



STATE OF CONNECTICUT

INSURANCE DEPARTMENT

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In the Matter of:

PROPOSED ACQUISITION OF CONTROL OF

PRUDENTIAL RETIREMENT INSURANCE AND
ANNUITY COMPANY

Docket No. EX 21-78

By

GREAT WEST LIFE & ANNUITY INS. CO., ET AL.
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ORDER

I, Andrew N. Mais, Insurance Commissioner of the State of Connecticut, having read the record in the above-captioned matter, do hereby adopt the findings and recommendations of Joshua Hershman, Hearing Officer, which are contained in the attached Proposed Final Decision, dated March 24, 2022, and issue the following order,

TO WIT:

1. The Application of the Applicants in which they seek approval to acquire control of the Domestic Insurer is hereby approved.
2. The Applicants and Domestic Insurer shall conduct their operations consistent with the representations, disclosures and commitments set forth in the record of this proceeding and proposed final decision.
3. The Applicants shall provide the Department with written confirmation of the consummation of the acquisition of control by the end of the month in which the acquisition takes place.
4. The Applicants shall provide the Department with written details of the final purchase price after all adjustments used to complete the acquisition.

5. The Applicants shall abide by the terms of the Commitment Letter executed on February 18, 2022.
6. The Applicants shall provide the Department with the names and titles of those individuals who will be responsible for filing an amended Insurance Holding Company System Annual Registration Statement pursuant to section 38a-138-10 of the Regulations of Connecticut State Agencies.
7. Within fifteen (15) days following the end of the month in which the Proposed Acquisition is consummated, the Domestic Insurer shall file an amended Insurance Holding Company System Annual Registration Statement pursuant to section 38a-138-10 of the Regulations of Connecticut State Agencies.
8. For the two (2) year period following the consummation of the Proposed Acquisition, prior approval of the Commissioner will be required with any respect to any dividends paid by the Domestic Insurer.
9. For the period of two (2) years, the Applicants shall file semiannually with the Insurance Department, commencing six (6) months from consummation of the Proposed Acquisition, a report under oath of its business operations in Connecticut, including but not limited to, integration process, any change of business of the Domestic Insurer, changes in offices of the Domestic Insurer, and notice of any statutory compliance or regulatory action taken by other state regulatory agencies against the Applicants and Domestic Insurer. In addition, the operating report shall provide an update on Connecticut Employee status.

10. The Domestic Insurer shall continue to maintain their books and records in Connecticut and shall make all such items available for inspection by the Commissioner at any time.
11. If the Proposed Acquisition is not consummated within three (3) months of the date of this Order and the Applicants intent to consummate the Proposed Acquisition, the Applicants shall submit to the Commissioner at statement, which shall include (i) the reason for the Applicants' inability to consummate the Proposed Acquisition; (ii) any material changes in the information contained in the Application; and (iii) the current financial statements of the Applicants and the Domestic Insurer.
12. The Applicants shall pay any expenses incurred by the Commissioner in connection with the Department's review of the Application pursuant to General Statutes §38a-132(c).

Dated at Hartford this 24th day of March, 2022.

A handwritten signature in blue ink, appearing to read 'A. Mais', is positioned above a horizontal line.

Andrew N. Mais
Insurance Commissioner



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PROPOSED FINAL DECISION

I. INTRODUCTION

Great-West Life & Annuity Insurance Company, GWL&A Financial Inc., Great-West Lifeco U.S. LLC, Great-West Financial (Nova Scotia) Co., Great-West Lifeco Inc., Power Financial Corporation, Power Corporation of Canada, Pansolo Holding Inc., and The Desmaris Family Residuary Trust (collectively, the “Applicants”), seek the approval of the Insurance Commissioner of Connecticut for the proposed acquisition of control (“Proposed Acquisition”) of Prudential Retirement Insurance and Annuity Company (the “Domestic Insurer”) pursuant to an Amended and Restated Form A dated January, 27, 2022 (“Application”) filed with the Connecticut Insurance Department (“Department”) in accordance with General Statutes § 38a-130 and section 38a-138-6 of the Regulations of Connecticut State Agencies.

The Proposed Acquisition will be effected pursuant to the terms of the Master Transaction Agreement (“Agreement”) between Prudential Financial, Inc. and Great-West Life & Annuity Insurance Company dated as of July 20, 2021.

The Insurance Commissioner (“Commissioner”), is required by General Statutes § 38a-138 and section 38a-136-6 of the Regulations of Connecticut State Agencies to hold a public hearing on the Proposed Acquisition of the Domestic Insurer within thirty (30) days after the Commissioner determines that the Application is complete in all aspects. In this regard, the Department staff reviewed the original Form A dated August 17, 2021 and thereafter requested the Applicants to file Supplemental Information. On January 27, 2022, the Applicants filed an Amended and Restated Form A Application with the Department which amended and restated portions of the original Form A text and also included certain new and revised exhibits.

Based on a determination that the Applicant was substantially complete, the Commissioner issued a notice of public hearing dated February 3, 2022 in which he ordered that the public hearing be held on February 23, 2022 concerning the application for approval of the Proposed Acquisition of the Domestic Insurer. The hearing notice was subsequently published in the *Hartford Courant* once a week for two consecutive weeks. The notice of hearing was also filed by the Department with the Office of the Secretary of State on February 7, 2022 and was published on the Department’s internet website. In accordance with section 38a-8-48 of the Regulations of Connecticut State Agencies, the Applicants and Domestic Insurer were designated as parties to this proceeding.

On February 16, 2022 the Commissioner appointed the undersigned to serve as Hearing Officer in this proceeding.

On February 23, 2022 the public hearing on the Proposed Acquisition of the Domestic Insurer was held before the undersigned.

Elizabeth P. Retersdorf, Esq. of Day Pitney, LLP, and Sean M. Diamond, Esq. and Bert Adams, Esq. of Eversheds Sutherland LLP represented the Applicants. Andra S. Bolotin of Great-West Life & Annuity Insurance Company, GWL&A Financial Inc., and Great-West Lifeco U.S. LLC, Brockett Hudson, Esq. of Empower Retirement, Garry MacNicholas of Great-West Financial (Nova Scotia) Co. and Great-West Lifeco Inc., Gregory D. Tretiak of Great-West Life & Annuity Insurance Company, Great-West Lifeco Inc., Power Financial Corporation and Power Corporation of Canada, Guy Desmarais of Pansolo Holding Inc., Paul Desmarais, Jr. of Great-West Life & Annuity Insurance Company, Great-West Lifeco Inc., Power Financial Corporation, Power Corporation of Canada and the Desmarais Family Residuary Trust, Rich Linton of Empower Retirement, and Ernest McNee of Corporation d'Investissements Sanpalo, testified at the public hearing on behalf of the Applicants.

Harry A. Dalessio, of Prudential Retirement Insurance and Annuity Company, testified on behalf of the Domestic Insurer.

The following Department staff participated in the hearing: Kathy Belfi, Director of Financial Regulation, Kenneth Cotrone, Insurance Certified Supervising Examiner, and Jennifer Dowty, Counsel to the Insurance Department.

Pursuant to the published hearing notice, the public was given an opportunity to speak at the hearing or to submit written comments on the Application with respect to the issues to be considered by the Commissioner. No oral or written comments on the Application were received.

II. FINDINGS OF FACT

After reviewing the exhibits entered into the record of this proceeding, and based on the written and oral testimony of the witnesses, the undersigned makes the following findings of fact:

1. Great-West Life & Annuity Insurance Company (“GWL&A”), is a Colorado domestic insurance company with a business address of 8515 East Orchard Road, Greenwood Village, Colorado. It was originally organized in 1907 and is a direct, wholly-owned subsidiary of GWL&A Financial Inc. GWL&A is licensed to sell life insurance, accident and health insurance, and annuities in 49 states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands.
2. GWL&A Financial Inc. (“GWL&A Financial”), is a Delaware corporation with a business address of 8515 East Orchard Road, Greenwood Village, Colorado. It was organized in 1998 and is an intermediate U.S. holding company of GWL&A, it is a direct, wholly-owned subsidiary of Great-West Lifeco U.S. LLC, its principal businesses are holding company and finance activities. It has no material operations or assets unrelated to its ownership interest in GWL&A.
3. Great-West Lifeco U.S. LLC (“Lifeco U.S.”), is a Delaware limited liability company with a business address of 8515 East Orchard Road, Greenwood Village, Colorado. It was organized in 2007 and is an intermediate U.S. holding company of GWL&A Financial, and is a direct wholly-owned subsidiary of Great-West Financial (Nova Scotia) Co., its principal businesses are holding company and finance activities. It has no material operations or assets unrelated to its ownership interest in GWL&A Financial and its sister company, Putnam Investments.

4. Great-West Financial (Nova Scotia) Co., is a Canadian company with a business address of 600-1741 Lower Walter Street, Halifax, Nova Scotia, Canada. It was organized in 1998 and is an intermediate Canadian holding company of Lifeco U.S. and is a direct wholly-owned subsidiary of Great-West Lifeco Inc., its principal businesses are holding company and finance activities. It has no material operations or assets unrelated to its ownership interest in Lifeco U.S.
5. Great-West Lifeco Inc. (“Lifeco”) is a public company listed on the Toronto Stock Exchange with a business address of 100 Osbourne Street North, Winnipeg, Manitoba, Canada. It is an international financial services holding company with interests in life insurance, health insurance, retirement and investment services, asset management, and reinsurance businesses.
6. Power Financial Corporation (“Power Financial”), is a wholly owned subsidiary of Power Corporation of Canada with a business address of 751 Victoria Square, Montreal, Quebec, Canada. It is an international management and holding company with interests in financial services and asset management businesses in Canada, the United States and Europe. As of June 30, 2021 it controlled, directly or indirectly, 70.87% of the outstanding common shares of Lifeco and 65% of the voting rights attached to all of the outstanding voting shares of Lifeco.
7. Power Corporation of Canada (“Power Corporation”), is an international company with a business address of 751 Victoria Square, Montreal, Quebec, Canada. an international management and holding company with core holdings in insurance, retirement, wealth management and investment businesses. Power Corporation directly holds 100% of the issued and outstanding common shares of Power

Financial, which were delisted from the Toronto Stock Exchange following the completion of a reorganization transaction in 2020.

8. Pansolo Holding Inc. (“Pansolo”) is a Canadian holding company with a business address of 961 Churchill Avenue, Sudbury, Ontario, Canada. It holds the Desmarais family’s interests in Power Corporation. Pansolo is controlled by the Desmarais Family Residuary Trust which holds 99.99% of the voting interest in Pansolo. All of the other voting shares and the non-voting shares of Pansolo are owned by or for the benefit of members of the Desmarais family.
9. The Desmarais Family Residuary Trust (the “Trust”), is an irrevocable testamentary trust organized under the laws of Québec, Canada and has a business address of 759 Victoria Square Suite 520, Montreal, Quebec, Canada. There are four trustees of the Trust, Paul Desmarais Jr., André Desmarais, Michel Plessis-Bélair and Guy Fortin. The Trust is deemed the “ultimate controlling person” of GWL&A and will become the ultimate controlling person of the Domestic Insurer following the completion of the Proposed Acquisition.
10. Prudential Retirement Insurance and Annuity Company (the “Domestic Insurer”) is a Connecticut-domiciled life insurance company with a business address of 280 Trumbull Street, Hartford, Connecticut. It is a wholly owned subsidiary of The Prudential Insurance Company of America (“PICA”), a New Jersey insurance company, which is, in turn, a wholly owned subsidiary of Prudential Financial, Inc. (“Prudential”), a New Jersey corporation.
11. The Proposed Acquisition of control of the Domestic Insurer will be effected pursuant to the terms of the Master Transaction Agreement dated as of July 20,

2021, pursuant to which GWL&A will purchase all 25,000 of the issued and outstanding capital stock shares for the Domestic Insurer from PICA for approximately \$1.978 billion (which amount includes an approximately \$1.125 billion premium), subject to adjustment at the Closing based on Adjusted Statutory Book Value, Other Acquired Companies Shareholders Equity and the Adjustment for PRIAC IMR Tax Gross-up. By virtue of this acquisition GWL&A will directly acquire control of the Domestic Insurer and the other Applicants will indirectly acquire control of the Domestic Insurer.

12. The Applicants maintain that immediately following the closing of the Proposed Acquisition, the Domestic Insurer will continue to maintain its separate corporate existence and will continue its operations as currently conducted. The Applicants, pursuant to a Commitment Letter executed on February 18, 2022, also represent that the number of employees in Connecticut, employed by GWL&A and its subsidiaries will remain at or above 650 for the next four years.

13. Following are the names and titles of the respective executive officers and directors of the Applicants:

Great-West Life & Annuity Insurance Company

Executive Officers

Name	Title
Edmund F. Murphy III	President and Chief Executive Officer
Andra S. Bolotin	Executive Vice President and Chief Financial Officer
Richard H. Linton, Jr.	President Workplace Solutions
Richard G. Schultz	General Counsel, Chief Legal Officer and Secretary
Kara S. Roe	Controller

Directors

Name	Title
John L. Bernbach	Director
Roberta A. Bienfait	Director
Jeffrey Carney	Director
Marcel R. Coutu	Director
André Desmarais	Director
Paul Desmarais, Jr.	Director
Gary A. Doer	Director
Gregory Fleming	Director
Claude Généreux	Director
Alain Louvel	Director
Paula Madoff	Director
Paul A. Mahon	Director
Edmund F. Murphy III	Director
R. Jeffrey Orr	Director
Brian E. Walsh	Director
Robert L. Reynolds	Director
T. Timothy Ryan, Jr.	Director
Jerome Selitto	Director
Gregory D. Tretiak	Director

GWL&A Financial Inc.

Executive Officers

Name	Title
Edmund F. Murphy III	President and Chief Executive Officer
Andra S. Bolotin	Executive Vice President and Chief Financial Officer
Richard G. Schultz	General Counsel, Chief Legal Officer and Secretary
Kara S. Roe	Vice President and Controller

Directors

Name	Title
R. Jeffrey Orr	Director
Paul A. Mahon	Director
Robert L. Reynolds	Director

Great-West Lifeco U.S. LLC

Executive Officers

Name	Title
Paul Mahon	President and Chief Executive Officer
Andra S. Bolotin	Executive Vice President and Chief Financial Officer
Kara S. Roe	Treasurer
Richard G. Schultz	Secretary

Directors

Name	Title
R. Jeffrey Orr	Director
Paul A. Mahon	Director
Robert L. Reynolds	Director

Great-West Financial (Nova Scotia) Co.

Executive Officers

Name	Title
Charles Henaire	President
Gord Peters	Secretary

Directors

Name	Title
Garry MacNicholas	Director
Jeff Macoun	Director
David McCarthy	Director

Great-West Lifeco Inc.

Executive Officers

Name	Title
Paul A. Mahon	President and Chief Executive Officer
Arshil Jamal	President and Group Head, Strategy, Investments, Reinsurance and Corporate Development

Garry MacNicholas	Executive Vice President and Chief Financial Officer
Gord Peters	Vice-President, Associate General Counsel and Corporate Secretary
David Harney	President and Chief Operating Officer, Europe
Jeff Macoun	President and Chief Operating Officer, Canada
Charles Henaire	Executive Vice-President, Deputy Chief Financial Officer, Chief Accounting and Control Officer
David McCarthy	Executive Vice-President and Deputy CFO, Corporate Development and Capital Management

Directors

Name	Title
Michael R. Amend	Director
Deborah J. Barrett	Director
Roberta A. Bienfait	Director
Heather Conway	Director
Marcel R. Coutu	Director
André Desmarais	Director
Paul Desmarais, Jr.	Director
Gary A. Doer	Director
David G. Fuller	Director
Claude Généreux	Director
Elizabeth C. Lempres	Director
Paula B. Madoff	Director
Paul A. Mahon	Director
Susan J. McArthur	Director
R. Jeffrey Orr	Director
T. Timothy Ryan, Jr.	Director
Gregory D. Tretiak	Director
Siim A. Vanaselja	Director
Brian E. Walsh	Director

Power Financial Corporation

Executive Officers

Name	Title
R. Jeffrey Orr	President and Chief Executive Officer
Gregory D. Tretiak	Executive Vice President and Chief Financial Officer
Denis Le Vasseur	Vice-President and Controller
Stéfane Lemay	Vice-President, General Counsel and Secretary

Directors

Name	Title
André Desmarais	Director
Paul Desmarais, Jr.	Director
Gary A. Doer	Director
R. Jeffrey Orr	Director
T. Timothy Ryan, Jr.	Director
Siim A. Vanaselja	Director

Power Corporation of Canada

Executive Officers

Name	Title
R. Jeffrey Orr	President and Chief Executive Officer
Gregory D. Tretiak	Executive Vice President and Chief Financial Officer
Denis Le Vasseur	Vice-President and Controller
Stéfane Lemay	Vice-President, General Counsel and Secretary

Directors

Name	Title
Pierre Beaudoin	Director
Marcel R. Coutu	Director
André Desmarais	Director
Paul Desmarais, Jr.	Director
Gary A. Doer	Director
Anthony R. Graham	Director

J. David A. Jackson	Director
Sharon MacLeod	Director
Paula B. Madoff	Director
Isabelle Marcoux	Director
Christian Noyer	Director
R. Jeffrey Orr	Director
T. Timothy Ryan, Jr.	Director
Siim A. Vanaselja	Director

Pansolo Holding Inc.

Executive Officer

Name	Title
Guy Desmarais	President

Director

Name	Title
Guy Desmarais	Director

The Desmarais Family Residuary Trust

Voting Trustees

Name	Title
André Desmarais	Trustee
Paul Desmarais, Jr.	Trustee
Guy Fortin	Trustee
Michel Plessis-Bélair	Trustee

14. The biographical affidavits of the executive officers of the Applicants included in the record of this proceeding and the files of the Department describe each individual's educational background, professional credentials, and employment history, and attests to the competence, experience and integrity of those individuals who would control the operation of the Applicants and indirectly the Domestic Insurer post-acquisition.

15. The Applicants represent that they have no intention of changing the day-to-day management of the business and operations of the Domestic Insurer, however, they do plan on nominating some new directors and appointing new executive officers. Following are the names and titles of the directors and executive officers of the Domestic Insurer post-acquisition:

Executive Officers

Name	Title
Christine Moritz	President and CEO
Kara Roe	Chief Financial Officer and Controller
Vanessa Barker	Treasurer and VP
Ryan Logsdon	Secretary

Directors

Name	Title
Andra Bolotin	Director
Harry Dalessio	Director
Jonathan Kreider	Director
Rich Linton	Director, Chairman
Mary Maiers	Director
Tina Wilson	Director

16. The biographical affidavits of the members of the directors and officers of the Domestic Insurer, post-acquisition, included in the record of this proceeding and the files of the Department describe each individual's educational background, professional credentials, and employment history, and attests to the competence, experience and integrity of those individuals who would control the operation of the Domestic Insurer after the Proposed Acquisition.

17. The Applicants represent that they have no present plans or proposals to cause the Domestic Insurer to declare any extraordinary dividend or make other distributions, to liquidate the Domestic Insurer, to sell the assets of the Domestic

Insurer (other than in the ordinary course of business), to merge or consolidate the Domestic Insurer with any person or persons or to make any other material change in the Domestic Insurer's business operations, corporate structure or management.

18. The Applicants have represented that they do not currently have plans to move the Domestic Insurer's corporate records from their current approved location of Connecticut and understand should they wish to eventually move them they will adhere to all Department processes for obtaining the approval required prior to any movement of the records. The Applicants further represent to that they shall make the Domestic Insurer's books, records, documents, accounts, vouchers, and agreements available for inspection by the Commissioner at any time.
19. Other than as disclosed in the Application, none of the Applicants, their affiliates or, to the Applicants' knowledge, any of the Individuals associated with the Applicants holds of record or beneficially owns any voting securities of the Domestic Insurer or any of its controlling persons. Other than as disclosed in the Application, none of the Applicants, their affiliates or, to the Applicants' knowledge, any of the Individuals associated with the Applicants has any right to acquire any voting securities issued by the Domestic Insurer or any of its controlling persons.
20. Other than as disclosed in the Application, there are no contracts, arrangements or understandings with respect to any voting security of the Domestic Insurer or any of its controlling persons in which any of the Applicants, their affiliates or the Individuals associated with the Applicants is involved, including but not limited to

transfer of any of the securities, joint ventures, loan or option arrangements, puts or calls, guarantees of loans, guarantees against loss or guarantees of profits, division of losses or profits, or the giving or withholding of proxies.

21. During the last twelve (12) calendar months preceding the filing of the Application, none of the Applicants, their affiliates or, to the knowledge of the Applicants, any of the Individuals associated with the Applicants has purchased any voting securities of the Domestic Insurer or any of its controlling persons.
22. None of the Applicants, their affiliates or, to the knowledge of the Applicants, any of the Individuals associated with the Applicants, or anyone based upon interviews or at the suggestion of the foregoing persons has made any recommendations to purchase any voting securities of the Domestic Insurer or any of its controlling persons during the twelve (12) calendar months preceding the filing of the Application.
23. Except as disclosed in the Master Transaction Agreement, there are no agreements, contracts, or understandings made with any broker-dealer as to solicitation of voting securities of the Domestic Insurer or any of its controlling persons for tender with regard to the Proposed Acquisition.

III. DISCUSSION

The Commissioner is required to approve the Proposed Acquisition unless, after a public hearing, he finds that the proposed acquisition of control of the Domestic Insurer would result in any of the conditions set forth in General Statutes §§ 38a-132(a)(1) through (6). These conditions will be addressed in turn.

(1) After the change of control, the Domestic Insurers would not be able to satisfy the requirements for the issuance of a license to write the line, or lines of business for which they are presently licensed.

General Statutes § 38a-132(a)(1) requires the Domestic Insurer to satisfy the requirements for the issuance of licenses to write the line or lines of business for which it is presently licensed following the proposed acquisition of control. The Domestic Insurer is currently licensed pursuant to General Statutes § 38a-41 and satisfies the requirements for the issuance of a license to write the lines of business for which it is licensed. The Applicants, through testimony and submissions, indicate that no changes will be made to the Domestic Insurer such that it would not be able to satisfy the requirements for the issuance of its licenses.

In addition to the financial requirement criteria set forth in General Statutes § 38a-72, the Department considers the location of the company's books, records and assets, and the management of the company when evaluating an insurer's ability to operate in this state pursuant to § 38a-41 and satisfy the requirements for the issuance of a license to write the lines of business for which they are licensed. The Applicants, through testimony and submissions, have confirmed that the books and records will remain in their present approved location.

In pre-filed testimony, Ms. Bolotin stated:

Following the consummation of the Proposed Acquisition, the Applicants intend to continue the business of the Domestic Insurer without any material change to its business operations and have no intention of causing the

Domestic Insurer to take any action that would inhibit its ability to satisfy the requirements for licensure under Connecticut insurance law.¹

Moreover, based on the information contained in the biographical affidavits for the directors and officers of the Applicants, the competence, experience and integrity of the individuals who will be responsible for the governance and operation of the Domestic Insurer following the consummation of the proposed transaction, are such that the safe and expert operation of the Domestic Insurer will continue following the Proposed Acquisition.

Accordingly, the undersigned hereby finds that the evidence contained in the record supports a finding that the Domestic Insurer will be able to satisfy the requirements for the issuance of the necessary insurance licenses for which it is presently licensed following completion of the Proposed Acquisition of control.

(2) The effect of the merger or other acquisition of control would be to substantially lessen competition of insurance in this state or tend to create a monopoly in Connecticut.

General Statutes § 38a-132 (a) (2) requires that a proposed transaction shall neither substantially lessen competition nor create a monopoly in the Connecticut insurance market. In evaluating the effect of the proposed acquisition on competition in Connecticut, the Commissioner is required by General Statutes § 38a-132 (a) (2) (A) to consider the information required under General Statutes § 38a-131 (c) (1) and the considerations specified in General Statutes § 38a-131 (d) (1). In this regard, the Commissioner must consider the percentages of market shares of the Applicants and

¹ Andra Boloton, Pre-Filed Testimony, p.11 (Feb. 18, 2022)

affiliates and the Domestic Insurer and the market in which the insurers compete, as set forth in § 38a-131 (d) (1). If certain quantitative criteria are met, then there is prima facie evidence that the competitive standard has been violated. (See § 38a-131 (d) (1)).

General Statutes § 38a-131 (d) (2) defines “market” as the relevant product and geographical markets. In determining the relevant product and geographical markets, § 38a-131 (d) (2) specifies that in the absence of sufficient information to the contrary, the relevant product market shall be the direct written insurance premium for a line of business as used in the annual statement insurers doing business in this State are required to file with the Commissioner, and the relevant geographical market shall be Connecticut.

There is only one line of business in which a company owned and controlled by the Applicants and the Domestic Insurer both write business. An independent evaluation of that line of business was completed pursuant to a confidential Form E that was filed with the Department. The findings of the Form E resulted in no prima facie finding of a violation of competitive standards under General Statutes § 38a-131(d)(1)(A).

Moreover Mr. Hudson testified at the hearing:

[W]e submitted a Form E filing on a confidential basis to the Department providing a detailed market impact analysis of our proposed acquisition of Domestic Insurer. Based on the information presented therein, we are confident that the proposed acquisition will not substantially lessen competition and tend to create a monopoly or to significantly increase any insurer's market concentration in the

state of Connecticut, and therefore, we are confident that it will not have a negative impact on the insurance marketplace in Connecticut.²

Accordingly, the undersigned hereby finds that, based on the evidence contained in the record of this proceeding, the effect of the acquisition of control of the Domestic Insurer by the Applicants will not substantially lessen competition of insurance in this state or tend to create a monopoly in Connecticut.

(3) The financial condition of the acquiring party is such as might jeopardize the financial stability of the Domestic Insurers or prejudice the interests of their policyholders.

General Statutes § 38a-131(a)(3) requires that the financial condition of any acquiring party to be in sufficiently sound financial condition so as not to jeopardize the financial stability of the Domestic Insurer or prejudice the interests of its policyholders.

During the public hearing Ms. Bolotin testified as to the Applicants' financial strength and its potential impact on the Domestic Insurer post-acquisition:

As you have seen in our Form A submission, the consolidated historic financials of the Applicants are quite strong and would not cause any financial instability to PRIAC. If you look at the financial strength rating, the debt ratings of the Applicants, including GWL&A, they were reaffirmed by the rating agencies post the announcement of our transaction. We believe in general they are equal to or better than those of the Domestic Insurer, so ultimately that should have a neutral or positive effect on the Domestic

² Hrg. Transcr. 25:3-17 (Feb. 23, 2022).

Insurer. And we would not do anything to jeopardize the financial stability of PRIAC.³

Based on the information entered into the record of this proceeding, including the Application and pre-filed testimony, the undersigned hereby finds that there is no evidence indicating that the financial condition of the Applicants might jeopardize the financial condition of the Domestic Insurer, or prejudice the interests of its policyholders.

(4) The plans or proposals of the acquiring party to liquidate the Domestic Insurers, sell their assets or consolidate or merge them with any person, or make any other material change in the business or corporate structure or management, are unfair and unreasonable to policyholders of the Domestic Insurers and not in the public interest.

General Statutes § 38a-132(a)(4) requires that an acquiring party not be contemplating any material changes in the business of the Domestic Insurer that would be unfair and unreasonable to policyholders, or otherwise would not be in the public interest.

In her pre-filed testimony, Ms. Bolotin addressed this matter by explaining that:

No. The Applicants have no present plans or proposals to liquidate the Domestic Insurer, sell its assets (other than such sales of assets as may be contemplated in the ordinary course of the Domestic Insurer's business), consolidate or merge it with any person or make any material changes to

³ Hrg. Transcr. 26:2-18, (Feb 23, 2022). As a note "PRIAC" is the Applicants' shorthand for the Domestic Insurer.

the Domestic Insurer's current business operations, or corporate structure or management.⁴

Accordingly, based on the information entered into the record of this proceeding, the undersigned hereby finds that there are no material plans or proposals for the Domestic Insurer that are unfair and unreasonable to policyholders of the Domestic Insurer or not in the best interest of the public.

(5) The competence, experience and integrity of those persons who would control the operation of the Domestic Insurers are such that it would not be in the interest of the policyholders of the Domestic Insurers and of the public to permit the merger or other acquisition of control.

General Statutes § 38a-132(a)(5) requires that the competence, experience, and integrity of those persons who would control the operation of the Domestic Insurer post-acquisition be of sufficient quality so as not to be prejudicial or contrary to the interests of the policyholders and of the public. The record includes the biographical affidavits and third-party reports of those individuals who serve as officers of the Applicants and who will serve as members of the board and as officers of the Domestic Insurer post-acquisition. The biographical affidavits disclose each individual's education background, professional credentials, and their employment history. In addition, the Applicants have represented, and the biographical affidavits confirm, that during the last ten (10) years, none of the officers of the Applicants or members of the board and officers of the Domestic Insurer have been convicted in a criminal proceeding (excluding minor traffic violations) or have been convicted or otherwise penalized for violating any federal or

⁴ Andra Bolotin, Pre-Filed Testimony p.12 (Feb. 18, 2022).

state law regulating the business of insurance, securities or banking. During the last ten (10) years, none of the officers of the Applicants or members of the board and officers of the Domestic Insurer have been the subject of any proceeding under the Federal Bankruptcy Code, or have been affiliated with a business or organization which has been subject to such proceeding.

Furthermore, no officer of the Applicants or member of the board and officers of the Domestic Insurer have had a revocation, suspension or disciplinary sanction imposed against him or her by a governmental agency. None of the filed biographical affidavits contain any information that reflect negatively on these individuals.

When questioned about this at the public hearing, Ms. Boloton testified:

Again, as you can see in our Form A submission and our prefiled testimony, the directors and officers of PRIAC on a go-forward basis, are individuals of the highest integrity and experience, they have significant experience, a number of them are already at GWL&A Empower, or you know, are at the Domestic Insurer and running the business. The individuals and directors are of the highest integrity.⁵

Accordingly, based on the information entered into this record of proceeding, the undersigned hereby finds that the competence, experience, and integrity of those persons who would control the operations of the Domestic Insurer after completion of the Proposed Acquisition are sufficient to indicate that the interest of policyholders of

⁵ Hrg. Transcr. 27:25-28:10 (Feb. 23, 2022).

the Domestic Insurer and of the public will not be jeopardized by the Applicants' acquisition of control of the Domestic Insurer.

(6) The acquisition of control or the Domestic Insurers is likely to be hazardous or prejudicial to those buying insurance.

General Statutes § 38a-132(a)(6) requires that the proposed acquisition not be hazardous or prejudicial to the insurance buying public.

Ms. Bolotin addressed any concerns the Department may have had with respect to the interests of those buying insurance in her pre-filed testimony when she stated:

The Proposed Acquisition will not be hazardous or prejudicial to the insurance buying public. To the contrary, I believe that the Proposed Acquisition will have a positive effect on the insurance buying public. As I testified earlier, the Applicants have significant experience in the insurance and financial services sectors. The Domestic Insurer will be managed by a financially sound organization, committed to maintaining a conservative, investment-grade capital structure. None of these facts creates any hazard or prejudice to the interests of the insurance buying public.⁶

Accordingly, assuming compliance with the Applicants' commitments as set forth in the record and with all of Connecticut's insurance statutes and regulations, the undersigned hereby finds that it is reasonable to conclude that the Proposed Acquisition is not likely to be hazardous or prejudicial to those buying insurance.

⁶ Andra Bolotin, Pre-Filed Testimony p.13 (Feb. 18, 2022)

IV. RECOMMENDATION

Based on the foregoing Findings of Fact and Discussion, the written and oral testimony and exhibits submitted to the Department, and the record of the February 23, 2022 public hearing, the undersigned hereby concludes that no condition justifying disapproval listed in General Statutes § 38a-132(a) is present with respect to completion of the Proposed Acquisition. Accordingly the undersigned recommends that the Commissioner find, pursuant to § 38a-132(a) that after the Proposed Acquisition of control (i) the Domestic Insurer will be able to satisfy the requirements for the issuance of a license for the lines of business for which it is presently licensed; (ii) the effect of the acquisition of control will not substantially lessen competition of insurance in this state or tend to create a monopoly herein; (iii) the financial condition of the Applicants is not such as might jeopardize the financial stability of the Domestic Insurer or prejudice the interests of its policyholders; (iv) the Applicants' plans or proposals for the Domestic Insurer are not unfair and unreasonable to the policyholders of the Domestic Insurer and are in the public interest; (v) the competence, experience and integrity of the management of the Applicants and Domestic Insurer are such that it would be in the interest of the policyholders of the Domestic Insurer and of the public to permit the Proposed Acquisition; and (vi) completion of the Proposed Acquisition is not likely to be hazardous or prejudicial to those buying insurance.

Accordingly, the undersigned recommends that the Commissioner issue the following orders:

1. The Application of the Applicants in which they seek approval to acquire control of the Domestic Insurer is hereby approved.

2. The Applicants and Domestic Insurer shall conduct their operations consistent with the representations, disclosures and commitments set forth in the record of this proceeding and proposed final decision.
3. The Applicants shall provide the Department with written confirmation of the consummation of the acquisition of control by the end of the month in which the acquisition takes place.
4. The Applicants shall provide the Department with written details of the final purchase price after all adjustments used to complete the acquisition.
5. The Applicants shall abide by the terms of the Commitment Letter executed on February 18, 2022.
6. The Applicants shall provide the Department with the names and titles of those individuals who will be responsible for filing an amended Insurance Holding Company System Annual Registration Statement pursuant to section 38a-138-10 of the Regulations of Connecticut State Agencies.
7. Within fifteen (15) days following the end of the month in which the Proposed Acquisition is consummated, the Domestic Insurer shall file an amended Insurance Holding Company System Annual Registration Statement pursuant to section 38a-138-10 of the Regulations of Connecticut State Agencies.
8. For the two (2) year period following the consummation of the Proposed Acquisition, prior approval of the Commissioner will be required with any respect to any dividends paid by the Domestic Insurer.
9. For the period of two (2) years, the Applicants shall file semiannually with the Insurance Department, commencing six (6) months from consummation of the

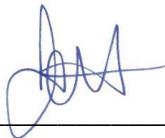
Proposed Acquisition, a report under oath of its business operations in Connecticut, including but not limited to, integration process, any change of business of the Domestic Insurer, changes in offices of the Domestic Insurer, and notice of any statutory compliance or regulatory action taken by other state regulatory agencies against the Applicants and Domestic Insurer. In addition, the operating report shall provide an update on Connecticut Employee status.

10. The Domestic Insurer shall continue to maintain their books and records in Connecticut and shall make all such items available for inspection by the Commissioner at any time.

11. If the Proposed Acquisition is not consummated within three (3) months of the date of this Order and the Applicants intent to consummate the Proposed Acquisition, the Applicants shall submit to the Commissioner a statement, which shall include (i) the reason for the Applicants' inability to consummate the Proposed Acquisition; (ii) any material changes in the information contained in the Application; and (iii) the current financial statements of the Applicants and the Domestic Insurer.

12. The Applicants shall pay any expenses incurred by the Commissioner in connection with the Department's review of the Application pursuant to General Statutes §38a-132(c).

Dated at Hartford this 24th day of March, 2022.



Joshua Hershman
Hearing Officer