[WEALTH BUILDER]

– *Suite* –

FINANCIAL INDEPENDENCE HAS YOUR NAME ON IT.

PROFIT PARTICIPATION PROGRAMS

	RETROSPECTIVE COMMISSION PROGRAM	CONTROLLED FOREIGN CORPORATION (CFC)
Formation Costs	None	Determined by managing / formation firm of CFC; Estimated cost: $5,000
Annual Management Fees	None	Determined by managing / formation firm of CFC; Estimated cost: $4,700
Investment Options	None	See Reinsurance agreement - typically restricted to DOOC approved investments
Funds Held	In US Trust Account	In US Trust Account
Management	Managed by EFG Companies	GPW and Associates or other industry specialist
Ownership	EFG Companies	Producer Owned/Affiliated Reinsurance Company (PORC/PARC), owned by one or more shareholders
Criteria *As of 1/1/2023*	Volume tier requirements determined by management: Maximum payout 80% of available underwriting profit	Annual premium of $2,650,000 on controlled group basis: Over $2,650,000 consider other structures
Domiciled	US	Determined by managing / formation firm of CFC, usually in Turks & Caicos
Eligible Products	MAP VSC, LPT, DF, PX2, WA, GAP, VR CPO, SF (ALL)	MAP VSC, LPT, DF, PX2, WA, GAP, VR CPO, SF (ALL)
Minimum Volume Requirements	Any 1 block of business producing on avg a minimum of 50 policies/month with any combination of products	Any 1 block of business producing on avg a minimum of 50 policies/month with any combination of products
Corporate Tax	No special treatment	Recognized by IRS as US small Casualty Company [IRS Sec 831(b)]; pays corporate tax on investment income
State Taxation	No special treatment	Determined by state
Tax Treatment of Distributions	Ordinary income	Individuals receiving dividends pay preferred tax rate
Distributions	Payable after 18 months for the first 12 months of production (see agreement for details)	Available upon request and approval of administrator
Cash Flow/Profit	Participation in underwriting income Profit may be limited	Participation in underwriting income and investment income High potential for profit

NON-CONTROLLED FOREIGN CORPORATION (NCFC)	DEALER-OWNED OBLIGOR COMPANY (DOOC)
Investment: $5,000 stock purchase	$6,100 - $11,600 (up to 5 products per franchise) + $750 tax per state (dependent upon state requirements) for lender product approval; capital requirements: $50,000 (dependent upon administrative activity)
Determined by managing / formation firm of NCFC; Estimated cost: $4,000	$5,500 - $6,500 per state
Up to 75% in Equity funds for earned premium	See DOOC agreement - typically restricted to NAIC approved investments
In US Trust Account	Held by dealer in US trust account
Managed by Tricor Automotive Group, Held by Tricor RE	Owned by dealer, GPW and Associates, and administered by EFG Companies
Owned by the collective Tricor (NCFC) group. Dealer is a shareholder in Tricor.	Dealer
Unlimited premium	Unlimited premium
Tricor - Bermuda	US
MAP VSC, LPT, DF, PX2, WA, GAP, VR CPO, SF (ALL)	MAP VSC, LPT, DF, PX2, CPO, SF (ALL)
Any 1 block of business producing on avg a minimum of 50 policies/month with any combination of products	Any 1 block of business producing on avg a minimum of 150 policies/month with any combination of products
Not a US taxpayer; pays 1% excise tax on net premium written	Recognized by IRS as a corporation subject to standard tax rates; special accounting processes required to build advantage
Determined by state	Determined by state
Dividends are not "qualified"; taxed as ordinary income; redemptions are taxed as a long term capital gain	Dividends are qualified and individuals receiving them pay preferred tax rates
Dividends are paid semi-annually, Stock redemptions are paid annually	Determined by ownership of DOOC
Participation in underwriting income and investment income High potential for profit	Ownership in reserves, underwriting income and investment income High potential for profit

"At GPW & Associates, we see a wide spectrum of reinsurance reporting packages. From our perspective, the reinsurance reporting package provided by EFG Companies is transparent and comprehensive, and hands down one of the best in the industry."

Greg Petrowski
Senior Vice President
GPW & Associates, Inc.

KEY QUESTIONS TO ASK

Retrospective Structures

- Is there an initial vesting period (i.e., a period when you don't participate)?
- Are you receiving investment income (or just underwriting profits)?
- Is the investment income paid at a low, defined rate (say, the 30- to 90-day T-bill rate) or is it based upon actual earnings?
- Can the Administrator discontinue your participation if you terminate your writing relationship with the Administrator?

Dealer-Owned Obligor Company

- Am I prepared for the regulatory requirements and ongoing management required by a DOOC?
- Can I use my own CLIP provider or do I have to use the administrator's CLIP provider?
- Are there liquidity requirements?
- Is the administrator willing to take over my existing DOOC?
- Will there be separate administration charges per claim handled or per in-force contract in the event of administrator termination?
- How much upfront capital will be required?
- What access to unearned reserves will I truly have?
- What are the investment guidelines?
- Are underwriting profits and investment income taxed at normal corporate rates?
- Am I able to take advantage off on-shore domestic formation benefits, such as available cash flow?

YOUR ADMINISTRATOR

Controlled Foreign Corporation

- Is your Administrator passing through 100% of investment income and underwriting profit?
- Are they charging actual or estimated premium tax rates?
- Are they charging ceding fees?
- Do they charge an incremental fee per claim administered?
- Do they charge a bankruptcy or security fee per contract?
- Is there a monthly fee per in-force contract to run off your book of business in the event you terminate your relationship?

Non-Controlled Foreign Corporation

Ask the same fee-related questions of your Administrator as suggested for a CFC as well as:

- How long has the NCFC company been in business?
- Does the cell structure reflect any true risk to the dealer?
- What rate of return has been earned by the NCFC in recent years?
- What is the cost of the stop-loss coverage and when does it “attach”? (And, get a copy of the stop-loss policy.)
- What is my exposure to losses from other dealer positions, and what has been the history of passing through unrelated losses?

MUTUAL FUND-LIKE CFC INVESTMENT MANAGEMENT

The reserve assets of each Reinsurance Company are divided into two separate accounts:

"A" Accounts hold Unearned Reserves

- Funds from all Reinsurance Companies are aggregated into a common portfolio and fully invested.
- The common trust pool is unitized such that each Reinsurance Company receives/owns units of the common trust.
- There will be separate trust pools for each underwriter.

"B" Accounts hold Earned Reserves in Excess of Claims *(i.e. underwriting profit)*

- When Earned Reserves in excess of claims (i.e., underwriting profit) exceed $100,000, those funds may be transferred into a separate B account belonging solely to the Reinsurance Company. Transfers to a B account may be made quarterly, with a minimum requirement of $10,000.
- The Reinsurance Company owner will choose from a menu of mutual fund investment options based on their own personal risk tolerance.
- Clients are able to make B account transfers 4 times per year.

FREQUENTLY ASKED QUESTIONS

STRUCTURE		
How many dealers has EFG worked with in participating retro and reinsurance programs?	**EFG:**	More than 10,000
Once business is remitted, how long before it's deposited into the bank?	**EFG:**	Almost immediate.
Can you invest both un-earned and earned premiums from day one?	**EFG:**	Yes
Can I borrow against both un-earned and earned premiums from day one?	**EFG:**	Yes (75% from NCFC day one)
Can you reinsure all products sold in F&I?	**EFG:**	Yes
Do you receive 100% of the investment income (un-earned and earned) and underwriting profits from day one?	**EFG:**	Yes
Do I have to sell a certain number of policies a year?	**EFG:**	Yes We have a production minimum of 600 policies per year to ensure position viability
Has this structure been tested and approved by the I.R.S and issued a technical advice memorandum stating so?	**EFG:**	Yes
ADMINISTRATION		
Do you provide ON DEMAND reporting covering claims, loss ratios, claim frequency, claim severity, loss per contract, % earned, by store, by group, trend analysis and prediction?	**EFG:**	Yes
Do you provide on-line contract submission with DMS integration for all products sold in F&I?	**EFG:**	Yes
Can you request a cancellation quote for all products on-line?	**EFG:**	Yes
Can you remit contracts on-line?	**EFG:**	Yes
CLAIMS		
Who is your claims administrator?	**EFG:**	EFG Companies has adjudicated its own claims, since inception, more than 40 years.
Do you have a 50 mile tie back clause in your policy?	**EFG:**	Yes, all new and used car customers will be encouraged to return to the selling dealer.
Will I be notified on any transient claim over $500?	**EFG:**	Yes

NOTES

NOTES

AFIP Association of Finance and Insurance Professionals
CERTIFIED
Field Team

3x F&I DEALER OF THE YEAR

AICPA Service Organization Control Reports
AICPA
SOC 2
Formerly SAS 70 Reports

35X STEVIE® WINNER

Google
More verified 5-Star Google Reviews Than Any National VSC Provider!

THE AMERICAN BUSINESS AWARDS℠
REPUTATION & BRAND MANAGEMENT

ASE
Blue Seal of Excellence
RECOGNIZED BUSINESS

POWERSPORTS BUSINESS
NIFTY 50

16x F&I Pacesetter

Unveiling the SubPrime 125
Black Book LENDER SOLUTIONS

glassdoor
Employee Ratings
4.9
98% Recommend
100% CEO Approval

6xWINNER
AR500

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