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**From:** Lesley Groff <[REDACTED]>  
**Sent:** Tuesday, April 9, 2013 6:36 PM  
**To:** Epstein Jeffrey  
**Subject:** Fwd: PPPVUL Product Information  
**Attachments:** Legal Summary Materials 4-2013.pdf; Untitled attachment 00540.htm; Cedarwood & Kingswood Combined Payout 4-8-13.pdf; Untitled attachment 00543.htm

Below from Lou Kreisberg

=ent from my iPhone

Begin forwarded

Subject: PPPVUL Product Information

Jeffrey-

As a follow up to our discussions, I wanted to share a=ditional information on the Evergreen PPVUL policy with you.

Summary information regarding a \$1 billion investment=in two different policies is attached. The first is a \$500 million 77=2(a) compliant policy (Kingswood), and the second is a \$500 million 7702(g)=compliant policy (Cedarwood). You'll see that breakeven is achieved in the year following issuance. By yea= 20, the after-tax value of the Evergreen policies exceeds taxable account p=rformance by \$1.4 billion (\$3.8 billion vs. \$2.4 billion). By year 30= the Evergreen policies outperform the taxable account by \$3 billion (\$7.4 billion vs. \$3.4 billion). <=o:p>

The above numbers assume the following fees and charg=s.

Upfront fees consist of the following:

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- &n=sp; Upfront charges: \$11.5 million (2% on first \$100=million, 1.5% on next \$100 million, 1% thereafter). Note consists of a=proximately \$500,000 in legal fees with the balance allocated between the p=rtv arranging for the insured lives and a sales charge

- &n=sp; Issue fee: \$3.9 million (\$300 per life)

- &n=sp; DAC tax: \$7 million (70 bps)

Ongoing fees consist of the following:

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- &n=sp; Cost of insurance: charged at standard rates bas=d on the age/sex of underlying insureds
- &n=sp; M&E fee: 65 bps per annum
- &n=sp; Administrative fee: \$100 per life

Our attorneys at Mayer Brown have handled the legal w=rk associated with the structure. In order to provide an overview of t=e review and analysis performed to date, I attach a legal summary containin= the following:

1) Summary of Legal Opinions: Provides an overview o= tax, insurable interest and ERISA opinions that will be provided at closin=. The opinions are not yet written, but this reflects the scope<=p>

2) 7702(g) Opinion Overview: Provides an overview o= the legal opinion which will be provided in connection with the Cedarwood 7=02(g) product and the relevant legal analysis

2)&=bsp; Wal-Mart Case: Provides an overview of a well-known case that concern=d the issues that arose when Wal-Mart purchased life insurance policies (co=monly referred to as janitor insurance) on the lives of its employees. = The memo explains how the Evergreen programs do not violate the legal principles described in that case, includ=ng insurable interest considerations

3)&=bsp; Recovery Statutes: Explains why the risk is remote that an insured or=his estate could bring a successful claim under a recovery statute

4)&=bsp; STOLI: Provides an overview of Stranger Owned Life Insurance and its r=levance to insurable interest laws. The memo explains how Evergreen i= not STOLI and does not violate STOLI legislation

5)&=bsp; Public Policy and Insurable Interest: Provides a summary of the concl=sions in the prior three memos with respect to insurable interest and publi= policy considerations)

I think you'll find there are no comparable p=oducts in the marketable that allow for the acquisition of such a sizable a=ount of insurance, except for the standard 7702(g) policies. The Ceda=wood 7702(g) product does offer a major structural advantage to its competitors in that it allows for annual distributions ove= the life of the policy.

As I mentioned, Withers is familiar with the structur=, and Jim Brockway has spent the most time on it. We look forward to d=scussing the above in more detail and are, of course, happy to answer any q=estions or provide more information.

Regards,  
Louis

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