

**PHL Variable Insurance Company, In Rehabilitation
Third Accounting and Status Report Q&A
As of December 10, 2025 (with updates as of February 6, 2026)**

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 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: As of February 6, 2026, [Supplemental PHL Financial Information](#) regarding the financial information regarding the Companies' statutory assets, reserves and reinsurance as of December 31, 2024, is available on the [PHL website](#).

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: As reported to the Court on December 31, 2025, the Rehabilitator has determined that a pure rehabilitation plan structure as originally contemplated is not feasible because any rehabilitation will require coverage provided by state guaranty associations. The Rehabilitator understands that the guaranty associations will require a liquidation order with a finding of insolvency to trigger their coverage.

While a liquidation order is expected, the Rehabilitator will continue to administer PHL's business and seek opportunities to maximize the value that can be delivered to policy and annuity holders until such an order is issued. The Moratorium Order as described below remains in effect.

Significantly, the Rehabilitator believes that a liquidation order can be combined with a transaction that will enable active policy and annuity holders to receive some level of ongoing benefits in excess of what they would receive solely under guaranty association coverage (i.e., an enhanced liquidation plan). The Rehabilitator is now focused on pursuing a transaction of this type to maximize the value of PHL's assets and coverage for policyholders. The amount of such coverage, if possible, will depend on the outcome of negotiations with the state guaranty associations and prospective transaction parties that may provide such coverage or an alternative additional benefit.

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 December 24, 2025, the Court granted the motion to modify the Moratorium. No action related to the modification is necessary prior to receipt of the election packages.

If you own an eligible fixed-indexed annuity, we expect that a personalized election package will be mailed to you **in early March 2026**. If you own an eligible non-variable universal life insurance policy, we expect that a personalized election

package will be mailed to you in **March 2026**. The individualized election packages will include an overview of the applicable modification options, an election form and the transaction forms necessary to implement the election. Eligible policyholders and annuity holders will have 45 days from the date of the election package cover letter to 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.