

## Post-Acquisition Policy Administration and Servicing

Edgewater Consulting Group, Ltd. (“Edgewater”) commenced operations in 2003 and is a company that provides non-legal consulting services about the private placement life insurance marketplace to insurance and investment service providers. Edgewater also provides post-issuance policy services on behalf of brokers, carriers, and directly to policy owners after a policy has been issued.

The policies Edgewater services are private placement variable life insurance policies. The policy owner purchases these policies for estate planning purposes and also to mitigate the income tax on the earnings of a portion of the investment portfolio. The underlying assets of the policies are predominately alternative investments (such as hedge funds of funds), which, on an after-tax basis, tend to be among the most tax inefficient investments.

Edgewater’s post-acquisition administration services include, but are not limited to the following:

- *Ongoing and active policy administration, including preparation and maintenance of an insurance binder, regular audits of policy values, and reconciliation of investment values;*
- *Preparation of an annual policy review;*
- *Annual review meetings with the policy owner as needed;*
- *Preparation of quarterly policy performance reports;*
- *Assistance to the policy owner with premium allocation requests;*
- *Facilitation of separate account changes, loans and withdrawals, performance modeling, and beneficiary designation changes;*
- *Policy modification restructuring advice and negotiation;*
- *Policy owner education, including answering inquiries from the policy owner and insured;*
- *Dissemination of periodic newsletters and special supplements to policy owners and other interested parties;*
- *IRS audit support;*
- *In-force illustration review and analysis;*
- *Unscheduled premium payment analysis and advice;*
- *Regular meetings with carrier representatives and general carrier due diligence;*
- *Regular meetings with IDF representatives and general IDF due diligence;*
- *Maintenance of IDF files and reports for policy owner use;*
- *Verification, review, and implementation of redemption and reallocation recommendations provided by third-party investment consultants; and*
- *Assistance in processing death benefit claims and surrender requests and performance of death benefit and surrender reconciliation.*

Edgewater typically receives its compensation for post-acquisition policy services directly from the carrier’s policy charges or from the broker. In all cases, Edgewater will disclose to the policy owner its compensation attributable to the policy.