

## Putting Premium Finance to Work for Your Business

Insurance premium financing is a simple concept that makes sense for most businesses seeking to free up working capital.

Premium financing lets an organization reallocate cash that would otherwise be committed to lump-sum advance payments for property and casualty insurance. Typically, the business applies that cash to better use as operational capital – for growing the business and investing in people, equipment, facilities, research and expansion. Additionally, many organizations, such as those with seasonal business, take advantage of the ability to match revenue streams to repayment schedules.

Premium financing facilitates control over cash flow because the insured organization spreads insurance costs over a specified payment period. And, in some cases, premium financing makes it possible for companies to afford the full and proper insurance coverage they need but might not otherwise commit to buying.

Premium financing unlocks the intrinsic value of the insurance asset by allowing the borrower access to the underlying value. The “unearned premium” is used as a basis for the loan collateral. A premium finance loan may also grant the insured borrower an additional credit facility without disturbing existing credit arrangements. The contract is simple and easy to understand -- a straightforward two-page document that complies with federal and state regulatory statutes.

While conceptually simple, insurance premium finance requires a high degree of regulatory compliance and specialized expertise. AFCO, a pioneering leader with nearly 60 years of experience in premium financing, has the requisite expertise, capabilities and resources to help insured businesses. AFCO is able to offer insured businesses extremely attractive rates and payment terms, along with superior service and an ability to handle complex accounts and customized repayment schedules.

### Multiple Benefits for Insureds

#### Improved Cash Flow

- Conserve operating funds
- Preserve working capital

#### Increased Flexibility

- Plans can be tailored to cyclical needs
- All premium finance requirements can be handled in a single payment program
- Changes in coverage are handled easily

#### Financial Reporting

- Potential off-balance-sheet advantages
- Enhanced credit facility

#### Reduced Costs

- Attractive rates
- No prepayment penalty
- No compensating balances required

