

Finance Company or Bank?

Financial institutions are getting more and more involved with financing physicians malpractice insurance premiums and offer what look to be competitive interest rates. Our clients have asked us to explain the difference between a Finance Company and a Bank.

It's not just about the interest rates. There are many significant business differences and in most cases, *you may pay less in finance charges* with a finance company.

With a Finance Company

- ⊗ No Application Fee
- ⊗ No personal information requested
- ⊗ No personal credit check
- ⊗ No collateral needed
- ⊗ Finance charges are on amount financed with a declining balance (they charge higher rates but it costs you less)
- ⊗ Instant loan approval
- ⊗ Customer Service through your agent
- ⊗ Credits and Refunds applied to your loan directly
- ⊗ You won't tie up your company or personal line of credit for emergencies
- ⊗ If you are late or default, *your credit is not affected* only your insurance coverage

With A Bank

- ⊗ There is an application Fee
- ⊗ Personal information required
- ⊗ There is always a personal credit check
- ⊗ Many times, collateral is needed
- ⊗ Finance charges are on the total amount financed
- ⊗ Loan approval may take weeks
- ⊗ Customer Service through bank loan department
- ⊗ Credits and Refunds not applied to your loan but sent directly to you
- ⊗ You will tie up your company or personal line of credit for emergencies
- ⊗ If you are late or default, your credit is affected

*Any Day Now...
Any day...
Slow...*

In most cases, the finance charge is lower with the finance company although the interest charged may be a bit higher. Look closely at how much you are charged over the course of the loan not just the interest rate listed.

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