

UL Election Package Options and Process

Q1. Why am I receiving this election package now?

You are receiving this Election Package because your non-variable Universal Life policy issued by PHL Variable Insurance Company (“PHL”) is eligible for modification following moratorium changes approved by the Connecticut Superior Court (the “Court”) in December 2025. The Court approved changes to the moratorium to provide eligible policyholders flexibility related to premiums, face amounts, cash access, and other policy terms. As an eligible policyholder, you now have important options and next steps to consider.

Q2. PHL is currently in rehabilitation. If PHL’s status changes, can I change my election?

Once your election form is received in good order and processed, it becomes final and cannot be reversed or amended after the decision due date of identified in your package. This applies regardless of a change in PHL’s status (for example, from Rehabilitation to liquidation).

Q3. Can I change my election after I return my election form?

You can change your decision by submitting another Election Form, which must be received by the deadline indicated on your Election Form.

Q4. What happens if I return my election package forms without a signature or with missing information?

Under these circumstances, your Election Form will be considered invalid. The “Default” option to maintain the current status of your UL policy will apply. Please be sure to submit a properly completed and signed Election Form and all other required forms by the stated due date.

Q5. How can I obtain replacement election package forms?

We can assist you with a replacement election package. We can process your request for a replacement election package with just your name, current address and policy number. Please contact the PHL Call Center at 1-877-800-2445 to request a replacement package.

Q6. How long will it take to process my election once received?

Once you submit your Election Form, your request may take as much as 60 days to process. You will receive your confirmation once the change has been processed and is effective.

Q7. Why are “Pre-Liquidation Excess Death Claim Recovery Range” and “Adjusted Surrender Value Claim Recovery Range” expressed as ranges?

These values are expressed as ranges because at this time it is not possible to determine exact amounts that may be paid. The final value will be based on the available assets at an unknown future date and the unpaid benefits resulting from the Rehabilitation and Liquidation proceedings. The Rehabilitator believes that recovery will not be below the low end of the range. If your unpaid benefits are within the applicable Moratorium or Guaranty Association Death Benefit Limits, there will be no excess claim and therefore, there is no range expressed.

Q8. How are these ranges determined?

The ranges are calculated based on two factors: the amount of your unpaid benefits (due to Guaranty Association coverage Death Benefit and CSV Limits) and PHL's projected available assets at an unknown future date. Because the available asset amount is unknown, the recovery value is expressed as a range in which the lower limit of the range equals 34% of the unpaid benefit from PHL and the upper limit of the range equals 57% of the unpaid benefit from PHL. For example, if your policy's Death Benefit Amount is \$1,000,000, you were paid the Moratorium Death Benefit Limit (i.e., \$300,000) and your state's Guaranty Association Death Benefit Limit is \$300,000, your unpaid death benefit amount is \$400,000. Your Pre-Liquidation Excess Death Claim Recovery Range is 34-57% of this amount or \$136,000 - \$228,000. The Adjusted Surrender Value Claim Recovery Range is calculated in a similar fashion.

Q9. What is the difference between Face Amount and Death Benefit Amount? Why are they both identified in the Review Your Universal Life Options document?

The Death Benefit Amount may be different than the Face Amount because the Death Benefit Amount reflects additional provisions in your policy such as term rider, account value, loan balance, and cash surrender value.

Q10. How do I get additional information if I would like to consider reducing my Face Amount to a specified amount?

Please call Customer Service at (800) 541-0171 to obtain information associated with the face reduction specified amount you are considering.

Q11. Option 2 and Option 2a could result in a Force Out. What is a Force Out?

A Force Out could occur when a face reduction option for your Universal Life policy is chosen. Any reduction in Face Amount may lead to immediate and/or future withdrawal (or Force Out) of a portion of your policy's account value. According to IRS guidelines, a Force Out occurs if your face value is reduced to an amount that is disproportionately low relative to the accumulated value in your policy. A Force Out claim is not expected to be paid in full. Your financial or tax advisors should be consulted regarding the tax implications of a Force Out.

Q12. What happens when an immediate Force Out occurs?

A Force Out is a required withdrawal from the accumulated cash value in a universal life policy, potentially incurring surrender charges and taxes. When an immediate Force Out occurs as a result of your election of Option 2 or 2A, your required withdrawal amount will not be paid to you in cash, but will be established as a priority claim against the PHL estate for payment at a later date. This claim is expected to be paid at the same range as the Adjusted Surrender Value claims. Any resulting tax impacts would occur when the funds are paid. An advisor should be consulted regarding the possible tax implications of a Force Out.

Q13. If I elect Option 3, when will I receive the cash payment? Is the future cash payment guaranteed?

If you elect Option 3, the portion of your Adjusted Surrender Value representing your Cash Surrender Value is expected to be paid in full up to your Guaranty Association CSV Limit. The remaining amount of your Cash Surrender Value above the Guaranty Association CSV Limit, including the entire Returnable

Cost of Insurance portion of your Adjusted Surrender Value will be established as a claim against the PHL estate. The exact value of the Adjusted Surrender Value Claim is not known at this time and is expressed as a range. The Rehabilitator expects the Adjusted Surrender Value Claim will be paid in 2027. The Rehabilitator believes that the recovery on the Adjusted Surrender Value Claim will not be below the low end of the Adjusted Surrender Value Claim Recovery Range.

In addition, premiums (used to pay cost of insurance charges) paid in cash after November 28, 2025, will be refunded in cash, and cost of insurance charges deducted from your account after November 28, 2025, will be reversed and restored to your account value.

Q14. What are the tax implications of a Force Out? When will tax-related documents be received?

When a Force Out occurs, the tax favorable status associated with the Force Out amount (required withdrawal from the accumulated cash value) could be lost. Tax-related documents will be distributed after the Force Out amount is paid to you. A financial or tax advisor should be consulted regarding the possible tax implications of a Force Out.

Rehabilitation and Liquidation Information

Q15. How likely is it that PHL will be placed in liquidation?

The Rehabilitator has determined that a rehabilitation plan, as originally contemplated, is not feasible and that a liquidation order will be required. The Rehabilitator expects that a liquidation order will be entered by late 2026 or early 2027, but it may be earlier. Until that time, the Rehabilitator will continue to administer PHL's business. In anticipation of a liquidation order, the Rehabilitator is working to develop a liquidation plan that would provide benefits beyond Guaranty Association limits. However, it is uncertain whether that will be achieved and what the amount of such benefits will be. The Rehabilitator expects to file an update with the Court describing his progress by March 31, 2026.

Q16. If PHL is placed in liquidation, what will happen to my election?

Once your election form is received in good order and processed, it becomes final and cannot be reversed or amended after the decision due date stated in your election package materials. The election you make will apply if PHL is subsequently placed into liquidation.

When PHL is ordered into liquidation, the Guaranty Associations will continue coverage and benefits (including continuation of income payments) for policy and contract holders up to the applicable Guaranty Association Limit.

As of the date of mailing your election package, PHL has not been placed in liquidation and no Guaranty Association is responsible for PHL's policy and contract obligations. However, the Rehabilitator expects that PHL will be placed in liquidation by late 2026 or early 2027, but it may be earlier.

For information about the Guaranty Associations and the Guaranty Association Limit applicable to your UL policy, please visit <https://nolhga.com>.

Q17. After a liquidation order is issued, who will I call with questions about my contract and my remaining benefits?

It is expected that this call center will continue to support the PHL policy and contract holders until you are notified of a change. It is expected that the PHL Call Center will continue to support the PHL policy and annuity holders until notified of a change. The PHL Call Center may be reached by calling 1-877-800-2445.

Q18. How do I learn more about the Rehabilitation proceedings?

To learn more about the Rehabilitation proceedings, please visit <https://ct.gov/cid.phl>.

Moratorium and Moratorium Modification Information

Q19. What is a moratorium?

A moratorium in the rehabilitation context is a court ordered suspension or limitation on payment of certain policy and annuity benefits and transactions. A moratorium allows an insurer to more effectively manage risks and maximize the ability to pay out future benefits for policy and annuity holders.

Q20. Is it possible that the moratorium might be lifted entirely?

It is not likely that the moratorium will be lifted entirely. The moratorium will likely remain in place until a Liquidation order is issued by the Court.

Q21. If the moratorium is lifted, how will my election be affected

Your election determines how your policy will be treated even if the moratorium is lifted. Your chosen option will not change.

Q22. How does the moratorium affect my Death Benefit Amount?

The May 2024 moratorium order limits the death benefits payable to a non-variable Universal Life insurance policyholder to the lesser of the amount of death benefits provided by the policy or \$300,000. In the event of a liquidation, the Rehabilitator expects that unpaid death benefits on claims occurring prior to liquidation will be paid by your state Guaranty Association up to the applicable Guaranty Association Death Benefit Limit with any remaining unpaid benefit amount constituting an excess claim against the PHL rehabilitation estate.

Q23. How does the moratorium affect my Cash Surrender Value?

The Moratorium does not affect the Cash Surrender Value of the policy. However, it does not allow non-variable Universal Life policyholders to surrender their policies except as provided by Option 3 or as authorized under the established hardship application process.

Guaranty Association Protections

Q24. What are Guaranty Associations?

State guaranty associations operate in all 50 states, Puerto Rico and the District of Columbia, and they play a crucial role in safeguarding policy and annuity holders when an insurance company is subject to a liquidation order. Their primary role is to provide continuing coverage and benefits for policy and annuity holders of the insolvent insurer up to limits specified by state law. Guaranty associations also assume responsibility up to state specified limits for the unpaid benefits due to policy and annuity holders at the time a liquidation order is issued.

Q25. Why are Guaranty Association Death Benefit and CSV limits included in the Review Your Universal Life Options Chart in the Election Package that I received?

Your Guaranty Association Death Benefit and Cash Surrender Value limits are included in the Review Your Universal Life Options Chart to show the maximum amount of coverage and benefits that the Rehabilitator expects will be provided by your state Guaranty Association in a liquidation.

For answers to questions about how a Guaranty Association will apply its limits to a particular policy, policyholders must contact their applicable State Guaranty Association. The rules applied by the associations may differ from state to state, and the Rehabilitator is not able to provide advice on these issues.

Q26. Can you provide a list of guaranty association limits by state so I know how much of my UL Policy will be covered?

Information about the state coverage levels is available on the National Association of Life & Health Insurance Guaranty Associations' website (<https://nolhga.com>).

There is no Guaranty Association coverage for foreign (non-US resident) policyholders.

Q27. In my state, it says that the guaranty association limit is up to \$XXX,XXX for insurance policies. My policy has a current account/surrender value of \$YYY,YYY. What happens to the amount in excess of my state's coverage limit when a liquidation order is issued? Does that limit apply to my current account, surrender and death benefit values or the present value of future benefits that I originally contracted for?

Policyholders who have policies with cash surrender values exceeding their Guaranty Association's limits will have an opportunity to have a claim against PHL for the excess on the basis of a partial surrender. The mechanism for allowing this has not yet been developed. Policyholders will be provided with ample notice in advance of any action that they need to take in order to secure such a claim.

For answers to questions about how a Guaranty Association will apply its limits to a particular policy, policyholders must contact their applicable State Guaranty Association. The rules applied by the associations may differ from state to state, and the Rehabilitator is not able to provide advice on these issues.

Q28. My policy has a current death benefit of \$XXX,XXX, and my state guaranty association limit is only \$YYY,YYY. When I die after PHL is liquidated, what happens to the remaining death benefit in excess of my state guaranty association's death benefit coverage limit?

Coverage for death benefits under your policy will be capped at your State Guaranty Association's limit (typically \$3000,000, but the value may vary). As described in Q27, if you have a cash surrender value in excess of the Guaranty Association limit, you will have an opportunity to make a claim against PHL for the excess on the basis of a partial surrender when a Liquidation Order is issued by the Court.

Q29. If I move to another state, how does this impact the Guaranty Association limits and my benefits?

In a liquidation, your state of residence will be used to determine your Guaranty Association coverage limit. The date used to determine your state of residence varies by state law. Your Guaranty Association coverage could change if you move to another state before a court-ordered liquidation. The Guaranty Association limit stated in this Election Package is as of 11/28/2025. In a liquidation, your policy will be evaluated based on dates specified in your resident state Guaranty Association law.

Q30. I own more than one PHL policy. How does this impact the Guaranty Association limits and my benefits?

Generally, each Guaranty Association will apply its limits on a per-owner per life basis. As a result, if you own multiple policies insuring the same life, available benefits will be subject to an aggregate limit provided in the applicable state Guaranty Association statute. Typically, this aggregate limit is \$300,000. The Rehabilitator expects this aggregate limit will apply if you own multiple policies covering a single life, but each Guaranty Association will make its own coverage determination following liquidation.

Q31. If there are multiple policies covering my life but the policies are owned by different individuals or institutions, will this impact Guaranty Association limits and benefits?

Generally, each Guaranty Association will apply its limits on a per-owner per life basis. Therefore, the Rehabilitator does not expect that the existence of multiple policies owned by different persons will impact available Guaranty Associations benefits. However, each Guaranty Association will make its own coverage determination following liquidation.