



**Prudential**  
Bring Your Challenges®

# *Prudential's* **STABLE VALUE SOLUTIONS FOR THE BOLI MARKET**

## **PRUDENTIAL STABLE VALUE: AT THE FOREFRONT OF THE INDUSTRY**

Prudential is already a recognized Stable Value thought leader and innovator within the U.S. retirement market, delivering Stable Value solutions that address the needs of clients while helping to drive the industry forward.

Now, Prudential continues to demonstrate its leadership in the industry with its multiple stable value solutions for the bank-owned life insurance (BOLI) market.

## **STABLE VALUE SOLUTIONS DELIVER INCREASED FLEXIBILITY TO THE BOLI MARKET**

In the wake of the financial crisis, many stable value providers stopped writing new BOLI business and limited investment flexibility to their existing customers. Additionally, recent tax reform has provided an opportunity for some current stable value wrap providers to renegotiate terms of established contracts or attempt to exit contracts altogether.

Our available stable value wrap solutions for separate account BOLI policies are designed to provide alternative structures to meet each individual policyholders' need, while solving for some of the challenges in the BOLI market.

## **HOW PRUDENTIAL'S BOLI STABLE VALUE SOLUTIONS WORK**

Prudential's stable value solutions overcome the challenges presented by legacy separate account BOLI policies by aligning the interests of the stable value contract issuer with those of the carrier and policyholder.

Both solutions deliver valuable benefits to BOLI policyholders:

- **Investment diversity:** A robust and diverse lineup of investment strategies and managers
- **Investment flexibility:** Significant flexibility in reallocating assets among different investment strategies
- **Dynamic pricing:** Wrap fees linked to the risk of policyholder surrender

They also deliver all the traditional stable value features BOLI policyholders expect:

- A crediting rate formula to deliver investment returns
- A 0% floor on crediting rates
- A book-value payout on qualified surrender of the BOLI policy

Where each solution differs, however, is in how we approach the period after surrender for book value.

## THE INVERSE COVERED SETTLEMENT FEATURE

One approach includes a proprietary structure employing the Inverse Covered Settlement™ (ICS)<sup>1</sup> book value feature, which was co-developed with Concept Hedging, LLC. The ICS feature incorporates a flexible book value payout period with a stated rate of interest that applies for the entire post-surrender period, which serves to ensure the long-term stability of the separate account BOLI policy it covers.

## THE PARTICIPATING FEATURE

Our alternative solution also ensures the long-term stability of the separate account by continuing to apply the same formulaic crediting rate as it had prior to a book value surrender request.

## PRUDENTIAL FINANCIAL'S KEY STRENGTHS IN STABLE VALUE

As a pioneer and leading provider in the stable value market with over **40 years' experience**, Prudential is well qualified to deliver on its promises:

- Ranked 1st in Stable Value-wrapped assets<sup>2</sup>
- Delivers custom Stable Value solutions using a consultative, client-oriented approach
- Provides Stable Value guarantees through highly rated Prudential Insurance companies
- Offers a broad range of Stable Value products, including general account, separate account and synthetic GIC products that deliver safety, liquidity and yield
- Stable Value leadership team averaging more than 15 years of experience
- Prudential Financial is one of the leaders in the asset management business with strong credit analysis, quantitative and risk-management capabilities

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<sup>1</sup>Concept Hedging, LLC (a company unaffiliated with Prudential) claims certain intellectual property rights in The Inverse Covered Settlement. Prudential is licensed to use such intellectual property and Concept Hedging receives a royalty fee from Prudential.

<sup>2</sup>Valerian Capital Group, Stable Value Wrap Provider Survey, as of 9/30/2018.

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