

PHL Website FAQ – Top Policyholder Questions

May 20, 2024

1. **I received a notice in the mail about PHL or read a press release about PHL. What does this mean?**

On May 20, 2024, PHL Variable Insurance Company and its subsidiaries, Concord Re. Inc. and Palisado Re (collectively, “PHL”), entered into rehabilitation proceedings in the Connecticut Superior Court. After exploring other alternatives, the Connecticut Insurance Department (“CID”), PHL’s state regulator, determined that the Company is in a hazardous financial condition and that rehabilitation proceedings are in the best interest of policyholders. PHL consented to the rehabilitation.

As part of the proceedings, the Court has entered an order imposing a “moratorium” on certain policy payments, which means that for some policies, the policyholder may not be able to get the full amount of benefits under the policy during the proceeding. The notice policyholders will received in the mail describes how each type of policy is treated under the moratorium. Benefits under most policies are not affected. The notice also says that policyholders need to continue to pay premium for their policies during the rehabilitation and indicates where to obtain more information about the process.

2. **What is a rehabilitation proceeding? What is the goal of a rehabilitation proceeding?**

The Connecticut Insurance Commissioner has placed PHL into rehabilitation proceedings. Rehabilitation is a formal court proceeding designed to restructure a company in hazardous condition. The rehabilitation process is similar to a financial reorganization under the Bankruptcy Code. However, unlike bankruptcy reorganizations, the Commissioner operates the Company under Court supervision as the appointed rehabilitator throughout the case rather than the Company’s management.

The goal of a rehabilitation proceeding is to develop a plan of rehabilitation that equitably administers the PHL business for the benefit of all policy and annuity holders. The plan is developed by the rehabilitator but must be approved by the Court. A plan might move policies to another, stronger insurance company; or offer policyholders a choice among policy modifications or buyouts. The rehabilitator is in the early stages of the plan development. These are just illustrations of what may be features of a plan.

3. **How long will this go on?**

The rehabilitator expects to develop a rehabilitation plan over the next twelve (12) months. That is just an estimate, and it could take longer.

4. How does a rehabilitation differ from a liquidation?

At this time, the rehabilitator believes that he will be able to develop a plan that will give policyholders better treatment than they would receive in a liquidation. For context, in liquidation, a company's business is wound down and its assets liquidated. Each state's life and health guaranty association takes over the policies for residents of that state. Benefits paid by a guaranty association under a life insurance policy or annuity may be limited as specified by the guaranty association statute in the policyholder's state of residence. For more information, you may contact your local life and health insurance guaranty association.

5. Will PHL be liquidated?

At this time, there is no plan to liquidate PHL. The Commissioner believes that a rehabilitation plan can be implemented that will provide policyholders better treatment than they would get in a liquidation.

6. What is going to happen to my policy during the rehabilitation proceeding?

How your policy or annuity will be treated depends on the type of policy or annuity you have and the level of benefits it provides. During the rehabilitation, there will be a moratorium. For most policyholders, the moratorium will not have any immediate effect, specifically:

- If a policyholder is currently receiving regular periodic annuity payments, guaranteed lifetime withdrawal benefits or systematic withdrawals, they will continue to receive regular periodic payments.
- If a policy or annuity holder has a variable annuity or a variable life insurance policy, they will be permitted to receive benefits, make withdrawals and take loans out of the assets in their variable account.
- If a policyholder has a non-variable life insurance policy that provides death benefits of \$300,000 or less, the policy beneficiary will be paid in full unless there are other life insurance policies and annuities covering the same individual.
- If an annuity holder has a non-variable annuity that provides death benefits of \$250,000 or less, the specified beneficiary will be paid in full (less any payments received during the moratorium period) unless there are other PHL-issued life insurance policies or annuities covering the same individual.

The materials you will receive in the mail describe in detail the treatment of different types of policies and annuities in the document entitled Description of Moratorium on Certain Benefit Payments ("the Description document"). If you have additional questions regarding your policy or the moratorium, you may call 1-877-800-2445 for support. Please keep your policy number handy so we can better assist you.

7. Can I move my investments from one account to another?

If you have a variable annuity or variable life insurance policy, you may move investments from one variable account option to another variable account option, subject to policy terms and conditions. You may not re-allocate investments from a variable account option to any other account option, or vice versa. You also may not re-allocate investments within a guaranteed account.

8. Can I surrender my policy or take a loan against it? How are matured annuities going to be handled, and will I be able to surrender my policy or elect to annuitize upon maturity?

For variable annuities or life insurance products, you will be allowed to exercise surrender, withdrawal and loan options under your annuity to the full extent of the Separate Account value attributable to your annuity policy. If you have value in one or more Guaranteed Account investment options, you will not be allowed to access that value through surrender, withdrawals or policy loans. You may also elect surrender or annuitization options from the Separate Account only. You may not elect surrender or annuitization options from a Guaranteed Account.

For non-variable annuity or life insurance products, you will not be allowed to receive surrender payments, withdrawals or policy loans but will be permitted to receive Required Minimum Distributions in accordance with the terms of the annuity. You will not be permitted to elect to surrender or annuitization options but will continue to accumulate value pursuant to the crediting rate and terms of the annuities as if they had not reached maturity.

More information can be found within the Description document.

9. What can I do if the restrictions on my policy represent a hardship?

If the moratorium limitations and restrictions on your policy present a hardship to you, there is a procedure to apply to the rehabilitator for an exception that would permit payment of additional benefits. The [Hardship Request for Exemption from Moratorium](#) is available on our website or can be mailed upon request. If you request a hard copy, please submit it to the address shown in the application with all the requested supporting documents, or fax it to 1(212) 897-3796. There is no assurance that a request will be granted, but each request will be carefully reviewed and considered by the Insurance Department. The rehabilitator will make the final decision on all hardship applications.

10. Where can I go for more information or if I have additional questions?

For additional support and information around the rehabilitation, you may call 1-877-800-2445. Please have your policy number(s) available so we can better assist you.