

FREQUENTLY ASKED QUESTIONS

YOUR QUESTIONS, ANSWERED.

What it takes to own a premium finance company with COST.

1 Who is the COST program for?

Agencies, MGAs, Wholesalers, and Program Administrators that already arrange premium financing. It is the best fit for organizations arranging \$1M+ in premium financing today.

2 Do I really own the premium finance company?

Yes. You own the business and the economics, and COST builds and manages the infrastructure. Everything operates under your company's brand, so your clients experience it as a seamless extension of your organization.

3 What does COST actually do?

COST provides the complete operational platform: state licensing and regulatory compliance, banking relationships and capital introductions, policy administration, payment processing, customer service, collections, accounting and reporting, notice administration, online quoting and account management, and ongoing oversight.

4 Do I need to hire staff or buy software?

No. COST handles the day-to-day operations and provides the technology, including quoting, e-signature, e-billing, and integration.

5 Where does the money to fund the loans come from?

You can use your own capital or third-party funding, and COST introduces lenders and funding sources and coordinates the banking relationships. Typical funding needs are **40–45% of annual premium finance volume**. For example, \$1 million in annual financed volume typically requires about \$400–450K in funding.

6 Do I need a premium finance license?

In states that require licensing, yes, and COST handles the licensing work and tracking. COST oversees licensing, regulatory compliance, documentation, and implementation.

7 How long does it take to launch?

The timeline varies with state licensing complexity and can range from a few weeks to several months.

8 How does COST get paid?

COST receives a one-time fee on each account, based on the amount financed. As you finance business, COST is paid to service those accounts.

9 How risky is premium finance?

Premium financing is among the most secure forms of lending. Every loan is backed by collateral: the unearned premium on the underlying insurance policy. As with any lending business, some risk exists, and COST's decades of experience, disciplined servicing and collections, and purpose-built software work to keep it low.

10 What results can I expect?

Organizations that own their premium finance company typically generate **\$30,000–\$40,000+** in annual pre-tax earnings for every \$1 million in financed premium.* Results depend on your volume, the rates you charge, and portfolio performance.

*Income figures are illustrative, not a guarantee. Actual results vary with the rates charged, premium volume, and portfolio performance. Licensing requirements and other rules vary by state law.



Ready to see what it could mean for your organization? Scan the QR code to set up a confidential executive briefing.

We evaluate your business, financing volume, growth objectives, and structure to recommend the right premium finance strategy.