

# Using Reinsurance to Increase the Yield on Your Installment Loans

With ICBA Reinsurance and the Plateau Group August 24, 2017

### Independent Community Bankers of America

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### **ICBA** Reinsurance

- New Income Opportunities
- Tax-Advantaged Dividends\*
- Investment Income on Premium Reserves
- Competitive Bank and Agent Commissions
- Community Bank Board of Directors
- Equity Shareholder



<sup>\*</sup>Initial Dividend is generally received within 24 months of first premium production

### The Plateau Group

- An insurance holding company that specializes in credit insurance and debt protection products in 41 states
- Founded in 1981 by a group of 38 Tennessee community banks
- Rated A- Excellent by A. M. Best on financial strength and operating performance
- Plateau generates over \$4 Million in Annualized Premiums with ICBA Banks





### What is Reinsurance?

- The transfer of risk from one company to another
- Access to Profits from insurance underwriting gains
- Investment income on premium reserves
- Tax-advantaged dividend income distributed to participating ICBA Reinsurance Bank shareholders above the current commissions the bank is receiving



# Benefits of Credit Insurance

#### To The Bank

- ✓ Constant source of fee income
- ✓ Protects the bank's portfolio against default
- ✓ Protects your customers
- ✓ Protects the community reputation of your bank with valuable risk mitigating consumer products

#### To The Customer

- ✓ Coverage is designed to match the indebtedness
- ✓ Premiums don't change over the installment loan term
- ✓ Limited underwriting
- ✓ Provides additional benefits outside of the borrower's current insurance coverages
- ✓ Protects family, dependents and assets

### How the Program Works



Constant Source of Fee Income Protects the bank's portfolio against default

Protects Your Customers





# How the Program Works

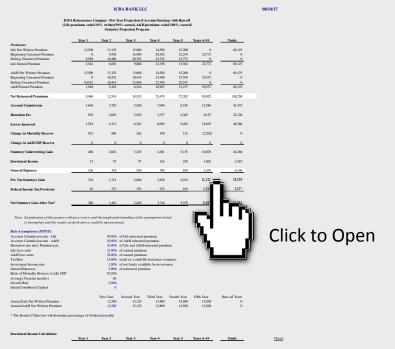
### Option1: Limited Liability Company (LLC)

An institution of any asset size which produces annual credit insurance premium between \$25,000-\$75,000 can purchase a share of stock in the ICBA Participation Company, LLC. Under the LLC, dividends are pooled for all participants and then allocated on the basis of individual bank premium volume and loss ratio experience for that year.

Bank Assets (as of Last Call Date)	Stock Purchase Fee
\$0 to \$50 million	\$995
\$51 million and up	\$1,495

### Option 1: Limited Liability Company (LLC)







# How the Program Works

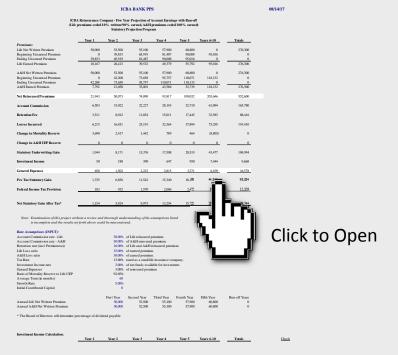
### Option 2: Participating Preferred Stock (PPS)

An institution of any asset size which produces more than \$75,000 in annual credit insurance premiums can purchase its own series of Participating Preferred Stock (PPS). Under the PPS, all premiums produced by the bank will be credited to the bank's series of stock.

Bank Assets (as of Last Call Date)	Stock Purchase Fee
\$0 to \$50 million	\$1,995
\$51 million and up	\$2,495

### Option 2: Participating Preferred Stock (PPS)







### Training & Technology

- Plateau training department is community bank focused
- Plateau offers its community bank customers a comprehensive online quoting platform
- Plateau is SOC II LEVEL II compliant for security, availability and confidentiality
- Plateau is closely aligned with industry trade associations

### Additional Benefits for Your Bank

Our partnership gives you a stable foundation on which to grow your credit insurance sales and earn more than just monthly commission income. ICBA Reinsurance® allows you to share in the underwriting profits of the company and in the investment income on your bank's premium reserves. In addition, the added income is returned in the form of dividends, which for most banks are taxadvantaged.

#### Your community bank can earn income through:

- ✓ Competitive commissions
- ✓ New underwriting profits in the form of dividends
- ✓ Additional investment income on premium reserves
- ✓ Favorable tax status of dividends
- ✓ Increased sales coupled with access to product and sales skills training
- ✓ Reduced credit risk and reduced loan losses



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Questions?

