



## Financing Your Insurance Premiums Can Help Your Bottom Line

Financing your premium enables you to more efficiently manage your capital and use it where it is greatly needed - **building your business**. Premium finance companies offer many options for financing. A conservative 20% up front down payment with nine or ten installments is one of the most common options.

A frequent concern regarding premium financing is that the finance charges will increase the overall expense of your insurance. There are many benefits of premium financing that could eliminate any concerns.

What are the benefits of financing your premium?

- ❖ **Availability of Credit.** Premium financing keeps your credit lines open for other purposes, such as operating expenses and additional operational needs.
- ❖ **Fixed Interest Rate.** A fixed interest rate assures you that your rate will not increase over the term of the loan.
- ❖ **Preservation of Capital.** By amortizing your payments over the twelve month policy period, you can free up capital for investment in other opportunities.
- ❖ **Higher Returns on Retained Capital.** Your retained capital will increase and be more useful by not prepaying your premiums.

Premium finance companies, *Imperial A.I. Credit*, *Premium Assignment Corp.*, *First Insurance Funding*, *Cananwill* and many others, will provide cash flow analysis to support the benefits of financing. Here is a cash flow analysis sample:

|                    |              |                |             |
|--------------------|--------------|----------------|-------------|
| Annual Premium     | \$ 50,000.00 | APR            | 5.50%       |
| Down Payment       | \$ 10,000.00 | Finance Charge | \$ 922.28   |
| Amount Financed    | \$ 40,000.00 | Payment Amount | \$ 4,546.92 |
| Number of Payments | 9            |                |             |

| Payment # | Due Date     | Principal  | Principal Remaining | Interest | Cumulative Interest | Retained Capital | After Tax Return on Retained Capital |
|-----------|--------------|------------|---------------------|----------|---------------------|------------------|--------------------------------------|
| 0         | Down Payment | \$0.00     | \$40,000.00         | \$0.00   | \$0.00              | \$40,000.00      | \$500.00                             |
| 1         | 6/1/2009     | \$4,363.59 | \$35,636.41         | \$183.33 | \$183.33            | \$35,453.08      | \$443.16                             |
| 2         | 7/1/2009     | \$4,383.59 | \$31,252.82         | \$163.33 | \$346.66            | \$30,906.16      | \$386.33                             |
| 3         | 8/1/2009     | \$4,403.68 | \$26,849.14         | \$143.24 | \$489.90            | \$26,359.24      | \$329.49                             |
| 4         | 9/1/2009     | \$4,423.86 | \$22,425.28         | \$123.06 | \$612.96            | \$21,812.32      | \$272.65                             |
| 5         | 10/1/2009    | \$4,444.14 | \$17,981.14         | \$102.78 | \$715.74            | \$17,265.40      | \$215.82                             |
| 6         | 11/1/2009    | \$4,464.51 | \$13,516.63         | \$82.41  | \$798.15            | \$12,718.48      | \$158.98                             |
| 7         | 12/1/2009    | \$4,484.97 | \$9,031.66          | \$61.95  | \$860.10            | \$8,171.56       | \$102.14                             |
| 8         | 1/1/2010     | \$4,505.52 | \$4,526.14          | \$41.40  | \$901.50            | \$3,624.64       | \$45.31                              |
| 9         | 2/1/2010     | \$4,526.18 | \$0.00              | \$20.74  | \$922.28            | (\$922.28)       | (\$11.53)                            |

|          |  |             |
|----------|--|-------------|
| Summary: | Total After Tax Return on Retained Capital | \$ 2,442.36 |
|          | Total Cumulative Interest Paid             | \$ 922.28   |
|          | Income Tax Savings                         | \$ 322.80   |
|          | Total After Tax Financing Benefit/Cost     | \$ 1,842.88 |

If you are interested in pursuing this useful option, please ask your Account Executive.

**AVIATION INSURANCE SERVICES OF NEVADA, INC.**  
9515 Hillwood Drive, Las Vegas, Nevada 89134-0527  
Phn: (702) 647-2333 Fax: (702) 647-5433

**AVIATION INSURANCE SERVICES (AMERICAS), INC.**  
14221 SW 120 Street, Suite 115, Miami, FL 33186  
Phn: (305) 273-3900 Fax: (305) 273-3965

**AVIATION INSURANCE SERVICES OF ILLINOIS, INC.**  
500 Coventry Lane, Ste. 140, Crystal Lake, IL 33186  
Phn: (815) 479-1011 Fax: (815) 479-1711

**AVIATION INSURANCE SERVICES OF FLORIDA, INC.**  
12469 Emerald Coast Pkwy, Ste. 104, Destin, FL 32550  
Phn: (850) 650-8445 Fax: (850) 650-8480