

**Prudential Guarantee and Assurance, Inc. and Affiliates
Internal Audit Department
Charter**



Introduction:

Internal audit is an independent and objective assurance and consulting activity that is guided by a philosophy of adding value to improve the operations of Prudential Guarantee and Assurance, Inc. and affiliates ("Company"). It assists the Company in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the organization's risk management, control, and governance processes.

For purposes of this Charter, the Head of Internal Audit is referred to herein as the Chief Audit Executive, which is defined by the Institute of Internal Auditors ("IIA") in a manner consistent with the roles and responsibilities assigned to the Company's Head of Internal Audit.

Role:

The Internal Audit Department ("Internal Audit") is established by the Board of Directors, and its responsibilities are defined by the Audit Committee of the Board of Directors as part of their oversight function.

Professionalism:

Internal Audit shall be responsible to serve the Company in a manner that is consistent with the International Standards for the Professional Practice of Internal Auditing (Standards) as promulgated by the Institute of Internal Auditors (IIA), the IIA's Code of Ethics, and good business sense. The IIA's Standards and the Code of Ethics shall constitute the operating procedures for the department, and shall be an addendum to this charter.

The Institute of Internal Auditors' "Practice Advisories" will be adhered to as applicable. In addition, Internal Audit will adhere to Company's policies and procedures and Internal Audit's Standard Operating Procedures Manual.

Authority:

Authority is granted for full, free, and unrestricted access to any and all of Company's records, physical properties, and personnel relevant to any function under review. However, prior clearance from the President/Chief Operating Officer and the Audit Committee is required for access to payroll, 201 files, compensation contracts, and Board matters.

All employees are requested to assist Internal Audit in fulfilling their staff function.

Internal Audit shall also have free and unrestricted access to the Chairman of the Board of Directors, and the Audit Committee of the Board of Directors.

Documents and information given to Internal Audit during a periodic review will be handled in the same prudent and confidential manner as by those employees normally accountable for them.

Access to audit working papers and other audit records are subject to Chief Audit Executive's discretion, approval and limitations, and additionally President/Chief Operating Officer's and Audit Committee's approval is required for external party access.

Organization:

The Chief Audit Executive shall report administratively to the President and Chief Operating Officer and functionally to the Audit Committee of the Board of Directors.

Independence:

All internal audit activities shall remain free of influence by any element in the organization, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of an independent and objective mental attitude necessary in rendering reports.

Internal Auditors shall have no direct operational responsibility or authority over any of the activities they review. Accordingly, they shall not develop nor install systems or procedures, prepare records, or engage in any other activity which would normally be audited.

Internal auditors must exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors must make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.

The Chief Audit Executive will confirm to the board, at least annually, the organizational independence of the internal audit activity.

Audit Scope:

The scope of internal audit activity encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the Company's governance, risk management, and internal process as well as the quality of performance in carrying out assigned responsibilities to achieve the Company's stated goals and objectives. This includes:

- Evaluating the reliability and integrity of information and the means used to identify, measure, classify, and report such information.
- Evaluating the systems established to ensure compliance with those policies, plans, procedures, laws, and regulations which could have a significant impact on the organization.
- Evaluating the means of safeguarding assets and, as appropriate, verifying the existence of such assets.
- Evaluating the effectiveness and efficiency with which resources are employed.

- Evaluating operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned.
- Monitoring and evaluating governance processes.
- Monitoring and evaluating the effectiveness of the organization's risk management processes.
- Evaluating the quality of performance of external auditors and the degree of coordination with internal audit.
- Performing consulting and advisory services related to governance, risk management and control as appropriate for the organization.
- Reporting periodically on the internal audit activity's purpose, authority, responsibility, and performance relative to its plan.
- Reporting significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by the Board.
- Evaluating specific operations at the request of the Board or management, as appropriate.

Audit Planning:

Annually, the Chief Audit Executive shall submit to senior management and the Audit Committee a summary of the audit work schedule, staffing plan, and budget for the following fiscal year. The audit work schedule is to be developed based on a prioritization of the audit universe using a risk-based methodology. Any significant deviation from the formally approved work schedule shall be communicated to senior management and the Audit Committee through periodic activity reports.

Reporting:

A written report will be prepared and issued by the Chief Audit Executive or designee following the conclusion of each audit and will be distributed as appropriate. Internal audit results will also be communicated to the President and Chief Operating Officer, the Chairman and Chief Executive Officer, and the Board.

The Chief Audit Executive or designee may include in the audit report the auditee's response and corrective action taken or to be taken in regard to the specific findings and recommendations. Management's response should include a timetable for anticipated completion of action to be taken and an explanation for any recommendations not addressed.

In cases where a response is not included within the audit report, management of the audited area should respond, in writing, within thirty (30) days of publication to Internal Audit and those on the distribution list.

Internal Audit shall be responsible for appropriate follow-up on audit findings and recommendations. All significant findings will remain in an open issues file until cleared by the Chief Audit Executive or the Audit Committee.


Periodic Assessment:

The Chief Audit Executive should periodically assess whether the purpose, authority, and responsibility, as defined in this charter, continue to be adequate to enable the internal auditing activity to accomplish its objectives. The result of this periodic assessment should be communicated to Senior Management and the Board of Directors.

**Prudential Guarantee and Assurance, Inc.
Charter
Internal Audit Department**

Approved this 16th day of June, 2011.

Endorsed and Approved by:


JAMES G. COYIUTO
Sr. Vice President & Treasurer


SAMUEL G. COYIUTO
Sr. Vice President


PHILLIP K. RICO
President and Chief Operating Officer
Member, Audit Committee


ANTONIO H. OZAETA
Member, Audit Committee


ROBERT COYIUTO JR.
Chairman & Chief Executive Officer

Accepted by:


MARIA SOLEDAD B. REMITER
Sr. Manager/Head- Internal Audit