bank loan process. Now the bank loan process can take anywhere from four to eight weeks.

Now, for it to take four weeks, again, you have to do a great job of gathering documents, having everything you need ready, and providing that to your agent.

You know, that's going to include those two years of tax returns potentially, the third-party financials, even all your account statements. And then also knowing exactly where your collateral's going to come from because that's a very important part of this process as well.

So, once you complete the bank loan application and you submit all your financial statements, again, you're going to want to expect some follow-up from the bank. You're applying for a large loan from a bank.

Just like when you're purchasing your house, you know, there are a lot of things that you need to provide and there could be potentially more follow-up questions. But again, the easier you make it for the loan underwriter to kind of see everything that you have, the quicker this process is.

Then once you get approval on the loan, then we go into that last and final step, which is the closing process. So the closing process can be the easiest.

Again, it's going to depend on exactly what program you're doing and what bank you're working with because each bank is going to require different things. Some banks will require all original documents and have some forms notarized. Other banks don't care if you fax that information, scan it, and send it, or even maybe e-sign it as well.

So you're going to want to find that out, but most importantly, the first thing you do is you work with your agent and you grab the trustee or the owner of the corporation and set up an appointment because you and whoever's owning the policy, whether it's a trust or corporation need to be at that closing as well.

The bank will provide all the closing documents and the insurance carrier will provide all of the closing documents for the insurance policy

as well. And we take care of all that in one fell swoop. And again, this can be a pretty quick process, about a week to do that.

And then once all that's done, your agent will submit that to the bank and to the insurance carrier and you'll have your policy in force, which is great, right?

So when you go through this entire process, when you gather the documents, you go through the underwriting process, you go through the loan process, and you finish it out with the closing process, and you look at it from that standpoint, it just makes it feel a little bit less daunting and a little bit easier.

So I hope today by me kind of going through this with you, sharing with you what to expect during this entire time, that it took a little bit of stress away from you while you're going through that premium financing process.

Again, my name is Luke, and I hope you have a wonderful day. Thank you.