

DOCKET NO.: HHD-CV-246185151-S	:	SUPERIOR COURT
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IN THE MATTER OF PHL VARIABLE INSURANCE	:	JUDICIAL DISTRICT
COMPANY, ET AL.	:	OF HARTFORD
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	:	NOVEMBER 20, 2024
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REHABILITATOR'S FIRST ACCOUNTING AND STATUS REPORT

Andrew N. Mais, Insurance Commissioner of the State of Connecticut (the “Commissioner”), as Rehabilitator of PHL Variable Insurance Company (“PHL”) and its subsidiaries, Concord Re, Inc. (“Concord”) and Palisado Re, Inc. (“Palisado” and, together with PHL and Concord, the “Companies”) submits this First Accounting and Status Report as to the status and affairs of the Companies pursuant to Conn. Gen. Stat. § 38a-915(b).

I. Background

On May 17, 2024, the Commissioner filed a petition with the Superior Court for the Judicial District of Hartford seeking an order of rehabilitation (i) commencing rehabilitation proceedings for, and appointing the Commissioner as rehabilitator of, the Companies (the “Rehabilitator”) pursuant to Conn. Gen. Stat § 38a-914 and (ii) directing the Rehabilitator to take immediate possession of the Companies’ assets and to administer the assets under the general supervision of the Court (the “Petition”). Dkt #100.31.

On May 20, 2024, the Court entered an order of rehabilitation (the “Rehabilitation Order”), finding that each of the Companies was in such condition that further transaction of business would be financially hazardous to its policyholders, creditors and the public and that the board of directors of each of the Companies had consented to rehabilitation. Dkt #114. The Rehabilitation Order

appointed the Commissioner and his successors in office as Rehabilitator and directed him to conduct and continue the Companies' businesses and affairs as he deems to be in the best interests of policyholders, creditors and the Companies' estate subject to the Insurers Rehabilitation and Liquidation Act, Conn. Gen. Stat. §§ 38a-903 to 38a-961, the Rehabilitation Order and further orders of the Court.

Simultaneously with the filing of the Petition, the Rehabilitator filed a Motion for Moratorium on Certain Benefit Payments and Transactions (the "Moratorium Motion"). Dkt #101. The Moratorium Motion sought an order imposing a moratorium (the "Moratorium") on the payment of certain benefits and transactions until confirmation of a rehabilitation plan in order to stanch the massive outflow of claims (primarily under PHL's universal life policies), which had exceeded \$100 million per quarter since 2022, and prevent a "run on the bank" by holders of policies that have investment features and permit surrender of the policy for cash. The Rehabilitator determined that the relief sought in the Moratorium Motion was fair and equitable and in the best interests of policyholders, creditors and the Companies.

The Moratorium Motion sought relief on a temporary basis until the Court could hold a hearing following adequate notice. The Rehabilitator provided notice of the Moratorium Motion to more than 90,000 policyholders and other interested parties, as detailed below. No objections were filed. The Court held a hearing on the Moratorium Motion on June 25, 2024, and entered the requested relief on a final basis (the "Moratorium Order") on the same date. Dkt #101.86. A plain language summary of the Moratorium Order, as well as a link to the order itself, are posted to the PHL Rehabilitation Website (CT.gov/cid.phl). The Moratorium Order also created a process for submission of a hardship exception by policyholders or beneficiaries. Details regarding the hardship process and the number of hardships granted is set forth in Section II.E below.

II. Operations

A. Continued Operations of the Companies

The Companies have no employees. The Companies obtain services from certain affiliates of Nassau Financial Group (“NFG”) under a series of administrative, investment and shared services agreements (the “Service Agreements”). The Service Agreements cover all day-to-day operations of the Companies. One of the Service Agreements is a broad administrative services agreement (the “ASA”) pursuant to which an affiliate of NFG provides a range of services including policy administration, oversight of insurance operations, claims, accounting and producer contracting.

The Rehabilitator took immediate action to ensure that NFG would continue to provide all services under the Service Agreements following the entry of the Rehabilitation Order. As described in detail below, the Rehabilitator works closely with NFG to ensure that the services are provided in accordance with the Rehabilitator’s expectations and are in the best interest of the Companies and PHL policyholders.

B. Notice of Rehabilitation and Moratorium

The Rehabilitator, through the Special Deputy Rehabilitator, FTI Consulting (“FTI”), retained Epiq Restructuring, Inc. (“Epiq”), a nationally recognized leader in corporate restructuring management and administration, to provide noticing support services for approximately 109,000 policyholders, assignees, beneficiaries, agents, brokers and other interested parties. On May 29, 2024, in accordance with the Court’s order regarding the manner of notice and working closely with the Rehabilitator, FTI and the Rehabilitator’s outside counsel, Morgan, Lewis & Bockius LLP (“Morgan Lewis”), Epiq initiated a mass noticing process. The Notice of (I) Rehabilitation Order, (II) Moratorium Motion, (III) Temporary Moratorium Order, and (IV) All Other Matters

(the “Rehabilitation and Moratorium Notice”), was mailed on May 29, 2024, to approximately 91,400 PHL policyholders; 1,250 PHL policyholder assignees and duplicates; and 15,900 PHL agents and brokers. Between June 12, 2024 and June 17, 2024, Epiq provided the Rehabilitation and Moratorium Notice to an additional 14 policyholders and 538 additional interested parties (including creditors, banks, investment managers, tax authorities and investment counterparties). Notice was also provided to PHL’s insurance regulators and reinsurers. At the request of the Rehabilitator, Epiq filed a Certificate of Service with the Court on June 20, 2024, which details and attests to the service of the Rehabilitation and Moratorium Notices.

Epiq mailed the Rehabilitation and Moratorium Notices to policyholders and other interested parties at their last known address appearing in the Companies’ books and records. Approximately 3% of the Rehabilitation and Moratorium Notices have been returned to Epiq as undeliverable. Epiq, with the assistance of the Rehabilitator and NFG, is using available public and commercial data sources to obtain alternative addresses and initiate re-mailings. To date, Epiq has remailed 38% of the undelivered original notices. The process remains ongoing. The Rehabilitator expects that the next major noticing event will be in connection with the filing of a rehabilitation plan for the Companies.

C. Establishment of Call Center

The engagement of Epiq also included support for call center operations. Prior to the Companies’ rehabilitation proceedings, NFG and certain third-party administrators (“TPAs”) retained by NFG provided customer support services for PHL. The Rehabilitator anticipated that the Companies’ rehabilitation filing and Moratorium would generate high call volume. To avoid overwhelming existing customer support services and long wait times for policyholders and other interested parties, Epiq was retained to implement and maintain a call center operation. This

included staff trained to respond to rehabilitation related questions, 1-800 phone line access, automated messaging capabilities, call escalation procedures to enable policy-specific questions to be addressed by NFG specialists as needed, hardship application processing, and call center documentation and reporting support. The Rehabilitator, FTI and Morgan Lewis worked closely with Epiq to develop training materials, call scripts and FAQs, as well as escalation procedures.

Epiq call center operations went live on May 29, 2024, with 50 trained staff members, which was subsequently supplemented with an additional 49 trained staff members in response to an increased volume of calls. Total call volumes over the first six months of operation are as follows: May (299); June (6,383); July (1,599); August (683); September (403); and October (357).

As call volumes dropped, the Rehabilitator worked with Epiq to continuously reduce the number of dedicated call center staff and has moved to a flexible staffing model that provides considerable cost savings. The flexible staffing model will allow the Rehabilitator to staff up the call center as needed in response to major events in the receivership that may drive higher call volume (e.g., in connection with the filing of a rehabilitation plan).

D. Implementation of the Moratorium

The ASA authorizes NFG to contract with TPAs for claims handling. Currently, five TPAs provide policy administration and claims handling services for PHL policies: Zinnia Tech Solutions, LLC; Infosys McCamish Systems, LLC; Illumifin Corporation; NTT Data (Dell); and DXC Technology Company.

The Moratorium Order limited certain benefit payments and transactions under PHL's life insurance policies and annuities. In order to develop and implement configurations to the policy and claim administration systems of NFG and the TPAs, the Rehabilitator temporarily suspended

the payment of certain PHL benefits. Processing changes and information systems modifications were put in place at NFG and the applicable TPAs to conform to the Moratorium. Nearly all claim payments (subject to Moratorium limits) resumed in June 2024, with some partial payments delayed to July 2024. Since then, NFG and the TPAs have been administering PHL policies and claims in accordance with the Moratorium. NFG provides ongoing oversight of TPA claim performance and the Rehabilitator has worked closely with NFG to implement additional claim reporting requirements and oversight guidelines to ensure adherence to the Moratorium.

E. Hardship Program

The Moratorium Order authorized the Rehabilitator to make payments that exceed the limits set forth in the Moratorium Order in the event that a policyholder demonstrates hardship (the “Hardship Program”). The Hardship Program developed by the Rehabilitator consists of the following key functions: (i) application intake; (ii) application review; (iii) recommendation to the Rehabilitator; (iv) Rehabilitator review and, as appropriate, authorization, and (v) facilitation of the claim payment or policy transaction. The application form was attached as an exhibit to the Moratorium Order and can be found on the PHL Rehabilitation Website. Written and call center-supported communications with hardship applicants occur throughout the process using trained Epiq resources.

A hardship committee consisting of four representatives of the Special Deputy Rehabilitator and a staff attorney from the Connecticut Insurance Department (the “CID”) reviews incoming applications, makes recommendations to the Rehabilitator and oversees hardship applicant communications and payments, as applicable. The hardship committee also interacts with NFG to secure policy details as needed. All final hardship committee recommendations are reviewed and, as appropriate, authorized by representatives of the Rehabilitator comprising senior legal counsel

and FTI senior members. An appeals process enables hardship applicants to request an additional review of all Hardship Program decisions. The appeals process requires the submission of a written request using a standardized form with supporting additional information through the same channel used by the applicant to submit the original application.

To date, the Hardship Program has received 154 original applications: 83 applications have been approved; 42 applicants must respond to deficiency letters requesting additional documentation to substantiate claimed hardships; 4 requests have been denied due to lack of demonstrated hardship; and 25 applications are now pending review and authorization. To date, approximately \$2,389,600 has been authorized and paid under the Hardship Program. The hardship committee has received only one appeal from a hardship applicant, which provided additional documentation sufficient to support approval of the hardship request.

F. Administrative Services Agreement; Claims

The Rehabilitator exercises oversight of the services provided by NFG and the TPAs under the ASA and other Services Agreements, receiving regular reports and conducting weekly conference calls on a range of administrative and operational issues with NFG senior management and staff. In 2021, the Companies pre-paid for a material amount of services under the ASA, for which they received an additional payment credit that amortizes annually over a 12-year period. Amounts owed by the Companies under the ASA in excess of the pre-paid service fees are being paid on a monthly basis subject to the review and approval of invoices by the Rehabilitator.

The Rehabilitator is in the process of finalizing customized claim and administration reports with NFG and the TPAs to more efficiently monitor policy claims, transactions and administration activity. The Rehabilitator is also working with NFG and the TPAs to implement longer-

term processing improvements. Since entry of the Rehabilitation Order, PHL has made approximately 800 claim payments equal to \$60.8 million in aggregate death benefits.

G. Data and Information Systems

The Rehabilitator has effectively secured access to the Companies' books and records through NFG. To further ensure ongoing access, the Rehabilitator is exploring ways to secure direct access to or an archival copy of the Companies' historic, current and future books and records.

The Rehabilitator completed an assessment of the Companies' current information systems, data infrastructure and management processes provided by NFG and the TPAs. The focus of the assessment was to gain an understanding of potential weaknesses and risks that need to be addressed to enable the Companies' ongoing operation during and after rehabilitation. The Rehabilitator's team directly engaged NFG's information technology and data leadership team to perform the assessment, which covered an array of topics, including NFG's enterprise data warehouse, TPA data feeds and interactions, manual data change management, and testing and independent auditor findings impacting the Companies' data management.¹ Although the Rehabilitator intends to follow up on a small number of items, no material adverse findings resulted from the assessment.

Prior to the assessment, NFG notified the Rehabilitator that Infosys suffered a breach event in 2023. NFG received data files from Infosys that purported to show the NFG data impacted by the breach, but NFG could not validate the raw data provided as of June 2024. In response to the breach, NFG has advised that it implemented temporary steps to further secure incoming data from

¹ The Rehabilitator did not perform data or security testing to validate any of the information shared or asserted by Nassau during the assessment process.

Infosys before it is loaded into NFG’s systems. The Rehabilitator does not believe that there is on-going risk of data insecurity beyond today’s ordinary cybersecurity exposures.

H. Reinsurance

Reinsurance is a significant asset of the Companies’ estate and has been a focus for the Rehabilitator in the early stages of the Companies’ rehabilitation. As of year-end 2023, PHL recorded nearly \$1.5 billion in reserve credit across its various blocks of business, and has approximately \$22 billion of in-force reinsurance. PHL has significant reinsurance relationships with nine third party reinsurers and smaller relationships with six third party reinsurers. There are a total of 128 in-force agreements, including seven affiliate reinsurance agreements with Concord, Palisado and certain NFG affiliates. The reinsurance agreements, many of which have been in place for twenty years or more, are a mix of yearly renewable term, co-insurance, modified co-insurance and excess of loss. These agreements cover most of PHL’s business, including the universal life, variable universal life, term life, fixed annuity, fixed indexed annuity, payout annuity and variable annuity blocks.

NFG manages the Companies’ reinsurance program under the ASA. The Rehabilitator works closely with NFG to review and validate the periodic (monthly and quarterly) accounting settlement statements for the reinsurance administered by NFG and monitors, reviews and approves all reinsurance payments to and from the Companies.

In addition to monitoring the day-to-day reinsurance operations, the Rehabilitator has developed two workstreams pertaining to PHL’s reinsurance: (i) Reinsurance Program Management; and (ii) Override Agreements. These workstreams are discussed below.

Reinsurance Program Management. In order to appropriately and accurately model, project and analyze reinsurance arrangements on PHL’s blocks of business, the Rehabilitator must

gain an understanding of the detailed terms of PHL’s reinsurance agreements. PHL has not maintained a database that is sufficient for the Rehabilitator’s needs. The Rehabilitator’s team worked with NFG to research and document key high-level agreement terms, and gather reinsurance financial metrics by line of business, reinsurer and agreement to develop a deeper understanding of PHL’s gross-to-net risk. To supplement this effort, FTI has contracted with third-party reinsurance administration software provider Tindall Associates, Inc. (“TAI”) to use TAI’s “TAI Treaty” software to produce an output database that will support the Rehabilitator’s work. As a result of this work, the Rehabilitator expects to have a significantly improved reinsurance management program in place by year-end 2024. In addition, the Rehabilitator will use the improved data, analysis and outputs to develop a reinsurance valuation and supporting actuarial model of PHL’s reinsurance program. This is expected to be completed in the first quarter of 2025.

Override Agreements. The Rehabilitator developed an “Override Agreement” as a supplement to each PHL reinsurance agreement. The Override Agreement establishes a methodology for billing and collecting amounts owed by PHL and its reinsurers during the Moratorium period consistent with the Moratorium Order and Rehabilitation Order. The Override Agreement provides that a reinsurer will pay PHL, on a net basis, for the full insured benefit determined by the Rehabilitator without diminution as a result of the Moratorium. The reinsurance proceeds applicable to some or all of the net unpaid portion of the covered benefits as a result of the Moratorium are placed into reinsurer-specific segregated accounts, which were established at PHL’s primary bank. Amounts held in the Segregated Account may not be withdrawn by PHL or the reinsurer other than in very limited circumstances involving payments under the Hardship Program. The disposition of amounts in the Segregated Accounts will be addressed by agreement of the parties or by an order of the Court. Other than these specific billing terms, the Override Agreement does

not alter or amend the applicable reinsurance agreement. The Rehabilitator negotiated the terms of the Override Agreement with each reinsurer but the key terms of each agreement are the same for each reinsurer.

As of the date of this report, the majority of PHL's reinsurers have executed an Override Agreement. The Override Agreement is binding on the Rehabilitator and his successors. The Rehabilitator will address with the Court billing and collection with reinsurers that have not executed an Override Agreement in due course.

I. Finance and Investments

The Companies have an investment management agreement (the “IMA”) with Nassau Asset Management Company (“NAMCO”), an affiliate of NFG, for the provision of comprehensive investment management services. The Companies continue to receive services under the IMA subject to the oversight of the Rehabilitator. As described below, these services are subject to oversight by the Companies’ Investment Committee (“Investment Committee”) and supplemented by FTI’s work pertaining to PHL’s hedging program.

Investment Committee. Immediately following the entry of the Rehabilitation Order, the Investment Committee was reconstituted to include members of the Rehabilitator’s team including investment experts engaged as Assistant Special Deputy Rehabilitators. These experts are a former Chief Investment Officer of a large life and annuity insurance company, and an investment professional from a nationally recognized consulting firm with extensive experience working for insurance regulators. In addition to these two professionals, two representatives from the CID and one representative from FTI serve on the Investment Committee.

The Investment Committee meets weekly and is in regular communication with NAMCO regarding services under the IMA. The Investment Committee reviews, analyzes and approves all

investment decisions, and provides investment guidance consistent with the rehabilitation goals.

The Investment Committee is in the process of conducting a comprehensive evaluation and analysis of the Companies' investments, including portfolio construction, asset class and risk profiles and historic performance. The Investment Committee has been particularly focused on the Companies' structured products and more illiquid investments and asset classes. The Investment Committee is also developing an investment strategy for the Companies that is appropriate for the rehabilitation and will better position their investment portfolios for various possible outcomes, including a full or partial sale of the Companies or certain of PHL's policy blocks, recapitalization and restructuring.

The Rehabilitator explored alternative models for oversight of the Companies' investment functions, which included in-depth discussions and proposals from several asset and investment management firms. Ultimately, the Rehabilitator determined that the Investment Committee's work will produce the investment analysis needed at this stage of the rehabilitation.

Hedging Program. The Rehabilitator has also conducted a comprehensive review of the Companies' hedging program. That review began with an evaluation of PHL's Hedging Operations Manual, and has focused on evaluating and analyzing the Companies' overall approach to hedging, its risk monitoring process and trading thresholds. The initial assessment found the hedging program to generally be sound, with a strategy that adequately manages risk at a portfolio level. The Rehabilitator's team created a detailed risk report and interactive risk dashboard to summarize the findings. The results provide granular insight into risk factors, support hedging and trading decisions, and allow for ongoing monitoring. The results will be refreshed quarterly to support continuous risk assessment and inform future hedging decisions.

J. Agents & Commissions

The Rehabilitation Order provides for the continued payment of commissions or other compensation to insurance agents, brokers or other entities that sold PHL insurance policies and/or collected premium on behalf of PHL (“Agents”) for six months following entry of the Rehabilitation Order. It further provides that at the conclusion of that period, the Rehabilitator will evaluate whether the continued payment of commissions or other compensation to Agents is in the best interest of the Companies and PHL policyholders.

The Rehabilitator has determined that the continued payment of commissions or other compensation to Agents for an additional six-month period is in the best interest of the Companies and PHL policyholders. The Rehabilitator believes that the Agents have been engaged with policyholders during the first six months of the Companies’ rehabilitation. Representatives from the CID and FTI recorded a webinar for the Agents in June 2024, which was posted to the PHL Rehabilitation Website and has since been viewed nearly 2,000 times. The Agents have been a constructive constituency during the rehabilitation, and the Rehabilitator believes that the continued payment of commissions for an additional six months will benefit PHL’s policyholders and the Companies’ estate generally. At the end of that period, the Rehabilitator will again evaluate whether the continued payment of commissions or other compensation is in the best interest of the Companies and PHL policyholders.

K. PHL Insurance Programs

Prior the entry of the Rehabilitation Order, the Companies maintained directors and officers liability insurance (“D&O”) and professional liability insurance (“E&O”) on a joint basis with NFG. Following entry of the Rehabilitation Order, this coverage was separated by company and the Rehabilitator obtained standalone “run-off” D&O and E&O policies for the Companies with

their existing insurance carriers. These run-off polices provide for a six-year reporting period for claims arising from wrongful acts that occurred prior to the entry of the Rehabilitation Order. This will allow for a thorough investigation by the Rehabilitator of potential pre-receivership claims. In addition, the Rehabilitator obtained cyber liability insurance to protect the Companies on an ongoing basis. The D&O and E&O run-off policies were single premium policies and are fully paid; cyber insurance will be evaluated and renewed annually.

L. Engagement of Professionals

Since entry of the Rehabilitation Order, the Rehabilitator filed motions to appoint FTI as Special Deputy Rehabilitator and Morgan Lewis as counsel to the Rehabilitator, both of which were approved by the Court. The Rehabilitator has also engaged the two investment professionals discussed above in Section II.I to serve on the Investment Committee, and retained Keefe, Bruyette & Woods, Inc. (“KBW”) to provide financial advisory and investment banking services to the Companies and the Rehabilitator as further described in Section IV below. The Rehabilitator has also retained Lewis & Ellis (“L&E”) and Claire Thinking LLC (“Claire Thinking”) to provide actuarial consulting services. The Rehabilitator interviewed and considered proposals from multiple financial advisory, investment banking and actuarial firms, and determined that the retention of KBW, L&E and Claire Thinking were on fair and reasonable terms and in the best interest of the Companies and PHL policyholders.

III. Financial Statements

Attached as Exhibit A are an unaudited balance sheet, summary of operations and changes in capital and surplus, and notes for the Companies on a combined basis prepared in accordance with statutory accounting principles (the “3Q2024 Financial Statements”). The Rehabilitator believes that combined financial statements, which eliminate intercompany transactions, provide the

most meaningful and accurate presentation of the current financial position and results of operations of the Companies in rehabilitation.² Historically, the Companies filed financial statements on a standalone basis. As a result, the 3Q2024 Financial Statements do not include a comparison of results against the prior year.

At the time the Petition was filed, the CID, working with its outside actuarial and financial professionals, developed its own set of economic actuarial assumptions based on its view of the Companies' experience (the "Initial CID Assumptions"). The CID requested that PHL run its financial model that produced the Companies' liability projections using the Initial CID Assumptions. As described in the Petition and supporting affidavit, the projections as of the fourth quarter 2023 showed that on a combined present value basis, the Companies' approximate capital and surplus was *negative* \$900 million (the "Initial Deficiency").

A. The Companies' 3Q2024 Financial Results

The 3Q2024 Financial Statements reflect that as of September 30, 2024, on a combined basis, the Companies' approximate capital and surplus deficiency increased to *negative* \$2.1 billion. The increase in the Companies' capital and surplus deficiency from the Initial Deficiency resulted primarily from the following three factors:

- the Companies' reserves were subjected to cash flow testing, which resulted in a material increase;
- certain permitted practices that had been granted to the Companies prior to rehabilitation were discontinued; and

² The intercompany transactions eliminated in the combined 3Q2024 Financial Statements include the reinsurance arrangements among the Companies. As detailed in the Petition and supporting affidavit filed on May 17, 2024, PHL has a reinsurance agreement with Concord pursuant to which Concord reinsured 100% of PHL's liabilities not otherwise reinsured to third-party reinsurers. Concord has an excess of loss reinsurance agreement with Palisado (the "XOL Agreement") pursuant to which Palisado provides reinsurance coverage to Concord under a formula specified in the agreement.

- the Companies recognized the impairment of an affiliate loan.

a. Cash Flow Testing; Asset Adequacy Reserve

Following entry of the Rehabilitation Order, Concord and Palisado were required to subject their reserves to cash flow testing and book any resulting deficiency as an asset adequacy reserve (“AAR”) to be carried by PHL. Cash flow testing for the third quarter 2024 (the “3Q2024 Cash Flow Testing”) resulted in an AAR of approximately \$1.3 billion. The AAR was driven by several factors. First, the Rehabilitator developed more refined actuarial assumptions (the “Updated CID Assumptions”) from the Initial CID Assumptions used in connection with the filing of the Petition. The Updated CID Assumptions incorporated three years of experience data that was not included when the Companies developed their prior actuarial assumptions. Second, the methodology for modeling the liabilities was changed. The 3Q2024 Cash Flow Testing uses an “asset depletion” scenario to better align with the likelihood that the Companies will not run off the existing liabilities over a 50-year period as would be assumed for a going concern entity operating in the ordinary course. Third, the 3Q2024 Cash Flow Testing uses a lower discount rate to reflect the current macroeconomic environment in which interest rate spreads have narrowed. In addition, the Rehabilitator ran the projection model using the “New York 7” interest rate scenarios, a widely accepted methodology in cash flow testing, and selected one of the two interest rate reduction scenarios. The Rehabilitator believes these scenarios were reasonably conservative given the current environment.

b. Removal of Permitted Practices

As a result of the entry of the Rehabilitation Order, the CID determined that permitted practices granted to the Companies prior to rehabilitation should be discontinued. One of the discontinued permitted practices related to the asset treatment of the XOL Agreement between

Concord and Palisado, and the other to an expense credit for amounts pre-paid under the ASA. The discontinuance of these permitted practices increased the capital and surplus deficiency of the Companies relative to the Initial Deficiency by a material amount.

c. Impairment of Affiliate Loan

In 2017, PHL entered into a series of transactions designed as a hedge against PHL's mortality risk. It formed several special purpose vehicles ("SPVs") to enable the acquisition of certain PHL universal life policies on the tertiary market. PHL made a loan to one of these SPVs to facilitate the purchase of policies, which was classified as an affiliate note on PHL's prior financial statements. Due to unfavorable experience on the policies purchased by the SPV and associated debt service costs on the loan, the loan has been fully impaired as uncollectible in the 3Q2024 Financial Statements. This resulted in a further increase to the capital and surplus deficiency of the Companies relative to the Initial Deficiency.

d. Other Considerations

The Companies' assets were not reset at fair market values and continue to be recorded in accordance with prescribed statutory accounting rules. As described above in Section II.I., the Investment Committee is in the process of conducting a comprehensive evaluation and analysis of the Companies' investments, including portfolio construction, asset class and risk profiles and historic performance. Results of this review will be included in subsequent reports. Except as specifically noted in the 3Q2024 Financial Statements, the asset values reflect the judgment of management in place prior to receivership.

e. Liquidity

The Companies have a very strong liquidity position. Their cash and short-term investments increased from approximately \$103 million as of year-end 2023 to approximately \$233

million as of September 30, 2024. This increase is primarily driven by the implementation of the Moratorium and other efforts undertaken by the Rehabilitator to preserve the liquidity of the Companies since entering rehabilitation.

B. Engagement of KPMG

The Rehabilitator engaged KPMG, LLP (“KPMG”) to continue to serve as the independent certified public accountant of the Companies. KPMG will conduct an audit of the December 31, 2024, financial statements of (i) the Companies (on a combined basis); (ii) PHL (on a standalone basis); and (iii) certain separate accounts within PHL.

IV. Rehabilitation Process

The Rehabilitator continues to expect that he will be in a position to present to the Court the key terms of a plan of rehabilitation by mid-2025. The first several months of the receivership focused on stabilizing the Companies’ financial condition through the Moratorium and addressing related operational issues and the Companies’ complex reinsurance program. The Rehabilitator has now completed a financial and actuarial review as discussed in Section III of this report, and anticipates completing the comprehensive evaluation and analysis of the Companies’ assets and investment portfolio over the next three months. With this groundwork laid, the Rehabilitator is focused on developing a plan of rehabilitation over the next six months.

After an extensive process that included several interviews and proposals from leading investment banking firms, in late October 2024, the Rehabilitator engaged KBW to provide financial advisory and investment banking services. KBW has broad expertise in complex insurance company transactions and will assist in the evaluation of a potential sale (full or partial) or recapitalization of PHL. KBW will work closely with the Rehabilitator and his professionals to solicit interest in potential transactions. This will involve populating a data room that will be made

available to interested parties subject to appropriate non-disclosure and confidentiality agreements.

The Rehabilitator expects this process to unfold over the next three to four months.

In addition to these activities, the Rehabilitator has had ongoing discussions with a range of interested parties, including institutional and individual policyholders, investors, insurers and reinsurers. Several of these parties have expressed an interest in participating in the plan process.

The Rehabilitator continues to coordinate with insurance regulators through the NAIC, providing updates regarding the Companies' financial condition and progress towards rehabilitation. The Rehabilitator has also been in communication with the Cayman Islands Monetary Authority, the primary regulator of a significant reinsurance counterparty of PHL, regarding these proceedings and the Companies' financial condition.

The Rehabilitator has entered into a confidentiality and non-disclosure agreement with the National Organization of Life and Health Insurance Guaranty Associations ("NOLHGA") and has had regular communication with NOLHGA since entry of the Rehabilitation Order. Although the Rehabilitator does not expect that guaranty associations will be triggered in connection with these proceedings, the Rehabilitator will continue to work with NOLHGA to ensure continuity of policy and benefit administration in the event that rehabilitation is not successful.

V. Litigation; Investigation of Claims

At the time of the Rehabilitator Order, the Companies were parties to a number of lawsuits in federal and state courts throughout the country. The Rehabilitator assessed the status of all pending proceedings, and where appropriate based on the status and merits of the proceedings, sought and obtained stays of the litigation.

One material proceeding pending at the time of the Rehabilitation Order that has not been stayed is *PHL Variable Insurance Company and Phoenix Life Insurance Company v. McCarter &*

English LLP; James G. Scantling, Harris Beach, PLLC; William J. Garry; Leonard Genova; and Frederick Mei, HHD-X07-CV16-6070473 (Ct. Sup. Ct.), a professional negligence and breach of contract action against a law firm and lawyer that represented PHL and another entity in certain loan transactions guaranteed by the town of Oyster Bay, New York that were later repudiated by Oyster Bay. PHL seeks recovery of the loan amount (\$7.8 million with original interest) and damages. Discovery is largely complete, and a trial date is set for March 25, 2025.

Pursuant to the Rehabilitator’s “authority to pursue all appropriate claims and remedies on behalf of the Companies,” Rehabilitation Order ¶ 14, the Rehabilitator has joined one litigation, and is actively investigating other potential claims the Companies’ estate may have against individuals and organizations, including for the avoidance of fraudulent transfers, breach of contract, and breach of fiduciary duties.

On September 20, 2024, Sirius Federal, LLC (“Sirius”) filed suit against the United States Defense Information Systems Agency (“DISA”) for breach of contract and breach of the duty of good faith and fair dealing in connection with a contract to supply certain software licenses. No. 24-cv-01473-CNL (Ct. Fed. Claims). Sirius used financing from PHL and other entities for the acquisition of the software at issue. The lawsuit alleges that DISA failed to meet its contractual obligations to obtain funding before exercising its option to not renew the contract, seeking recovery of over \$15 million. Pursuant to a joint interest and prosecution agreement, PHL would receive a large portion of any recovery.

The Rehabilitator’s investigation of other potential claims is in its preliminary stages. To date, the Rehabilitator has conducted a limited internal investigation of prior conduct and transactions to identify potential claims it may have, and has served document preservation notices on persons and organizations, including law firms, that may be in possession, custody, or control of

documents and information relevant to the pursuit of such claims. Over the next three months, the Rehabilitator expects that it will serve discovery subpoenas on persons and organizations identified as having potentially relevant documents and information.

Respectfully submitted,

Andrew N. Mais

Rehabilitator of PHL Variable Insurance
Company, Concord Re, Inc., and Palisado Re, Inc.

Combined Unaudited Balance Sheet*PHL Variable Insurance Company, Concord Re, Palisado Re (in rehabilitation)*

September 30, 2024

\$ in thousands

	September 30, 2024
ASSETS:	
Bonds	594,416
Preferred stock	3,111
Common stock	1,844
Contract loans	75,415
Mortgage loans	37,665
Cash and short-term investments	233,841
Derivatives	1,909
Receivables for securities	3,506
Other invested assets	123,910
Total cash and invested assets	1,075,616
Deferred and uncollected premium	24,511
Due and accrued investment income	3,589
Deferred tax asset	(0)
Current federal and foreign income tax	(0)
Receivable from affiliate	349
Reinsurance amounts receivable	91,816
Other assets	92,511
Separate account assets	2,456,264
Funds held by or deposited with reinsured companies	70
Total assets	3,744,726
Liabilities:	
Reserves for future policy benefits	2,955,400
Payable to affiliate	15,173
Reinsurance payables	59,823
Net transfers due to (from) separate accounts	59,855
Contract claims and other liabilities	268,561
Interest maintenance reserve ("IMR")	46
Asset valuation reserve ("AVR")	11,728
Separate account liabilities	2,456,264
Policyholders' funds	26,329
General expense due or accrued	3,179
Total liabilities	5,856,360
Capital and surplus:	
Common stock, \$5,000 par value (1,000 shares authorized; 500 shares issued and outstanding)	2,500
Paid-in surplus	361,322
Surplus notes	55,000
Unassigned surplus	(2,530,456)
Total capital and surplus	(2,111,634)
Total liabilities, capital and surplus	3,744,726

Combined Unaudited Summary of Operations and Changes in Capital and Surplus*PHL Variable Insurance Company, Concord Re, Palisado Re (in rehabilitation)*

Year to Date September 30, 2024

\$ in thousands

September 30, 2024

Income:

Premium and annuity considerations	179,845
Net investment income and amortization of IMR	26,782
Separate account net gain (loss) from operations	(110,152)
Commissions and expense allowances on reinsurance ceded	6,361
Reserve adjustments on reinsurance ceded	(120,949)
Fees associated with separate account and other miscellaneous income	50,459
Total income	32,346

Current and future benefits:

Death and disability benefits	201,324
Annuity benefits	36,513
Surrender benefits and withdrawals	342,096
Interest on policy or contract funds	7,815
Payments on supplementary contracts with life contingencies	7,014
Net transfers (from) to separate accounts, net of reinsurance	(401,213)
Change in reserves for future policy benefits	1,284,205
Total current and future benefits	1,477,754

Operating expenses:

Commissions	3,033
Other operating expenses	54,901
Reserve adjustments on MODCO assumed and MODCO consideration	(42,775)
Premium, payroll and miscellaneous taxes, licenses and fees	4,779
Total operating expenses	19,939
Net income (loss) from operations before federal income taxes	(1,465,347)
Federal and foreign income tax expense (benefit)	(0)
Net income (loss) from operations before realized capital gains (losses)	(1,465,346)
Realized capital gains (losses), net of income taxes and IMR	(44,188)
Net Income (loss)	(1,509,534)

Changes in capital and surplus:

Change in net unrealized capital gains (losses)	1,303
Change in deferred income tax	-
Change in non-admitted assets	(121,604)
Change in liability for reinsurance in unauthorized and certified companies	-
Change in reserve on account of change in valuation basis	-
Change in asset valuation reserve	892
Paid in surplus	-
Change in deferred reinsurance allowance	-
Change in XOL Receivable	-
Other surplus changes, net	(14,146)
Net increase (decrease) in capital and surplus	(1,643,090)
Capital and surplus, beginning of year	(468,544)
Capital and surplus, end of year	(2,111,634)

Combined Unaudited Financial Statements Notes

1. Overview of Rehabilitation Proceedings

PHL Variable Insurance Company (“PHL”) and its subsidiaries, Concord Re, Inc. and Palisado Re, Inc. (collectively, the “Companies”) entered rehabilitation proceedings in the Connecticut Superior Court (the “Court”) on May 20, 2024, in response to the Companies’ hazardous financial condition (the “Rehabilitation”). Specifically, the Court appointed the Connecticut Insurance Commissioner as PHL’s Rehabilitator, who assumed control of the Companies’ assets and will administer them under the Court’s supervision. The Commissioner is also empowered to take the necessary or appropriate actions approved by the Court to rehabilitate the Companies.

On June 25, 2024, the Court finalized and approved moratorium terms that had been in place on a temporary basis since the Companies’ entry into rehabilitation. The moratorium limits payments under some policies while a rehabilitation plan is developed. The moratorium is anticipated to be in place until a rehabilitation plan is confirmed by the Court. While the payments have been limited under the moratorium, the Companies have continued to record liabilities for the full amount of policyholder benefits. The claims payable balance for amounts in excess of the moratorium limits, where claims have already been paid up to the moratorium limit, is \$169.1 million as of September 30, 2024. Additionally, the Companies have recorded a liability for interest on unpaid death claims, as would be required statutorily, of \$4.0 million as of September 30, 2024.

There are no direct impacts to reinsurance financial statement line items in relation to the moratorium, or changes in the determination of the reinsurance recoverable balances. However, the moratorium notice resulted in claims being held and not billed or collected in the normal course of business, causing an increase in the reinsurance recoverable balance due to timing as of September 30, 2024. The reinsurance recoverable balance is \$77.4 million as of September 30, 2024. Other operational changes were implemented for Reinsurance as described in Note 7 below.

2. Significant Changes in Accounting Practices

In connection with the Rehabilitation, the Connecticut Insurance Department (“CID”) disallowed certain permitted practices that were previously granted to the Companies. Of the disallowed permitted practices, only one had a material effect on the Companies’ combined financial statements: the non-admittance of Concord Re’s Prepaid Asset.

Effective June 30, 2015, PHL entered into a reinsurance agreement with affiliate Nassau Life Insurance Company (“NNY”). This agreement provides that NNY will retrocede, and PHL will reinsure, 80% of the inforce group executive ordinary (“GEO”) corporate-owned whole life insurance policies reinsured by NNY from a third-party. Effective March 31, 2021, PHL entered into a reinsurance agreement, whereby PHL retroceded to Nassau Life and Annuity (“NLA”) 100% of the liability for the policies reinsured by PHL. PHL received a ceding commission of \$150 million for this reinsurance transaction, which was paid to Concord Re. In addition, Concord Re prepaid to Nassau Companies of New York a portion of its future operating expenses in the amount of \$150 million. With the permission of the CID, Concord Re was authorized to admit the prepaid expenses (the “Prepaid Asset”) as an asset. The Prepaid Asset was recorded as an aggregate write-in for other than invested assets on Concord Re’s balance sheet, which increased surplus by the same amount. The disallowance of this practice decreased the combined Companies’ assets and surplus by the remaining prepaid asset balance. As of December 31, 2023, the Prepaid Asset equaled \$125.0 million. As of September 30, 2024, the Prepaid Asset, if admitted, would have been \$111.7 million.

Combined Unaudited Financial Statements Notes

3. Cash and Short-term Investments

The Companies' cash and short-term investments increased from \$102.9 million as of December 31, 2023, to \$233.8 million as of September 30, 2024, an increase of 127%. This increase is primarily driven by the implementation of the moratorium and other efforts undertaken by the Rehabilitator to preserve the liquidity of the Companies since entering the Rehabilitation.

4. Fair Value of Invested Assets

Included in several investment related line items in the financial statements are certain financial instruments carried at fair value. Other financial instruments are periodically measured at fair value, such as when impaired, or, for certain bonds and preferred stock when carried at the lower of cost or market.

For fair value disclosure purposes, the Companies classify their financial instruments based on a hierarchy defined by ASC 820, Fair Value Measurements. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3).

- Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets. Level 1 securities include highly liquid government bonds and exchange-traded equities.
- Level 2 – inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Examples of such instruments include government-backed mortgage products, certain collateralized mortgage and debt obligations and certain high-yield debt securities.
- Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs reflect management's own assumptions about inputs in which market participants would use in pricing these types of assets or liabilities. Level 3 financial instruments include values which are determined using pricing models and third-party evaluation. Additionally, the determination of some fair value estimates uses significant management judgments or best estimates.

As discussed in the Rehabilitator's First Accounting and Status Report, the Rehabilitator is in the process of conducting a comprehensive review and analysis of the Companies' assets. Except as specifically noted, the values provided herein reflect the judgment of the management in place prior to receivership. The table on the following page shows the fair value measurement of each financial instrument for the Companies as of September 30, 2024.

Combined Unaudited Financial Statements Notes

Financial Instruments	Aggregate Fair Value	Admitted Assets	Level 1	Level 2	Level 3	Not Practicable (Carry Value)
Bonds	\$540,509,865	\$594,415,709	-	\$277,173,491	\$263,336,374	-
Common Stocks	1,843,985	1,843,985	-	-	1,843,985	-
Short Term & Cash Equivalents	194,048,882	233,840,746	193,052,085	2,197	994,600	-
Preferred Stock	3,102,765	3,110,765	-	452,430	2,650,335	-
Residual Tranches and Surplus Debentures	48,670,742	43,737,229	-	48,605,425	65,317	-
Mortgage Loans	36,811,090	37,665,187	-	-	36,811,090	-
Derivatives	1,908,979	1,908,979	-	1,908,979	-	-
Separate Account Assets	2,251,274,997	2,456,264,428	859,998,282	657,140,711	734,136,005	-
Total Financial Instruments	\$3,078,171,306	\$3,372,787,028	\$1,053,050,367	\$985,283,232	\$1,039,837,707	-

The Companies evaluate assets for impairment consistent with SSAP 5R – Liabilities, Contingencies and Impairments of Assets. If an asset's value falls below its cost or amortized cost basis, the Companies assess whether the decline is other-than-temporary. An other-than-temporary impairment ("OTTI") charge is recognized if the Companies do not expect the fair value of an asset to recover to its cost or amortized cost basis prior to the expected date of sale. For the nine months ending September 30, 2024, the Companies recognized an OTTI charge of \$157.8 million, the majority of which related to the DSM Sands, LLC ("DSM Sands") loans write-down of \$149.0 million, as further described in Note 6 below.

The Companies invest in loan-backed and structured securities. The following table summarizes loan-backed and structured securities for which the value of an asset is below its cost or amortized cost basis, but OTTI has not been recognized:

Combined Companies (excluding Separate Accounts):

Holding Period	Aggregate Unrealized Losses	Aggregate Fair Value of Related Securities with Unrealized Losses
Less Than 12 Months	\$ (216,186)	\$ 26,595,060
Greater Than 12 Months	(18,654,038)	107,133,496

Separate Accounts:

Holding Period	Aggregate Unrealized Losses	Aggregate Fair Value of Related Securities with Unrealized Losses
Less Than 12 Months	\$ (4,175,852)	\$ 33,630,408
Greater Than 12 Months	(57,649,080)	315,364,916

5. Derivatives

Derivative assets and liabilities consist of equity index options. The Companies are exposed to credit-related losses in the event of nonperformance by a counterparty's failure to meet its obligations. Given that the Companies enter into derivative contracts with highly rated counterparties and diversify this exposure across a number of counterparties, the Companies are exposed to minimum credit risk.

The table on the following page shows the offsetting and netting of derivative assets and liabilities on a fair value basis.

Combined Unaudited Financial Statements Notes

Combined Companies (excluding Separate Accounts):

Offsetting of Derivative Assets/Liabilities:	Gross Amounts Recognized	Gross Amounts Offset in the Balance Sheet	Net Amounts Presented in the Balance Sheet
Total Derivative Assets	\$ 4,964,240	\$ (3,055,261)	\$ 1,908,979
Total Derivative Liabilities	3,055,261	(3,055,261)	-
Net	\$ 1,908,979	-	\$ 1,908,979

Separate Accounts:

Offsetting of Derivative Assets/Liabilities:	Gross Amounts Recognized	Gross Amounts Offset in the Balance Sheet	Net Amounts Presented in the Balance Sheet
Total Derivative Assets	\$ 50,404,592	\$ (33,608,045)	\$ 16,796,547
Total Derivative Liabilities	33,608,045	(33,608,045)	-
Net	\$ 16,796,547	-	\$ 16,796,547

6. DSM Sands Loans

PHL previously made a series of loans to a related party, DSM Sands. These loans were historically accounted for as affiliate notes receivable and recorded within aggregate write-ins for other than invested assets. During the third quarter of 2024, the loans receivable relating to DSM Sands, LLC were fully impaired, as the borrower is no longer expected to have sufficient liquidity to repay the loans. As a result, the Companies recorded a charge to income for the remaining loan balance outstanding of \$149.0 million. \$34.0 million and \$115.0 million of the \$149.0 million DSM Sands loans were held in the General Account and the Non-Unitized Separate Account, respectively.

7. Reinsurance

The Companies historically used reinsurance agreements to provide for greater diversification of business, to control exposure to potential losses arising from large risks and provide additional capacity for growth. Reinsurance arrangements do not relieve the Companies as primary obligor for policyholder liabilities.

The Companies have reinsurance ceded to third-party reinsurers; two U.S. based affiliates, NNY and NLA; and two foreign affiliates domiciled in the Cayman Islands, Magni Re Ltd. and Nassau Re (Cayman) Ltd.

In conjunction with the Rehabilitation and moratorium described in Note 1 above, the Rehabilitator entered into Override Agreements with the majority of PHL's reinsurers. The Override Agreements provide that a reinsurer will pay PHL, on a net basis, for the full insured benefit determined by the Rehabilitator without diminution as a result of the moratorium. There were no changes in reinsurance accounting policies as a result of the entry into the Override Agreements.

8. Loss Reserves

Benefit and loss reserves, included in reserves for future policy benefits, are established in amounts adequate to meet estimated future obligations on policies in force. Benefits to policyholders are charged to operations as incurred.

Prior to this reporting period, Concord Re and Palisado Re were exempted from recording asset adequacy reserves ("AAR") in accordance with Section 38a-53-2 of the Regulations of Connecticut State Agencies ("AOMR Regulation") pursuant to CGS Sec. 38a-91oo. However, the CID informed the Companies that

Combined Unaudited Financial Statements Notes

cash flow testing (“CFT”) will be required effective May 20, 2024, with any additional reserves to be carried by PHL that reflect any deficiency.

The change in loss reserves from December 31, 2023, to September 30, 2024, relate to the deficiency calculated during CFT. The current estimate of the Companies’ AAR is approximately \$1.3 billion. The estimate is based on the CFT models and methodology employed in the “normal course” of reserve testing plus certain revised actuarial projection assumptions (e.g., lapse, mortality, interest rates), that are based on the Companies’ recent experience data and updated interest rate assumptions as developed by the Rehabilitator and his advisors.

9. Separate Accounts

PHL uses separate accounts to record and account for assets and liabilities for particular lines of business and/or transactions. As of September 30, 2024, PHL reported assets and liabilities from the following product lines/transactions into a separate account: Variable annuity, fixed annuity, fixed indexed annuity, variable universal life, payout annuity and supplemental contracts.

Effective July 2018, PHL changed the basis of accounting for investments held in the fixed indexed annuity separate account from fair value to book value, unless otherwise required. All remaining separate accounts are accounted for at fair value in accordance with SSAP No. 56.

In accordance with the products/transactions recorded within the separate account, all assets are considered legally insulated from the general account. The legal insulation of the separate account assets prevents such assets from being generally available to satisfy claims resulting from the general account.

The Balance Sheet and Summary of Operations and Changes in Capital and Surplus for the unitized (i.e., variable products) and non-unitized separate accounts are as follows:

Combined Unaudited Financial Statements Notes**PHL's Separate Accounts Balance Sheet (Unaudited)**

September 30, 2024

*§ in thousands***Assets:**

	September 30, 2024		
	Non-Unitized	Unitized	Total
Bonds	1,206,872	-	1,206,872
Preferred stock	6,514	-	6,514
Common stock	76	717,593	717,669
Mortgage loans	119,481	-	119,481
Cash and short-term investments	116,927	-	116,927
Derivatives	16,797	-	16,797
Other invested assets	257,548	-	257,548
Total cash and invested assets	1,724,215	717,593	2,441,808
Due and accrued investment income	12,783	-	12,783
Receivables for securities	1,602	-	1,602
Other assets	72	(0)	72
Total assets	1,738,672	717,593	2,456,264

Liabilities:

Reserves for future policy benefits	1,717,292	717,693	2,434,984
Other transfers to general account due or accrued	(59,750)	(100)	(59,850)
Other liabilities	81,130	-	81,130
Total liabilities	1,738,672	717,593	2,456,264

Capital and surplus:

Unassigned surplus	-	-	-
Total capital and surplus	-	-	-
Total liabilities, capital and surplus	1,738,672	717,593	2,456,264

Combined Unaudited Financial Statements Notes**PHL's Separate Accounts Summary of Operations and Changes in Capital and Surplus (Unaudited)**

September 30, 2024

§ in thousands

	September 30, 2024		
	Non-Unitized	Unitized	Total
Transfers to Separate Accounts	790	2,255	3,044
Net investment income and capital gains (losses)	(58,403)	104,235	45,832
Other income	9,003	-	9,003
Total	(48,610)	106,490	57,880
 Deduct:			
Transfers from the Separate Account on account of contract benefits	172,960	228,554	401,514
Transfers on account of policy loans	-	2,777	2,777
Other transfers from the Separate Account	-	13	13
Fees associated with charges for investment management	29,178	13,248	42,426
Change in aggregate reserve for life contracts	(140,625)	(138,102)	(278,728)
Total	61,513	106,490	168,003
 Net Gain (Loss) From Operations	(110,123)	-	(110,123)
 Changes in Capital and Surplus:			
Capital and Surplus, beginning of year	-	-	-
Net gain (loss) from operations	(110,123)	-	(110,123)
Surplus contributed or (withdrawn) during the year	124,269	-	124,269
Aggregate write-in for gains and (losses) in surplus	(14,146)	-	(14,146)
Capital and Surplus, end of year	(0)	-	(0)

10. Contingencies

The Companies have unfunded capital commitments related to its investments in limited partnerships in the amounts presented below as of September 30, 2024. These unfunded commitments can be drawn down as provided by the terms of each agreement.

	Amount (\$ in millions)
Combined Companies (excluding Separate Accounts)	\$16.9
Separate Accounts	\$28.7
Total	\$45.6