

Prudential's Capacity and Retention

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PROFESSIONALS, INC.



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DEFINITIONS

Retention Limit refers to the maximum amount of liability on each life an insurance company will assume by itself after taking into account any reinsurance ceded. The retention limit grades down by age, smoking status and rating. The maximum amount on each life includes new policies and any inforce policies. For Survivorship, for any one life, the sum of retained individual coverage plus one-half the retained Survivorship coverage cannot exceed the single life retention limit for that life.

Automatic Issue Limit (Automatic Capacity) is the maximum amount of coverage that may be issued under a policy which is to be ceded to reinsurers on an automatic basis.

Jumbo Limit is the maximum amount of coverage, inforce and applied for in all companies, that allows the policy applied for to continue to qualify for automatic reinsurance.

Capacity Limit is the maximum amount of coverage available on a facultative basis

REINSURANCE

Automatic Reinsurance

Automatically takes place if various conditions are met as defined in the treaty. It is not necessary for the ceding company to obtain approval from the reinsurer in order to include each policy under the agreement.

Each policy to be reinsured must be underwritten by the ceding company in accordance with its published underwriting rules and practices.

The ceding company must reinsure a specific share of the risk and retain the remaining share of the risk, as defined by the treaty.

REINSURANCE

Facultative Reinsurance

Takes place only if the reinsurer reviews each policy and agrees to accept the risk at a specified premium.

Under facultative reinsurance, the reinsurer will:

- (1) determine if it has enough capacity to reinsure the risk
- (2) underwrite the risk.

The ceding company may submit a risk facultatively to the reinsurer if the risk does not qualify for automatic reinsurance.

The ceding company may also submit a risk even if it does qualify for automatic reinsurance. Reasons for doing this include trying to obtain a better rating class and taking advantage of the reinsurers' underwriting expertise (e.g., for complex, exotic risks). Once a risk is offered to any reinsurer facultatively, it no longer qualifies for automatic reinsurance.

RETENTION LIMIT

Internal Retention Limits

- \$20 million* internal retention on most single life and second-to-die policies through age 75
- \$13 million* for ages 76-80
- \$10 million for any combination of Term Essential and/or PruTerm One

* (Limits graded down for ratings, smoking status, celebrities, sports figures, private pilots, non-U.S. residents, foreign travel, and juveniles.)

AUTOMATIC ISSUE LIMIT

Issue Limits

- \$65 million* on most single life and second-to-die policies, ages 18 - 65

* (Limits graded down for ratings, smoking status, non-U.S. residents and juveniles. PruTerm WorkLife 65 has a maximum face amount of \$3 million. PruTerm One has a maximum face amount of \$10 million.)

JUMBO LIMIT

Term Products

- \$65 million for ages 18 - 75

Permanent Products (including Survivorship)

- \$65 million for ages 0 - 80
- \$30 million for ages 81 – 85
- \$10 million* for ages 86 - 90

Jumbo limits for both Term and Permanent products will be graded down based on age and rating.

* Maximum issue age available on PruLife Universal Life Plus is 90. All other products maximum issue age is 85

CAPACITY LIMIT

The current maximum amount of coverage available on a facultative basis is about \$135 million. This amount is applicable to the following products:

- Term Elite, Term Essential, PruLife Return of Premium Term
- PruLife UL Plus
- PruLife UL Protector
- PruLife Index Advantage UL
- PruLife Founders Plus UL
- PruLife Custom Premier II VUL, VUL Protector
- PruLife SUL Protector
- PruLife Survivorship Index UL

SUPER JUMBO PROGRAM

By working with two of our reinsurance partners, expanded automatic issue and jumbo limits are available through all Distribution channels, under specific circumstances.

Availability

- All permanent products
- Term Elite
- Term Essential
- Issue ages of 18 – 65 (backdating is allowed to save a client's age where appropriate)
- Preferred / Standard rating classes only.
- Available for cases in which the underwriting traditionally qualifies for automatic reinsurance and where Prudential's full \$20 million of retention is eligible. High profile entertainers, high profile athletes, foreign diplomats, foreign residents and clients with aviation activities, for example, are excluded.

SUPER JUMBO PROGRAM

Important Considerations

Automatic issue limit : \$75,000,000

Jumbo Limit: \$100,000,000

Benefit Access Rider is not available

Applicable cases will be underwritten, issued and ceded BAU

Note that traditional facultative underwriting remains available for any case that falls outside the Super Jumbo Program limits.

SUPER JUMBO EXAMPLES

Case #1

Client is a 49 year old male, medically approved at Nonsmoker Plus. Currently has \$50 million in force, none with Prudential and there is no replacement activity. Utilizing the SuperJumbo Program, a \$50 million Term Essential application was approved and reinsured automatically.

Case #2

Client is a 60 year old male, medically approved at Nonsmoker Plus. Currently has \$60 million in force, none with Prudential and there is no replacement activity. Utilizing the SuperJumbo Program, a \$25 million Term Essential application was approved and reinsured automatically.

Case

Client is a 60 year old male, medically approved at Preferred Best. Currently has just under \$55 million in force, none with Prudential and there is no replacement activity. Utilizing the SuperJumbo Program, a \$14 million Term Essential application was approved and reinsured automatically.



IMPORTANT INFORMATION

Case studies are for example purposes only.

This material is intended for insurance informational purposes only and is not personal medical advice for clients. Rates and availability will vary based on the satisfaction of our underwriting criteria. Underwriting rules are subject to change at our discretion.

All guarantees and benefits of the insurance policy are backed by the claims-paying ability of the issuing insurance company. Policy guarantees and benefits are not backed by the broker/dealer and/or insurance agency selling the policy, nor by any of their affiliates, and none of them makes any representations or guarantees regarding the claims-paying ability of the issuing insurance company.

VUL Protector, PruLife Custom Premier II, PruLife Founders Plus UL, PruLife Universal Plus, PruLife Universal Protector, PruLife Index Advantage UL, PruLife SUL Protector, PruTerm One, Term Essential, Term Elite, PruTerm WorkLife 65, and PruLife Survivorship Index UL are issued by Pruco Life Insurance Company except in New York, where, if available, they are issued by Pruco Life Insurance Company of New Jersey. PruLife Return of Premium Term is issued by Pruco Life Insurance Company in all states except New Jersey and New York, where it is issued by Pruco Life Insurance Company of New Jersey. Both Pruco Life companies are located at 213 Washington Street, Newark, NJ 07102-2992. Variable life policies are offered through Pruco Securities, LLC. All are Prudential Financial companies, located in Newark, NJ.