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 reallocate 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)® 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
- 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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1Concept 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.

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

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