The Wheelhouse

By Editorial Staff *Sat, May 31, 2025*

Connecticut seeks buyers for insolvent PHL Variable; Offshoring of life insurer liabilities tops $1 trillion. News from: Empower and Sagard, MetLife, WinkIntel, Midland and Dimensional Fund Advisors, Brighthouse Financial, Jackson National Life, iCapital, and The Standard.

Connecticut seeks buyers for insolvent PHL Variable

The actions needed to market and sell PHL Variable Insurance Co. or blocks of its business have taken longer than anticipated but are primarily completed, Connecticut Insurance Commissioner Andrew Mais wrote in a May 20 status report, AM Best reported.

The key terms of the plan are expected by the final quarter of this year.

The company's finalized 2024 combined financial statement showed capital and surplus remain negative $2.2 billion. A year ago, the regulator projected that PHL would be out of assets by 2030 with ~$1.46 billion in policyholders' liabilities still outstanding.

Mais and the rehabilitation team created a list of 50 potential buyers for all or parts of PHL's business. By April 2025, 45 firms remained on the list and were given non-disclosure agreements for review.

As of May 20, 13 companies executed the NDA and were granted access to an actuarial appraisal report, a summary of existing reinsurance arrangements, and details regarding the companies' arrangements with third-party administrative and investment providers.

Review of PHL claims against third parties is nearly complete. Some claims are viable, Mais said, but payments from all of the claims would not make PHL solvent. He hoped to resolve some claims without litigation.

Offshoring of life insurer liabilities tops $1T: Financial Times

US life insurers have now shifted more than $1 trillion worth of liabilities offshore despite regulators' concerns about protections for retirement savings and broader financial stability, the Financial Times reported May 21. The report didn't say how much capital relief the deals have provided US life insurers.

US life insurers' and annuity providers' total reserves ceded abroad, including liabilities moved to jurisdictions such as the Cayman Islands and Barbados, reached $1.1tn by the end of 2024. In many cases, “funds withheld” reinsurance arrangements, often with the insurers’ affiliated reinsurers, allow the insurers continue to manage the reserves but with smaller capital requirements.

Private capital-owned groups, such as Athene and Global Atlantic, as well as traditional insurers such as Prudential and MassMutual, last year moved more than $130bn of liabilities to offshore reinsurers primarily based in Bermuda, according to new figures from S&P Global Market Intelligence.

“Athene, acquired in 2022 by Apollo, had transferred the risk associated with liabilities worth $193bn to its offshore affiliates by the end of 2024, according to a Fitch analysis of regulatory filings for the Financial Times, in a strategy that helped to fuel a record-breaking year of US annuity sales for the insurer,” the British newspaper reported.According to the 1Q2025 statutory filing by Athene Annuity and Life, the company sold about $9.6 billion worth of annuities (mainly deferred fixed rate and fixed indexed) and gained $4 billion in liabilities more in the first quarter of this year through “reinsurance assumed” from other carriers.

But the insurer used $10.9 billion in “reinsurance ceded” to lower its new liabilities for the period to only $2.7 billion. At the end of 1Q2025, the company reported $3.9 billion in surplus on $292 billion in assets (1.34%), after contributing surplus of $5.7 billion, the latest statutory filing showed.

Empower and Sagard partner to offer private assets in DC plans

Empower, the second-largest retirement services provider in the U.S., administering more than $1.8 trillion in assets for 19 million investors, will partner with Sagard, a global alternative asset manager with over US$27B of assets under management, in a new program that “will pave the way for private market investments to be included within defined contribution retirement plans,” according to a release.

Sagard-managed strategies will be made accessible via collective investment trusts in coming years. “These structures are designed to bring the benefits of private market investing—such as diversification, potential for enhanced returns, and exposure to less correlated assets—to retirement plan participants in a cost-efficient and liquidity-aware manner,” the release said.

The program will provide:

- Access to Institutional-Quality Private Market Investments
  Portfolio Diversification
  Efficient and Transparent Structures

Empower has also aligned with private investments fund managers and custodians, including Apollo, Franklin Templeton, Goldman Sachs, Neuberger Berman, PIMCO, Partners Group and Sagard. Private investments offered through these firms may be implemented through collective investment trusts (CITs), providing limited exposure to diversified pools of private equity, private credit and private real estate, a structure that is designed to provide liquidity protection and reduced fee exposure.

MetLife's investment arm managing $129.1 billion in private credit assets

MetLife Investment Management (MIM), the institutional asset management business of MetLife, Inc., has originated $21.6 billion in private credit transactions in 2024. MIM's private credit assets under management stood at $129.1 billion as of December 31, 2024.

MIM's origination included:

- $6.8 billion in residential credit
- $6.4 billion in corporate debt
- $5.6 billion in infrastructure debt
- $2.8 billion in asset-based finance transactions.

MIM's $6.4 billion of corporate private placement origination was diversified across a range of industries. About $2.2 billion of MIM's corporate private placement origination was outside of the U.S..

MIM's infrastructure origination of $5.6 billion was driven by digital expansion and decarbonization of power generation. The firm's focus on infrastructure sponsor relationships resulted in bilateral and direct deals comprising 40% of total origination. Nearly half, or $2.4 billion, of MIM's infrastructure origination was outside the U.S.

MIM's $2.8 billion of asset-based finance origination efforts were achieved primarily through the firm's direct sourcing channels and were diversified across both structure and sector including $1.7 billion of commercial and consumer asset transactions and approximately $880 million in alternate asset financing.

Market uncertainty buffets annuity sales in 1Q2025: Wink

"It was a challenging first quarter for 2025 annuity sales, but sales are usually challenged coming-off the fourth quarter each year," wrote Sheryl J. Moore, Chief Storyteller at WinkIntel, last week in her quarterly commentary on the annuity market.

Sales were impacted by the "89 negative rate adjustments over the quarter," she noted. "Sixty-three percent of carriers experienced declines over 4Q2024 and 52% of participants experienced declines over 1Q2024. Overall, annuity sales were down nearly two percent from last quarter, and down nearly six percent from 1Q2024."

Multi-year guaranteed were the star of the quarter—up 20% over the prior quarter. Dramatic sales increases from the top five sellers of the product fueled the bump. That said, sales were down nearly as much from the same quarter a year ago. This could be a record year for MYGA sales, due to relatively weak certificate of deposit (CD) rates.

Fixed annuities' slight increase over last quarter was due to a single insurer buoying the product line. However, 66% of participants had sales declines from 1Q2024. We are projecting that sales of fixed annuities will be up for 2025.

Sales of indexed annuities were down from last quarter, and from the same quarter a year ago. Nine of the top ten issuers of the product saw double-digit sales declines from the close of last year; just 30% experienced the same when compared to 1Q2024. That aside, it is still anticipated that indexed annuities will have record sales in 2025.

Like their fixed indexed brethren, the favored structured annuity also had a challenging sales quarter. While sales were down versus last quarter for 56% of issuers, only 17% of insurers experienced the same when comparing sales to this time last year. Notwithstanding, sales of structured annuity could set a new record in 2025.

Unsurprisingly, traditional variable annuity sales were down from last quarter. However, sales of the line were the highest in nearly three years. Continued equity volatility will no doubt negatively impact sales of VAs for the second quarter. We expect traditional variable annuity sales to be lower in 2025 than 2024.

Midland and DFA to partner on index-linked annuity solutions

Midland Advisory, part of Midland National Life Insurance Company, will collaborate with Dimensional Fund Advisors to enhance index-linked annuity solutions. Advisors will be able to access Dimensional's investment philosophy within the framework of a registered index-linked annuity (RILA), in which performance is linked to a custom index constructed using Dimensional's systematic active Exchange Traded Funds (ETFs).

By offering this index option, Midland National provides advisors and their clients with a structured growth opportunity within an annuity framework, combining exposure to the potential returns of equity markets with a RILA's index-linked strategies. This index is one of several available options, as potential performance may also be linked to two other indices or based on seven variable subaccounts.

Brighthouse loses $294 million in 1Q2025, condemns unsolicited 'mini-tender' offer

Brighthouse Financial, Inc. (Nasdaq: BHF) announced its financial results for the first quarter ended March 31, 2025:

- Estimated combined risk-based capital ("RBC") ratio between 420% and 440%
- Holding company liquid assets of $1.0 billion
- The company repurchased $85 million of its common stock year-to-date through May 6, 2025
- Annuity sales of $2.3 billion, including $2.0 billion in sales of the flagship Shield Level Annuities
- Life sales of $36 million, reflecting continued growth of the company's life insurance suite
- Net loss available to shareholders of $294 million, or $5.04 per diluted share
- Adjusted earnings, less notable items, of $245 million, or $4.17 per diluted share

In other news, Brighthouse said that it received notice of an unsolicited "mini-tender" offer made by Potemkin Limited ("Potemkin") to Brighthouse Financial shareholders to purchase up to 100,000 shares of Brighthouse Financial's common stock at a price of $36.00 per share. Brighthouse Financial shareholders who tender their shares in the offer will receive a price significantly below the current market price for the company's common stock and which is an approximate 41.12% discount to the closing price of the company's common stock as of May 19, 2025 ($61.14 per share).

Brighthouse Financial said it doesn't endorse Potemkin's unsolicited mini-tender offer and is not affiliated or associated in any way with Potemkin, its mini-tender offer or the offer documentation. Brighthouse Financial recommends that shareholders do not tender their shares in response to Potemkin's offer because the offer is at a price that is significantly below the current market value of Brighthouse Financial's common stock, a Brighthouse release said.

The offer is currently scheduled to expire at 5:00 p.m., New York City time, on September 16, 2025, unless extended or earlier revoked by Potemkin. Shareholders who tender their shares may withdraw them in the manner described in Potemkin's offering documents.

A mini-tender offer is an offer for less than 5% of a company's shares and is therefore not subject to the disclosure and procedural requirements required by the U.S. Securities and Exchange Commission ("SEC") for larger tender offers. As a result, mini-tender offers do not provide investors with the same level of protections under U.S. securities laws that are provided for larger tender offers. The SEC has **cautioned** investors about mini-tender offers.

Jackson enhances features of RILAs and traditional variable annuities

Jackson National Life, the main operating subsidiary of Jackson Financial Inc., has added Jackson Market Link Pro III (JMLPIII) and Jackson Market Link Pro Advisory III (JMLPAIII) to its lineup of registered index-linked annuities (RILAs). JMLPIII is commission-based and JMLPAIII is fee-based. Jackson also enhanced its traditional variable annuity product suite.

JMLPIII and JMLPAIII upgrades included:

Nasdaq 100: This new index option is now offered along with the S&P 500, Russell 2000, MSCI EAFE and MSCI Emerging Markets.

- **Full principal protection:** There's a 100% "buffer" protection option for the 1-year Cap, 3-year Cap, 6-year Cap and 1-year Performance Trigger crediting methods, in addition to existing 10% and 20% buffer options. Clients may also select a "floor" protection option. A buffer absorbs losses except those *in excess of* a certain percentage drop in account value over a crediting period. A floor stops losses after a certain percentage drop in account value over a crediting period.

Jackson's RILA suite also offers:

- **Multiple term lengths:** Jackson offers 1-year, 3-year and 6-year Index Account Option terms.
- **Multiple crediting methods:** Consumers can tailor their growth potential and protection level. The "Performance Boost" methodology can potentially produce gains in scenarios where the index return is flat or negative.
- **Index participation rate on Cap crediting method:** Jackson's RILA suite features a combined crediting method that can provide greater upside growth opportunity when

the market conditions are favorable.

- **Intra-term performance lock feature:** The Performance Lock option enables contract owners them to lock in their interim value at any point during the Index Account Option term by moving the locked-in amount to a short-duration fixed account until the next contract anniversary.
- **Legacy and cost control:** A built-in death benefit with no annual contract fee helps protect the value of the account for beneficiaries.

Jackson also announced enhancements to its variable annuities (VAs).

- **Guaranteed withdrawal rates:** Jackson increased the Single Life and Joint Life Guaranteed Annual Withdrawal Amount Percentages (GAWA%) across its Flex Core, Flex Net Core, Flex DB Core, and Flex Plus living benefit options.
- **Guaranteed withdrawal balance (GWB) adjustments:** Jackson increased the maximum Guaranteed Withdrawal Benefit adjustment to 200% for its Flex Plus benefits, guaranteeing more income for clients who delay withdrawals for at least 12 contract years or until age 70, whichever is later. The updates apply to Perspective II, Perspective Advisory II, Jackson Advantage and Retirement Latitudes VA contracts.

iCapital buys advisor to Citi Wealth investment platform

iCapital, the global fintech platform, is acquiring Citi Global Alternatives, LLC, the advisor to Citi Wealth's global alternative investment fund platform. The platform represents more than 180 alternatives funds distributed globally, with vehicles for exposure to private equity, growth equity, private credit, infrastructure, venture capital, real estate and hedge funds, according to a release.

iCapital will manage and operate the fund platform. Citi will continue to distribute the funds and advise clients on the benefits of alternative investments. Terms of the purchase agreement were not disclosed.

The Standard improves its Enhanced Choice Index Plus annuity

The Standard recently added new features to its flagship single-premium, deferred fixed index annuity, the Enhanced Choice Index Plus. The additions are built-in guarantees, crediting strategies and the S&P 500 Dynamic Intraday TCA Index.

ECI Plus now offers 10 allocation options with guaranteed rates for 5 to 10 years, depending on the selected strategy. This includes fixed interest crediting, now enhanced with a multiyear rate guarantee. The newly added Locked Cap Rate and Locked Trigger Rate strategies allow clients to lock in an annual crediting formula on the S&P 500 for 5 or 7 years.

The newly introduced Trigger Rate and Trigger Rate Plus strategies help accounts grow even when the index underperforms. With the Trigger Rate strategy, clients benefit from any flat or positive movement in the index. The Trigger Rate Plus strategy offers built-in growth, even when index performance declines.

Rebalanced up to 13 times a day, the S&P 500 Dynamic Intraday TCA Index responds to market fluctuations. A 15% volatility target allows for greater exposure to the S&P 500 while maintaining more stable volatility compared to traditional risk control indices. Clients can access this newly added index using a Cap Rate, Participation Rate, Trigger Rate or Trigger Rate Plus strategy.