

Proposed Moratorium Modification FAQs

July 31, 2025

1. What is the purpose of the proposed moratorium modifications?

A: The proposed moratorium modifications seek to ease the current restrictions imposed by the Moratorium Order (see [Summary of Moratorium Order](#)) on owners of certain non-variable universal life insurance policies and certain owners of fixed indexed annuities (“FIA”). Eligible policyholders will be provided additional options as part of the modifications.

2. Who are eligible policyholders and annuity holders?

A: The following table identifies the eligible policyholders and annuity holders subject to the proposed moratorium modification.

Policy Type	Subject to the Moratorium Modification?
Universal Life with death benefits greater than the statutory limit set by the state guaranty association of the owner’s resident state	Yes, if your death benefit exceeds the statutory limit set by your state’s guaranty association. In most states, this is \$300,000. In some states, it is greater than \$300,000. The following website identifies the guaranty association statutory limit applicable to life insurance for each state: https://nolhga.com/policyholders/how-youre-protected/#guaranteed-coverage
Fixed Indexed Annuities without an activated income rider or systematic withdrawals	Yes.
<ul style="list-style-type: none">➤ Non-variable Universal Life with death benefits less than the statutory limit set by your state’s guaranty association➤ Fixed Indexed Annuities with an activate income rider or systematic withdrawals➤ Whole Life➤ Legacy Term Life➤ Simplified Issue Term➤ Fixed Annuity➤ Payout Annuity➤ Variable Universal Life➤ Variable Annuity	No. No modifications are being considered at this time.

3. What are the proposed modifications?

A: If the proposed moratorium modifications are approved by the Court, for each eligible policy or FIA, the policy or annuity holder may select one of the options described below:

Eligible Fixed Indexed Annuities
1. Maintain the status quo and not seek access to any FIA value at this time.
2. Take a one-time withdrawal up to the “Free Withdrawal Amount” provided for in the FIA contract. For most products, this is 10% of the contract’s account value as of the prior anniversary. This amount may be withdrawn without surrender charges, premium bonus recapture charges or market value adjustment. The amount of any distribution would be reduced by the amount of any prior payments received by the FIA holder under the hardship program or any Required Minimum Distributions in the current contract year.
3. Exercise the FIA contract’s income rider. These payments would also be limited by the \$250,000 cap in the Moratorium Order. Note that once a contract’s income rider is activated, rider exercise cannot be reversed.
Eligible Universal Life Policies
1. Maintain the status quo and continue to pay cost of insurance keep the policy in force. If a benefit becomes payable due to death or maturity prior to either the effective date of the rehabilitation plan approved by the Court or a liquidation of PHL, the policy beneficiaries would receive a death benefit payment subject to the Moratorium Order’s \$300,000 cap and a claim against the PHL receivership estate for the excess amount. In connection with the proposed modifications, the policyholder will receive an election package that will include information regarding the anticipated range of distribution for the excess claim.
2. Reduce the face amount of the policy to a level that would likely be paid by the applicable guaranty association in the event of PHL’s liquidation or other amount specified by the policyholder. This reduction would also cause a reduction of the cost of insurance deducted monthly for the policy (which is generally the minimum amount payable to keep the policy in force).
3. Surrender the policy, stop paying cost of insurance charges or premiums and establish a claim in the rehabilitation proceedings. The basis for such a claim would be the policy’s cash surrender value (“ <u>CSV</u> ”) as of the election date plus an enhancement equal to the amount the policyholder has paid in cost of insurance charges during a portion of the rehabilitation proceeding, resulting in an adjusted surrender value (“ <u>ASV</u> ”). The election of this option would allow the policyholder to fix a claim for the ASV with no ongoing obligation for cost of insurance charges or premium payments. The claim would be allowed as a policyholder priority claim in the rehabilitation or liquidation of PHL, and paid at such time as a rehabilitation plan is confirmed or a liquidation order is granted. In connection with the proposed modifications, each policyholder will receive an election package that will include information regarding the anticipated range of distribution for the ASV claim.

4. If approved by the Court, how and when will an eligible policyholder elect an available option?

A: If approved by the Court, each eligible policyholder and annuity holders will receive an election package in November 2025, describing in detail the available options, including the dollar amounts associated with each option. Eligible policyholders and annuity holders will have forty-five days from the date of mailing to make their elections.

5. What is the Court approval process?

A: The Court will conduct a hearing on October 21, 2025, to consider whether the proposed moratorium modifications are appropriate.

6. Can policyholders, annuity holders and other stakeholders provide feedback to the Rehabilitator or the Court with regard to the proposed moratorium modifications?

A: Yes. While policyholders, annuity holders and other stakeholders are not required to provide comments or appear at the hearing on October 21, 2025, they may submit informal comments to the Rehabilitator or formal comments to the Court as described in the “[Notice of Motion for Modification of Moratorium Order](#)”. All comments must be received by September 22, 2025.

If you intend to participate in the hearing, you may do so by following the procedures outlined in the Notice and the Court’s Order approving the [Notice Order](#).