

1. What does the Status Report say?

A: The Second Accounting and Status Report provides an update on the Companies' operations since entry into rehabilitation, information regarding the rehabilitation process and audited financial statements of the Companies for the period ending December 31, 2024, including detailed notes to financial statements. The First Accounting and Status Report was filed on November 20, 2024, and provides background information regarding the Companies and the rehabilitation proceeding. Both Status Reports are available [here](#).

2. Am I required to do anything differently in light of the 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. The Status Report shows that the Companies have negative capital and surplus. Why has the Companies' financial condition changed so much since March 31, 2024?

A: After a thorough evaluation of the Companies' claims and projections, and a thorough review of its historical financial reporting, the Rehabilitator has determined that the Companies' reported capital and surplus is significantly lower than at March 31, 2024 (i.e., prior to entering rehabilitation). This is due to a range of factors, some of which reflect adverse claims experience that has resulted in higher liability projections, and some of which reflect changes in financial reporting conventions as a result of the rehabilitation.

Please refer to Section I of the Status Report for an overview of the Companies' financial position as of December 31, 2024. Notably, the Companies' current reported financial position has remained stable when compared to its position as reported in the financial statements as of September 30, 2024 included in the First Accounting and Status Report.

4. How has the rehabilitation proceeding impacted the Companies' liquidity?

A: The rehabilitation proceeding and the Moratorium have improved the liquidity of the Companies. As of March 31, 2025, the Companies' cash and short-term investments

were \$191 million, which includes \$37 million of cash received from reinsurers that is held in segregated accounts and may only be withdrawn in limited circumstances. In addition to this amount, the Companies have also invested in high-quality, short-term bonds to increase return. While the proceeding and the Moratorium have stopped the massive cash outflow that led up to the proceedings, the accumulated liquidity is only a first step in addressing the Companies' \$5.9 billion of liabilities in a rehabilitation plan.

5. The Status Report says that the Investment Committee's evaluation of invested assets is complete. What were the results of the evaluation?

A: Through its evaluation and analysis, the Committee determined that approximately 70% of PHL's invested assets are in higher quality assets with predictable and stable cash flows. These assets are highly suitable to support PHL's liabilities. The Investment Committee's strategy is to "hold" these assets for the foreseeable future.

The remaining 30% of invested assets consist of more complex, less liquid assets. The Committee has explored and is exploring the potential disposition of some of these positions based on executable prices and market conditions. The Committee has and will make informed and disciplined portfolio decisions to maximize and preserve value.

6. Does the Companies' current financial condition change the Rehabilitator's expectations regarding a successful rehabilitation? What will a successful rehabilitation include?

A: A successful rehabilitation plan maximizes the value of PHL's assets and equitably administers the PHL business for the benefit of all policyholders and annuity holders. The Rehabilitator continues to believe that a rehabilitation plan can be implemented that will provide policyholders and annuity holders with a better outcome than they would get in a liquidation. A plan might move policies to another, stronger insurance company; or offer policyholders a choice among policy modifications or fixed claims. These are sample illustrations of what may be features of a plan.

The Rehabilitator is actively working on developing the plan, which must be approved by the Court. A key step on the path to developing a plan is the marketing for sale of PHL or blocks of PHL's business. The Rehabilitator has launched a process to market and sell PHL or blocks of PHL's business to qualified buyers. The sale process is behind where the Rehabilitator expected it to be at the start of the case. However, the Rehabilitator anticipates that he will have indications of interest in the purchase of PHL or blocks of PHL's business in the third quarter of 2025, and will be in a position to present the key terms of a rehabilitation plan in the fourth quarter of 2025.

7. Will the Moratorium Order be revised to provide additional flexibility for PHL policyholders and annuity holders?

A: Modifications to the Moratorium as described in Section III of the Status Report are under consideration by the Rehabilitator. The Rehabilitator and his team are analyzing the options and the impact of a modification on PHL's liquidity and prospects for rehabilitation. As a result of this analysis, the potential modification may be adjusted or not pursued. At this time, it is expected that the modifications will only pertain to Universal Life Insurance policyholders and Fixed Index Annuity holders. The Rehabilitator will provide more specifics regarding a proposed modification in a filing with the Court on or around July 1, 2025, when the analysis is complete.

8. Will PHL pay all of the benefits under my policy or annuity?

A: We cannot say for certain at this point. It will depend on what type of policy or annuity you have and how the rehabilitation proceeding develops. The Rehabilitator continues to believe that the Companies can be rehabilitated, and that rehabilitation is a better option than liquidation for policyholders, annuity holders and other interested parties. If rehabilitation is not successful and the Companies must be liquidated, policyholders and annuity holders will have coverage from their state life and health insurance guaranty associations subject to statutory terms and limits.

9. If the Companies are liquidated, will the amount of benefits I receive from my guaranty association be reduced by amounts I've received in rehabilitation?

A: Guaranty association coverage will be based on state statutory provisions and limits. Neither the Rehabilitation Order nor the Moratorium Order is intended to reduce amounts policyholders and annuity holders are eligible to receive from their guaranty associations in the event the Companies are liquidated.

10. Will PHL continue to pay commissions to agents?

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

11. When will further information be provided by the Rehabilitator?

A: The Rehabilitator expects to send each policyholder and annuity holder a general update on the rehabilitation proceeding in the coming weeks. In addition, information

regarding the potential Moratorium modifications will be provided to applicable policyholders and annuity holders in early summer 2025. The Rehabilitator will also file a supplement to the Status Report after receipt of feedback from potential buyers, which is expected in the third quarter of 2025.

Between now and then, 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 added to this website.