

New York Life Insurance and Annuity Corporation

Bank Owned Life Insurance

Straight Talk

Understanding New York Life's BOLI Product Chassis

Many banks select Bank Owned Life Insurance (BOLI) as a tax efficient approach to informally offset the cost of pre- and post-retirement employee benefits. Selecting the right BOLI product and life insurance company are key decisions in the pre-purchase analysis. New York Life Insurance and Annuity Corporation (NYLIAC)¹ has been a leading provider of BOLI products since 1992, and has remained committed to the BOLI marketplace through challenging economic and regulatory changes. Our products and services are structured for both large and small banks, and are especially designed to meet a range of needs in today's marketplace.

There are three popular types of BOLI products available in the marketplace today: General Account, Hybrid, and Variable Separate Account. Hybrid combines features of both General and Separate Account. NYLIAC BOLI products have been intentionally designed with attractive features to provide banks an opportunity to choose either a General Account or a Hybrid Account option that best suits their needs. New York Life does not currently offer a Separate Account BOLI product.

New York Life's BOLI 40 is classified as a General Account product. BOLI 50, with its two portfolios (Yield portfolio and Yield Plus portfolio), is classified as Hybrid Account.²

Important features to know about NYLIAC's BOLI product design and philosophy:

- Minimum guaranteed interest crediting rate included in both General Account and Hybrid Account products³.
- Current crediting rate set by NYLIAC.
- Using a crediting rate approach on all BOLI products, NYLIAC does not pass along investment losses or gains directly through to BOLI policyholders.
- NYLIAC Hybrid product features book value accounting treatment –the policyholder does not have mark-to-market exposure to the portfolio. This treatment is also common in General Account products.

These are significant features to identify in today's complex regulatory environment. Understanding them is more important than ever as banks determine how to characterize their BOLI holdings. While New York Life does not provide legal or regulatory counsel and advice, we can provide information regarding our BOLI products that can be useful in determining how to treat these assets. Banks should consult their own advisors and regulators as needed in relation to the treatment of their BOLI and other holdings.

¹ NYLIAC is a wholly owned subsidiary of New York Life Insurance Company.

² Additional information about the available investment portfolio options can be found in the BOLI 50 Investment Portfolios Brochure.

³ Guarantees of a BOLI policy are based on the claims-paying ability of the issuer.



The chart below compares some common characteristics of BOLI products for General Account, Hybrid, and Variable Separate Accounts.⁴

CATEGORY	GENERAL ACCOUNT	HYBRID	VARIABLE SEPARATE ACCOUNT
Type	Universal Life	Universal Life	Variable Universal Life (New York Life does not offer BOLI VUL policies)
Guaranteed minimum crediting rate		Yes	No (May include a fixed account investment option. Cash Value may fluctuate)
Investment portfolio design	Single portfolio (General Account)	Multiple separate account portfolios (varies by carrier)	Separate account (Assortment of investment options)
Mark to market exposure		No	Yes ⁵
Investment portfolio transfer capability ⁶	No	Yes	Yes
Investment portfolio transparency	Low	High	High (Sold via prospectus or similar offering document)
Potential for third party stable value wrap		No	Yes
Deferral period for payment of surrender proceeds		May be up to 180 days	May be up to 365 days
Investment portfolio protected from carrier creditors ⁷	No		Yes

Insurance charges and other fees apply for all product types. For Variable Universal Life, additional fund fees and charges apply.

The chart below shows certain characteristics of NYLIAC BOLI 40 and 50⁸. It is not intended to provide a complete analysis of all product features.

FEATURE	NYLIAC BOLI 40 GENERAL ACCOUNT	NYLIAC BOLI 50 HYBRID
Type	Universal Life	Universal Life
Guaranteed minimum crediting rate on annual basis		1%
Investment portfolio design	New York Life General Account	Separate Account Portfolios
Mark to Market exposure		No
Investment portfolio transfer capability (Not available in IL)	No	Yes
Investment portfolio transparency	Low	High
Stable Value Wrap		No
Deferral period for payment of surrender proceeds		May be up to 180 days
Investment portfolio protected from carrier creditors ⁷	No	Separate Account assets are insulated
Investment Manager		NYL Investors, LLC
Investment – Gains/Losses		No direct pass through
Minimum Face Amount		\$100,000 per insured
Crediting Rate		Periodically declared by New York Life
Availability	All states	Currently all states except CA, MN

Cost of insurance charges, monthly administrative fees, and premium expense charges apply.

⁴ Provides an overview of differences between chassis types; it is not intended to provide a complete analysis.

⁵ If no stable value wrap is used.

⁶ This feature is offered subject to carrier contract and state availability.

⁷ Creditor protection may be limited and may vary by state.

⁸ New York Life BOLI products are issued by NYLIAC.

New York Life and NYLIAC: Integrity and Financial Strength

Throughout its 170+ year's history, New York Life has built a reputation for integrity and financial strength. For over seven generations, New York Life has been there for our customers when they needed us most. And we are committed to carrying on this proud tradition.

New York Life Insurance Company and its subsidiary New York Life Insurance and Annuity Corporation have received the highest ratings¹⁰ currently awarded to any life insurer by all four ratings agencies, on the basis of financial strength:

Moody's: Aaa¹¹

Standard & Poor's: AA+¹²

Fitch Ratings: AAA¹³

A.M. Best: A++¹⁴

Source: Individual third-party rating reports (as of July 30, 2018). Banks should carefully review any carrier they consider for their BOLI purchase. Financial strength and integrity are critical factors in the selection process.

⁹ Reflects the combined assets under management of New York Life Investment Management LLC and its affiliated investment advisers.

¹⁰ Ratings do not apply to the separate account.

¹¹ Moody's (Financial Strength): Moody's Insurance Financial Strength Ratings are opinions of the ability of insurance companies to repay punctually senior policyholder claims and obligations. Aaa is the highest out of 21 possible ratings.

¹² Standard & Poor's: a division of The McGraw-Hill Companies Inc. provides independent financial information, analytical services, and credit ratings to the world's financial markets. For more information on Standard & Poor's visit <http://www.standardandpoors.com>.

¹³ Fitch Ratings (Insurer Financial Strength): Fitch Ratings' Insurer Financial Strength rating provides an assessment of the financial strength of an insurance organization and its capacity to meet senior obligations to policyholders and contract holders on a timely basis. AAA is the highest.

¹⁴ A.M. Best (Financial Strength): A.M. Best's Financial Strength Rating is an opinion of an insurer's ability to meet its obligations to policyholders. A++ is the highest out of 15 possible ratings.

In Oregon, the Policy Form Number for the BOLI 40 policy is 307-37.27; the Policy Form Number for the BOLI 50 Policy is 305-70.27.

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