

**PHL Variable Insurance Company, In Rehabilitation
Third Accounting and Status Report Q&A
As of December 10, 2025**

1) What does the Third Accounting and Status Report say?

A: The Third Accounting and Status Report includes an update on the Companies' operations since entry into rehabilitation, information regarding the rehabilitation process, and the Companies' unaudited financial statements for the period ending September 30, 2025. The earlier Status Reports as filed with the Court provide background information regarding the Companies and the rehabilitation proceeding, and financial statements for the periods ending September 30, 2024 and December 31, 2024. All Status Reports are available [here](#).

2) Am I required to do anything differently in light of the most recent Status Report?

A: No. If your policy requires the payment of premium, you must continue to pay the required premium in accordance with the terms of your policy in order to be eligible to continue to receive benefits. Benefits will continue to be paid in accordance with the Moratorium Order and the hardship program will continue to be available for qualified policy and annuity holders and beneficiaries. Please note that Question 7 below addresses potential changes to the Moratorium Order, and that information about the hardship program is available [here](#).

3) How has the Companies' financial condition changed since the filing of the Second Accounting and Status Report?

A: During the period of December 31, 2024, through September 30, 2025, the Companies' liquidity position improved with cash, cash equivalents and short-term investments increasing from \$170.0 million to \$437.5 million. This increase is the result, in part, of the ongoing moratorium and the Investment Committee's disposition of some of the Companies' more complex and riskier assets.

As anticipated, as of September 30, 2025, on a combined basis, the Companies' approximate capital and surplus remained stable at negative \$2.2 billion when compared to the audited financial statements as of December 31, 2024.

Please refer to Section I and Section IV of the Third Accounting and Status Report, respectively, for additional information regarding the Companies' investment activities and financial position as of September 30, 2025.

4) Is more detailed financial information for the Companies going to be made available by the Rehabilitator?

A: The Rehabilitator intends to make available additional financial information regarding the Companies' assets, reserves and reinsurance. This will include details behind the 2024 audited financial statements that were attached to the Second Accounting and Status Report, and a schedule showing direct and ceded

reserves by product (e.g., universal life, variable annuity, etc.). The Rehabilitator expects to make this information available through the PHL Rehabilitation Website in January 2026.

5) Is the Rehabilitator pursuing claims against third parties related to the Companies' financial condition?

A: The Rehabilitator has determined that the Companies have viable claims against third parties seeking recovery of funds for the Companies' receivership estate. The Rehabilitator is open to settling these claims without litigation but is prepared to file a lawsuit if settlement negotiations do not prove to be successful. Even if successful, any funds collected from third parties will likely be insufficient to return the Companies to solvency.

6) What is the current status of the Rehabilitator's efforts to develop a rehabilitation plan for the Companies, and what are the Rehabilitator's expectations regarding the filing of a plan with the Court for approval?

A: The Rehabilitator and his team are working diligently to develop a rehabilitation plan that maximizes the value of PHL's assets and equitably administers the PHL business for the benefit of all policyholders and annuity holders. Currently, the Rehabilitator is reviewing and assessing six non-binding indications of interest in the acquisition of all or parts of the Companies, which could be used to implement a rehabilitation plan.

The Rehabilitator intends to file with the Court an outline of the terms of a proposed rehabilitation plan by the end of this year. The rehabilitation plan will adhere to the principle that policy and annuity holders receive at least as much value under the plan as they would in a liquidation of the Companies. The Rehabilitator expects to send notice of such filing to each policy and annuity holder.

7) What is the status of efforts to modify the current Moratorium Order to provide additional flexibility for PHL policy and annuity holders?

A: On July 22, 2025, the Rehabilitator filed with the Court a motion to modify the Moratorium Order entered into at the outset of the rehabilitation proceeding. As of December 2, 2025, the Court granted motion to modify the Moratorium and an order detailing the approved modifications is forthcoming.

No action related to the modification is necessary at this time. In January 2026, each eligible holder of a universal life policy or fixed indexed annuity will receive an individualized election package that will include an overview of the applicable modification options, an election form and the transaction forms necessary to implement the election. The election packages will also include information regarding the expected range of a monetary distribution for certain claims in a liquidation of the Companies. The distribution range for all policy and annuity types

will also be made available for informational purposes on the PHL Rehabilitation website.

Eligible policy and annuity holders will have a specified period of time to formally make their elections.

8) Is the hardship program still operational and accepting new applications?

A: Yes. The hardship program is still fully operational and accepting both new applications and responses to deficiency notices pertaining to prior applications. Information about the hardship program is available [here](#).

9) Will PHL continue to pay commissions to agents?

A: Yes. The Rehabilitator has determined that it is in the best interests of the Companies, policy and annuity holders, and beneficiaries to continue to pay commissions or other compensation to agents for an additional six-month period. At the end of that period, the Rehabilitator will re-evaluate whether the continued payment of commissions or other compensation is in the best interests of the Companies, policy and annuity holders, and beneficiaries.

10) When will further information be provided by the Rehabilitator?

A: In addition to the updates described in questions 4, 6 and 7 above, if there are developments the Rehabilitator determines are material to policyholders, annuity holders and other interested parties, they will be posted to the PHL Rehabilitation website. You can register [here](#) to receive an email notification when new information is posted to the website.