



Prudential Individual Life Insurance continues to help customers with their life insurance needs in this challenging time of interest rate changes and market volatility. To do that, we take a prudent financial approach by continuously reevaluating our product portfolio and have made some adjustments to our offerings. More specifically:

- **We're reducing caps and credited rates for IUL products.** We strive to balance financial discipline and impacts to the index accounts and the upside they can offer. However, significant changes in interest rates and market volatility caused IUL index parameters to be adjusted. The new spreads and caps for impacted index accounts will be effective April 1st for index segments **beginning April 15**.
- **We're restricting single pays on Universal Life products.** As a result of significant decreases to current interest rates, we will restrict single and short pay sales on all UL products, excluding VUL, **effective April 13**. Illustrations will not show premiums in years 1-3 that exceed a threshold. This is set by a factor applied to the CTP. For single life products, the restriction will be 8x the CTP and for survivorship products it will be 10x the CTP.
- **We're suspending sales of 30-year Term products until June.** There will be a temporary suspension of Term Essential 30 and Term Elite 30 **effective April 13**. Our goal is to reprice and reintroduce 30- year Term products in June.
- **We're revising the large case review thresholds for UL Protector, SUL protector and SIUL. Effective April 13**, they will be the same thresholds already in place for IAUL, Founders Plus, and Essential UL, which is at least \$1M of total premium in any policy year. **All other products (mainly VUL) would stay the same at \$5M in year one and \$1M in other years.**
- **We're increasing pricing on UL protector.** To restore and maintain profitability, we will increase pricing on UL Protector, **effective April 27**. The new rates will result in an average increase of 8 to 12% in all states (except New York where increases will be approximately 20% due to higher reserves) depending on age, underwriting class, and premium funding patterns.

Life insurance policies are issued by Pruco Life Insurance Company in all states except New York, where they are issued by Pruco Life Insurance Company of New Jersey. VUL policies are offered through Pruco Securities, LLC (member SIPC). All are Prudential Financial companies located in Newark, NJ.

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**Product Update****April 2020 Index Account Changes****April 2020 Index Cap Updates**

Based on the recent economic conditions linked to COVID-19, significant changes in interest rates and the spike in market volatility will cause IUL index parameters to be adjusted. We strive to balance financial discipline and impacts to the index accounts and the upside they can offer. However, given the significant changes to the economics of the index accounts, adjustments are appropriate. The new spreads and caps for impacted index accounts will be effective for index segments starting after April 1, 2020.

A letter will be sent to policy owners when the cap rate changes, informing them of the new cap and the future segments that will be impacted. The letter also indicates that changes to the cap may result in different values than were shown in their most recent illustration and how they can request a current illustration.

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## Product Update

## April 2020 Index Account Changes

Account Cap Rates

Product Version, Account; Index cap or spread	March 2020	April 2020	Change
<b>IAUL</b>			
IAUL (February 2018), S&P 500 Index Account; Cap	10.00%	9.50%	-0.50
IAUL (February 2018), S&P 500 Index Account with Multiplier; cap	8.25%	7.75%	-0.50
IAUL (February 2018), S&P 500 Uncapped Index Account; spread	4.00%	5.00%	+1.00
IAUL (August/December 2016), S&P 500 Index Account; Cap	10.00%	9.50%	-0.50
IAUL (August/December 2016), S&P 500 Index Account with Multiplier; cap	8.00%	8.00%	No Change
IAUL (August/December 2016), S&P 500 Uncapped Index Account; Spread	4.00%	5.00%	+1.00
IAUL (January 2015), S&P 500 Index Account; Cap	9.25%	9.00%	-0.25
IAUL (October 2013) *, S&P 500 Index Account; Cap	11.00%	10.25%	-0.75
IAUL (April 2012) *, S&P 500 Index Account; Cap	11.00%	10.25%	-0.75
<b>SIUL</b>			
SIUL (January 2019), S&P 500 Index Account; Cap	10.00%	9.50%	-0.50
SIUL (January 2019), S&P 500 Index Account with Multiplier; cap	8.25%	7.75%	-0.50
SIUL (January 2019), S&P 500 Uncapped Index Account; spread	4.00%	5.00%	+1.00
SIUL (January 2016) S&P 500 Index Account; Cap	9.25%	9.00%	-0.25
<b>Founders Plus</b>			
Founders Plus (May 2019), Plus 100 Account; Cap	9.00%	8.75%	-0.25
Founders Plus (December 2017), Plus 100 Account; Cap	9.00%	8.75%	-0.25
Founders Plus (August/December 2016), Plus 100 Account; Cap	8.50%	8.25%	-0.25
Founders Plus (August/December 2016), Plus 50 Account; Cap	5.25%	5.25%	No Change
Founders Plus ( 2015), Plus 100 Account; Cap	7.00%	7.00%	No Change
Founders Plus ( 2015), Plus 50 Account; Cap	5.25%	5.25%	No Change
Founders Plus (January 2014), Plus Account, Cap	5.25%	5.25%	No Change
<b>Custom Premier II</b>			
Custom Premier II (May 2019), S&P 500 Index Account; Cap	7.50%	7.00%	-0.50

\*The Cap Growth Rate for these versions in Pennsylvania is 9.00%.

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**PRODUCT****Important Individual Life  
Portfolio Updates****Product Changes Effective 4/13**

- Term Essential 30 and Term Elite 30 will be suspended temporarily
- Large case review amounts will be adjusted for UL Protector, SUL Protector, and SIUL. All UL products will require home office approval if premium in any year is equal or exceeds \$1m
- Premium restrictions for UL products equal to 8xCTP for single life products and 10xCTP for survivorship products – premiums (including 1035 exchange) cannot exceed those amounts in any of the first 3 years.

**Illustrations – Updated on 4/13**

- Term Essential/Elite 30 presentations will no longer be available.
  - Term Essential and Elite 30 will not appear in any concept such as buy term and invest the difference, “Giant Term”, or any other concept
  - Term Essential pdf “compare” will be shut down
- New large case review warnings will appear for UL products when an illustration has a premium of \$1m or more in any year.
- Illustrations attempting to show greater than the thresholds above will not run and will show and will generate an error message.

**New Business and Application Transition**

- Term Essential and Elite 30:
  - Applications will not be accepted for Term Essential 30 or Term Elite 30 with an application signed date on or after 4/27.
  - Formal applications will need to be signed on 4/26 or earlier to be considered.
  - Applications signed on 4/26 or earlier must be received in the home office by 5/4.
  - Unplaced changes of previously underwritten policies or applications still in underwriting may not be changed to Term Essential/Elite 30 on or after 4/27.
- For UL product premium restrictions:
  - To have an application submitted without the premium restriction, it must have an illustration produced on 4/12 or earlier, AND the application must be signed 4/26 or earlier, AND the application must have a home office receipt on or before 5/4.
  - Informal inquiries are subject to the limitations, unless replaced by a formal application submitted and following the dates above.
  - For policies not subject to the above limitations and issued other than as applied, required revised illustrations will be supplied through the home office
- Applications Without Ownership Arrangements:
  - Formal applications without ownership arrangements (Preliminary applications, trial application and where a Trust is TBD) must be replaced by a final formal application by the end of the transition period.

Subject to the above application restrictions, normal new business and underwriting rules will apply.

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**Transition Rules for PruLife UL Protector – April 2020**

On Monday **April 27, 2020**, the repriced PruLife UL Protector will be introduced. When creating an Illustration, this is referred to as the **March 2020** version of the product. The following rules apply to any request for New Business, Term Conversion, or OPAI (Option to Purchase Additional Insurance) Conversion.

**TRANSITION RULES**

- **April 27, 2020** (Ready to Sell Date): New Rates for the repriced product are in effect. All applications signed and dated on or after April 27, 2020 will receive New Rates (unless Old Rates are requested and permitted).
- **May 10, 2020** (Transition Period End Date): Last day that an application can be signed with a request for Old Rates
  - If Old Rates are desired for an application dated during the 14-day Transition Period, a written request, along with the appropriate presentation version, must be submitted on or after the state introduction date
  - Applications dated May 11th and later will receive the New Rates only

**REQUESTS FOR NEW RATES**

Requests for changes to the New Rates will be permitted consistent with the following current practice for these situations:

- Any pending case or issued policy that is not yet delivered with an application date prior to the state introduction date can be changed to New Rates, if the request for change is made on or after the state introduction date. The request for New Rates, along with any other requested changes (for example an increase in face amount or addition of riders/benefits), should be submitted with a confirmation of billed premium by contacting your New Business Case Management Team.
- An existing policy that has been delivered and is in force and is still within its 90-day New Business Change Period can be changed to New Rates and keep the original policy number and policy date. Existing policies that are outside the 90-day New Business Change Period cannot be changed to the New Rates.
  - The 90-day New Business Change Period is defined as the 90-day period beginning on the later of the policy date or the original issue date. For policies issued as a Term Conversion, it is defined as the 90-day period beginning on the policy date. The ability to request certain types of changes during the 90-day New Business Change Period is an administrative practice supported for permanent product policies and is not specific to this repricing. Requests can be submitted on or after the state introduction date if the policy is still within the 90-day New Business Change Period.
    - For a request for a change to New Rates only, please submit a completed COMB 84800S form along with a signed revised Illustration and confirmation of billed premium. The signed paperwork must be received within the 90-day change period.
    - For a request for a change to New Rates along with a change in coverage (for example an increase in face amount or addition of riders/benefits), please contact us for assistance with

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the required paperwork. The signed paperwork must be received within the 90-day change period

- A change to New Rates for an inforce policy that is within the 90-day New Business Change Period will trigger a recalculation of commissions. If different, the original amount will be recaptured, and a new amount paid.

### **BACKDATING**

Normal backdating rules apply, meaning that the new policy date can be backdated up to six months prior to the application date (three months in Ohio). A policy with New Rates can be dated prior to the state introduction date if the application meets the requirements in the TRANSITION RULES above.

Please note: If the date of birth is more than 6 months prior to the state introduction date, you cannot backdate the policy to save age with a request for the New product version.

### **REQUESTS FOR OLD RATES DURING THE TRANSITION PERIOD**

- **Applications Without Ownership Arrangements**  
Formal applications without ownership arrangements (Preliminary applications, trial application and where a Trust is TBD) must be replaced by a final formal application by the end of the 14-day transition period based on state approval to be eligible for the Old Rates.
- **Informal/Inquiry Applications**  
Informal/Inquiry applications will not be eligible for Old Rates unless replaced by a live application by the end of the 14-day transition period based on state approval.

### **DEFINITION OF “APPLICATION DATE”**

- Pru Advisors Prepaid eLife - Date on the form of payment and the Authorization, Acknowledgement and Limited Insurance Agreement form
- Pru Advisors COD eLife - Date the Authorization, Acknowledgement, and Limited Insurance Agreement form and Variable Contract Acknowledgement form (if applicable) were signed by the client
- Pru Advisors or Third-Party Full Application case - Date the Part 1 of application (ORD 96200) was signed
- Third Party Prepaid Xpress QuickForm case - Date on the form of payment, the Authorization to Release Information form, and the Limited Insurance Agreement form
- Third Party COD Xpress QuickForm case - Date the Authorization to Release Information form and Variable Contract Acknowledgement form (if applicable) were signed by the client