
Bulletin Board

By Editorial Staff Tue, Feb 3, 2026

Sale of PHL Variable blocks 'no longer feasible'; Delaware Life FIA now offers a Bitcoin crediting method; Corebridge FIA also includes 'modest' exposure to Bitcoin; Ratings of insurers involved in 777 controversy are downgraded.

Sale of PHL Variable blocks 'no longer feasible'

Connecticut regulators say a potential sale of troubled PHL Variable Insurance Co. life blocks is no longer feasible, and liquidation is the next step. Interim Insurance Commissioner Josh Hershman announced the change in strategy in the latest rehabilitation [report](#) released Dec. 31.

“The Companies do not have the assets that would be necessary to transfer to a buyer or reinsurer any blocks of business without causing other policyholders to receive less than what they would receive from the guaranty associations in a conventional liquidation,” the report reads.

Former commissioner and rehabilitator Andrew Mais had been working toward a sale of PHL Variable blocks for months before abruptly retiring on Nov. 28. A decision on a buyer was due on Dec. 31.

The sales effort was a crucial part of a delayed overall rehabilitation plan for PHL Variable and hinged on non-universal-life blocks being attractive enough to buyers. In a Nov. 20 status report, Mais said the rehabilitator also “expects to file an outline of the terms of a rehabilitation plan” by the end of the year.

The liquidation news generated outrage from large policyholders who have battled with Connecticut regulators for much of the past two years.

Edward S. Stone is a Greenwich, Conn., attorney for SWS Holdings, which owns two Phoenix Generations universal life policies worth \$18 million in death benefits. The company has paid more than \$12 million in premiums to date, court documents say.

The policies were purchased in 2006 with the intent to fund an eventual stock purchase agreement. SWS sought “full-party” status in the PHL Variable rehabilitation proceedings, but Judge Daniel J. Klau denied the request.

“The fake rehab was designed to induce lapses (more than \$5 billion to date), steal from

over-the-cap policyholders and go through the charade of a ‘sales process’ that was never going to result in a real sale,” Stone said Monday.

Hershman is negotiating with the National Organization of Life and Health Insurance Guaranty Associations to determine what assets may be available to provide “limited ongoing benefits” to policyholders whose policies would otherwise terminate 30 days following a liquidation order, he said in the Dec. 31 report.

Delaware Life FIA now offers Bitcoin exposure

Delaware Life Insurance Company, a Group 1001 company, has added the BlackRock U.S. Equity Bitcoin Balanced Risk 12% Index to its fixed index annuity (FIA) portfolio, making Delaware Life “the first insurance carrier to offer an index that contains cryptocurrency,” the company said. The BlackRock U.S. Equity Bitcoin Balanced Risk 12% Index:

- Combines U.S. equities and Bitcoin in one index for diversified return potential.
- Targets 12% volatility, using dynamic cash adjustments to help smooth Bitcoin’s inherent volatility.
- Provides professionally managed Bitcoin exposure without the complexity of direct crypto ownership through the use of iShares Bitcoin Trust ETF (IBIT).

The BlackRock U.S. Equity Bitcoin Balanced Risk 12% Index is available as an index option on three of Delaware Life’s products: Momentum Growth, Momentum Growth Plus, and DualTrack Income.

Corebridge FIA offers ‘modest’ Bitcoin exposure

The new Corebridge Power Select fixed indexed annuity (FIA) offers “modest” exposure to Bitcoin. It tracks the Invesco New Economy Index, which makes “dynamic allocations” to the Invesco QQQ ETF and the Invesco Galaxy Bitcoin ETF (BTCO).

The Invesco New Economy Index is available exclusively in Corebridge Power Select FIAs, which are distributed by Market Synergy Group (MSG), a large independent marketing organization, according to a Corebridge release.

Daily index adjustments balance risk and return by shifting between QQQ, Bitcoin and cash. It targets a 12.5% annual volatility level to help support more stable returns over time.

The product also offers a couple of lifetime withdrawal benefit options that reward deferral of income for up to 10 years by 10% for Lifetime Max... For Lifetime Flex, raising the value

of the notional account by double the annual rate credited to the FIA before the income is started.

Ratings of insurers involved in 777 controversy are downgraded

AM Best has downgraded the Financial Strength Rating (FSR) to B (Fair) from B++ (Good) and the Long-Term Issuer Credit Rating (Long-Term ICR) to “bb+” (Fair) from “bbb” (Good) of Atlantic Coast Life Insurance Company (Charleston, SC) and Sentinel Security Life Insurance Company (Salt Lake City, UT). Both companies are collectively referred to as A-CAP Group.

Concurrently, AM Best has maintained the under review with negative implications status for these Credit Ratings. The ratings reflect A-CAP Group’s balance sheet strength, which AM Best assesses as adequate, as well as its adequate operating performance, limited business profile and marginal enterprise risk management (ERM).

The rating downgrades are based on weakness in A-CAP Group’s business profile as manifested in the material decrease in new premium and material increase in surrenders/outflows, as well as reputational damage resulting from publicized regulatory rulings.

AM Best notes that these rulings were subsequently paused or stayed and also notes that the company has provided information that demonstrates surrenders and outflows have decreased. A-CAP Group’s primary focus is the fixed index annuity market, a dynamic and credit sensitive sector with strong long-term prospects. A-CAP Group is taking deliberate steps to rebuild and re-establish its brand presence in this competitive landscape.

The downgrades are also based on a decline in AM Best’s overall assessment of A-CAP Group’s balance sheet strength. AM Best acknowledges A-CAP Group’s pending capital raise, but also recognizes its level of illiquid assets, concentrated reinsurance leverage, which is mitigated through the use of funds held and modified coinsurance agreements, along with a recent decline in its overall capital adequacy ratios that have not fully recovered to historic levels.

The marginal ERM assessment reflects A-CAP Group’s risk culture, which has led to elevated amounts of recent litigation, an elevated risk profile related to its reinsurance relationships and assets for which the investment cash inflow does not match the cash outflow of the insurance liabilities. A-CAP has made progress to integrate ERM into its strategy, daily operations and decision-making and enhanced its governance practices and

policies.

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