



STATE OF CONNECTICUT
INSURANCE DEPARTMENT

-----X
In the Matter of:

PROPOSED ACQUISITION OF CONTROL OF
VANTIS LIFE INSURANCE COMPANY
by
THE PENN MUTUAL LIFE INSURANCE COMPANY
-----X

Docket No. EX16-111

ORDER

I, Katharine L. Wade, Insurance Commissioner of the State of Connecticut, having read the record in the above-captioned matter, do hereby adopt the findings and recommendations of Kristin Campanelli, Hearing Officer, which are contained in the attached Proposed Final Decision, dated December 20, 2016 and issue the following order, TO WIT;

1. The Application of the Applicant in which it seeks approval to acquire control of the Domestic Insurer is hereby approved.
2. The Applicant and Domestic Insurer shall conduct their operations consistent with the representations, disclosures and commitments as set forth in the record of this proceeding and proposed final decision.
3. The Applicant shall provide the Insurance Department with written confirmation of the consummation of the acquisition of control within five (5) days of the acquisition taking place.
4. The Applicant shall provide the Insurance Department with written details of the final purchase price after all adjustments used to complete the acquisition.
5. The Applicant shall provide the Department with the names and titles of those individuals who will be responsible for the filing and amended Insurance Holding Company System Annual Registration Statement pursuant to Conn. Agencies Regs. § 38a-138-10.
6. 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 Conn. Agencies Regs. § 38a-138-10.

7. For the period of two years, the Applicant shall file semiannually with the Insurance Department, commencing six 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 the business of the Domestic Insurer; changes in offices of the Domestic Insurer; and notice of any statutory compliance or regulatory actions taken by other state regulatory authorities against the Applicant and Domestic Insurer.

8. If the Proposed Acquisition is not Consummated within three (3) months of the date of this Order and the Applicant intends to consummate the Proposed Acquisition, the Applicant shall submit to the Commissioner a statement, which shall include (i) the reason for the Applicant's 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 Applicant and the Domestic Insurer.

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

10. The request by the Applicants that the Commissioner waive the requirements set forth in Conn. Gen. Stat. Sec. 38a-136(i)(1) with respect to the Domestic Insurer undergoing a financial and market conduct examination within thirty days following the Proposed Acquisition is approved.

11. Any change in location of books and records of the Domestic Insurer will be required to be prior approved by the Commissioner pursuant to Conn. Gen. Stat. §38a-57.

Dated at Hartford, Connecticut, this 21st day of December, 2016.



Katharine L. Wade
Insurance Commissioner



STATE OF CONNECTICUT
INSURANCE DEPARTMENT

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In the Matter of:

PROPOSED ACQUISITION OF CONTROL OF
VANTIS LIFE INSURANCE COMPANY

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THE PENN MUTUAL INSURANCE COMPANY
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Docket No. EX16-111

PROPOSED FINAL DECISION

I. INTRODUCTION

On October 21, 2016, The Penn Mutual Life Insurance Company (“Penn Mutual” or “Applicant”), a Pennsylvania registered and domiciled company, filed an application on Form A with the Connecticut Insurance Department (the “Department”) pursuant to General Statutes § 38a-130 and section 38a-138-6 of the Regulations of Connecticut State Agencies (the “Application”) requesting approval by the Insurance Commissioner of the State of Connecticut for the proposed acquisition of control (the “Proposed Acquisition”) of Vantis Life Insurance Company (“Vantis” or “Domestic Insurer”), a Connecticut domestic life insurer.

The Proposed Acquisition will be effected pursuant to the terms of the Agreement and Plan of Merger (the “Agreement”) dated October 7, 2016, by and among Penn Mutual and Vantis.

The Insurance Commissioner (“Commissioner”), is required by General Statutes § 38a-132 and section 38a-138-6 of the Regulations of Connecticut State Agencies to hold a public hearing on the Proposed Acquisition of the Domestic Insurer within thirty days after the Commissioner determines that the Application is complete in all respects. In this regard, the Department staff reviewed the Application and thereafter requested the Applicant to file supplemental information. On November 23, 2016, the Applicant filed an amended Application with the Department which amends and restates portions of the original Form A text and also includes certain new and revised exhibits (the “Amended Form A”).

Applicant to file supplemental information. On November 23, 2016, the Applicant filed an amended Application with the Department which amends and restates portions of the original Form A text and also includes certain new and revised exhibits (the "Amended Form A").

Based on a determination that the Application was substantially complete, the Commissioner issued a notice of public hearing dated November 28, 2016, in which she ordered that the public hearing be held on December 14, 2016 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 November 30, 2016, and was published on the Department's internet website. In accordance with section 38a-8-48 of the Regulations of Connecticut State Agencies, the Applicant and the Domestic Insurer were designated as parties to this proceeding.

On November 29, 2016, the Commissioner appointed the undersigned to serve as Hearing Officer in this proceeding.

On December 14, 2016, the public hearing on the Proposed Acquisition of the Domestic Insurer was held before the undersigned.

Steven B. Davis, Esq., of Stradley Ronon Stevens & Young, LLP, represented the Applicant. David O'Malley, President and Chief Operating Officer of Penn Mutual, testified at the public hearing on behalf of the Applicant.

Charles R. Welsh, Esq., of ACCEL Law Group, represented the Domestic Insurer. Peter L. Tedone, President and Chief Executive Officer of Vantis, testified at the public hearing on behalf of the Domestic Insurer.

The following Department staff participated in the public hearing: Kathy Belfi, Director of Financial Regulation, Lynn Hein, Insurance Supervising Examiner, and Jared Kosky, Esq., Counsel.

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. In this regard, no oral or written comments on the Application were submitted.

II. FINDINGS OF FACT

2. Penn Mutual was founded in 1847 and concentrates its activities on offering individual life insurance and individual annuities marketed through a national network of producers and financial advisors and its subsidiaries include an extensive broker/dealer business.
3. Welsh Run Corp., (the "Merger Sub") is a Connecticut corporation and is a direct wholly-owned subsidiary of Penn Mutual.
4. Vantis is a Connecticut domiciled life insurance company having a principal place of business at 200 Day Hill Road, Windsor, CT 06095.
5. Vantis was founded in 1942 and, together with its subsidiary, provides life and annuities products which it primarily markets through financial institutions such as banks and credit unions.
6. The Proposed Acquisition will be effected through the merger of Merger Sub with and into Vantis, with Vantis continuing as the surviving company.
7. After completion of the Proposed Acquisition, Vantis, as the surviving company, will become a wholly-owned subsidiary of Penn Mutual and Penn Mutual will indirectly acquire control of the Domestic Insurers' subsidiary, Vantis Life Insurance Company of New York, a New York domiciled insurer.
8. Upon completion of the transaction, the Applicant intends to operate Vantis as a Connecticut domestic insurer consistent with its current operations, that both Penn Mutual and Vantis will continue to maintain their corporate identities, will continue to operate under their current brands and maintain their respective management teams.
9. The Applicant indicates Vantis will remain headquartered in Windsor, Connecticut and has committed to retain Vantis' current workforce.
10. The Application and the written testimony of Mr. O'Malley reflect that Penn Mutual's stated objectives for the Proposed Acquisition is to expand the Applicant's presence in the life insurance industry by leveraging Vantis' bank-focused distribution model and to expand the reach of its life insurance and annuity products through Vantis' direct-to-consumer and bank channels. The Application states that these additional capabilities will complement the highly regarded adviser network that currently does business with the Applicant.
11. The Application reflects that the Applicant has no plans to make material changes to the business plan of Vantis as a result of the Proposed Acquisition and that

neither company's operations will be affected by the acquisition, other than a change of ownership.

12. The Applicant does not anticipate making any changes to the products offered by the Domestic Insurer, its marketing plan or sales techniques, or its procedures related to the handling of premiums and other funds.
13. The Applicant is a party to an intercompany agreement for certain investment management functions, and it is the intent of the Applicant, post-merger, to seek regulatory approval to add the Domestic Insurer as a party to that agreement.
14. The Applicant intends to review the existing reinsurance contracts post-closing for potential recapture in light of the new structure and determine a future reinsurance strategy.
15. The total consideration to be paid by the Applicant shall be an amount equal to the difference of: (i) the sum of (A) an amount equal to the Closing Company Statutory Capital and Surplus Amount, plus (B) \$20,000,000, less (ii) an amount equal to the Special Dividend Amount (the "Merger Consideration").
16. The applicant will pay the Merger Consideration with cash on hand, no financing will be involved in the transaction.
17. As of the date of the Form A filing, the Merger Consideration is valued at \$73,300,000.00 (estimated Closing Company Capital and Surplus Amount after repayment of Surplus Notes and Special Dividend, plus \$20,000,000.00).
18. Purchase price for transaction was agreed upon pursuant to an arms-length negotiation between Applicant and Domestic Insurer.
19. Following are the Applicant's board of Trustees:

Name:
Eileen McDonnell
David O'Malley
Joan P. Carter
Robert E. Chappell
William R. Cook
James Stephen Hunt
Charisse R. Lillie
Edmond F. Notebaert
Helen P. Publin

Robert H. Rock
Anthony M. Santomero
Susan D. Waring

20. Following are the names and titles of the respective executive officers of the Applicant as of the date of the Application:

Name:	Position:
Eileen C. McDonnell	Chairman/Chief Executive Officer
David M. O'Malley	President/Chief Operating Officer
Thomas H. Harris	Executive Vice President, Distribution
Susan T. Deakins	Executive Vice President/Chief Financial Officer/Treasurer
Raymond G. Caucci	Senior Vice President/Product Management Underwriting and Advanced Sales
Gregory J. Driscoll	Senior Vice President/Service Operations/Chief Information Officer
Jeffrey Fleischman	Senior Vice President/Chief Marketing and Digital Officer
Alida M. Moose	Senior Vice President/Chief Human Resources Officer
Nina M. Mulrooney	Senior Vice President/General Auditor
Kevin T. Reynolds	Senior Vice President/Chief Legal Officer
Jay T. Lewellen	Vice President/Chief Actuary
Franklin L. Best	Vice President/General Counsel, Insurance Operations

21. Following are the names and titles of the respective directors and executive officers of the Domestic Insurer pre Proposed Acquisition:

Name:	Position:
Peter Louis Tedone	President/Chief Executive Officer
Scott Edward Smith	Executive Vice President/Chief Operating Officer
Gail Elaine Lataille	Senior Vice President/Treasurer
Craig Donald Simmons	Senior Vice President/Marketing
Bruce Alan Friedland	Sr. VP & Chief Actuary
Paula Egan	VP - Operations
Michael Spencer Dal Zin	VP - Marketing
James Edward Lovelace	VP - Information Technology
Gregory Paul Roto	VP - Human Resources

John Charles Miller	AVP - Underwriting
Christopher Matthew Kelly	AVP - National Wholesaling
Wen King Liu	AVP & Actuary
Nasser Zaermohammadi	AVP & National Training Director
Marjory Budil Berky	Corporate Secretary - through 1/29/16
Scott Edward Smith	(Corporate Secretary - beginning 2/16/16)

22. Post-acquisition, Penn Mutual will assume management of the board of directors of Vantis, but expects to retain existing members of Vantis' senior management team, both through the transition and longer term.
23. Directors of the surviving company will be as follows:

Name:
David O'Malley
Eileen McDonnell
Susan Deakins
Peter L. Tedone
Scott E. Smith

24. The biographical affidavits of the members of the board of directors and officers of the Applicant are 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 Applicant and indirectly the Domestic Insurer after the acquisition.
25. During the last ten years, none of the directors or officers of the Applicant have been convicted in a criminal proceeding (excluding minor traffic violations) or have been convicted or otherwise penalized for violating any federal or state law regulating the business of insurance, securities or banking. Also during the last ten years, none of the directors or officers of the Applicant 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.
26. No director or officer of the Applicant has had a revocation, suspension or disciplinary sanction imposed against him or her by a governmental agency.

27. Upon the approval of the Application by the Commissioner, the Applicant and the Domestic Insurer anticipate closing the transaction at 11:59 p.m. on December 31, 2016.
28. The Applicant has no plans or proposals to liquidate the Domestic Insurer, to sell its assets, merge or consolidate the Domestic Insurer with any other person or entity.
29. The Applicant has no plans to change the Domestic Insurer's primary location in Windsor, Connecticut.
30. The Applicant has committed to no reductions in the Connecticut employee force of Vantis for the next four (4) years and longer term.
31. The Applicant has no current plans to materially change the training, supervision, or compensation of personnel of the Domestic Insurer for the next four (4) years.
32. The Connecticut market shares by premium volume for the life lines of business of the Applicant and Domestic Insurer are .33% and .01% respectively.
33. The Applicant has committed to comply with all requirements under applicable law relating to retention of the Domestic Insurer's books and records within the State and will remain in compliance with the Insurance Department Bulletin FS-2 concerning custody of securities.
34. Other than as set forth in the Agreement, neither the Applicant nor the persons listed in Item 3 of the Application currently have a beneficial ownership of, or the right to acquire beneficial ownership of, the voting securities, or any securities convertible into or evidencing a right to acquire voting securities of the Domestic Insurer.
35. Except for the Agreement and the Voting Agreement, there are no contracts, arrangements or understandings with respect to any voting security or any security convertible into or evidencing a right to acquire a voting security of the Applicant or the Domestic Insurer involving the Applicant nor any of the persons listed in Item 3 of the Application, including, but not limited to, transfer of any of the securities, joint ventures, loan or option agreements, puts or call's, guarantees of basis, guarantees against loss or guarantees of profits, division of losses or profits, or the giving or withholding of proxies.
36. There have been no direct or indirect purchases of any voting securities of

the Applicant or the Domestic Insurer by the Applicant, its affiliates, nor any person listed in Item 3 of the Application during the twelve calendar months preceding the filing of this Application.

37. Except for the Agreement, neither the Applicant, its affiliates nor anyone acting on its behalf has made any recommendations to purchase any voting security of the Domestic Insurer during the twelve calendar months preceding the filing of this Application.
38. There are no agreements, contracts or understandings with any broker-dealer as to solicitation of voting securities of the Domestic Insurer for tender.
39. As of December 31, 2015, Penn Mutual reported the following statutory balance sheet and income statement accounts (in millions):

As of December 31, 2015	Penn Mutual
Total Assets	\$18,235
Total Liabilities	16,447
Total Equity	1,788
Net Premiums Written	1,192

40. The Applicants' financial strength ratings as of October, 2016 are:

Company	Rating
A.M. Best	A+(superior)
S&P Global	A+/stable
Moody's	Aa3/stable

III. DISCUSSION

The Insurance Commissioner is required to approve the Proposed Acquisition unless, after a public hearing, she 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 Insurer would not be able to satisfy the requirements for the issuance of a license to write the line or lines of business for which it is presently licensed.

General Statutes § 38a-132(a) (1) requires each 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 it satisfies the requirement for the issuance of a license to write the lines of business for which it is licensed. Mr. O'Malley testified 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 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. The Applicant in testimony and submissions has confirmed that books and records will remain in their present location in Connecticut and the Applicant confirmed it will remain in compliance with Insurance Department Bulletin No. FS-2 with respect to custody arrangements for securities.

As noted in the findings of fact, the Applicant has no plans or proposals following consummation of the Proposed Acquisition, to liquidate the Domestic Insurer, to sell its assets, or merge or consolidate the Domestic Insurer with any other person or entity. There are no plans for the Domestic Insurer to enter into any material contract, agreement, arrangement or transaction of any kind with any person or entity.

Moreover, based on the information contained in the biographical affidavits for the directors and officers of the Applicant, 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 license of an insurer 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 the proposed transaction neither substantially lessens competition nor creates 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 Applicant and 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. The Connecticut market shares by premium volume for the life lines of business of the Applicant and Domestic Insurer are .33% and .01% respectively, well below the thresholds set forth in General Statutes § 38a-131 (d).

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 Applicant 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 Insurer or prejudice the interests of its policyholders.

General Statutes § 38a-132 (a) (3) requires that the financial condition of any acquiring company 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.

Based on the information entered into the record of this proceeding, including the Amended and Restated Form A and the testimony of Mr. O'Malley, the undersigned hereby finds that there is no evidence indicating that the financial condition of the Applicant might jeopardize the financial condition of the Domestic Insurer, or prejudice the interest of its policyholders.

(4) The plans or proposals of the acquiring party to liquidate the Domestic Insurer, sell its assets or consolidate or merge it 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 Insurer and not in the public interest.

General Statutes § 38a-132 (a) (4) requires that the 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. The testimony of Mr. O'Malley noted that as indicated in the Form A, the Applicant does not intend to liquidate, sell, consolidate, merge, or make any other material change to Vantis, its corporate structure, or management, and that, to the contrary, Penn Mutual intends to operate Vantis as a Connecticut domestic insurer consistent with its current operations, brand and respective management team. As described by Mr. O'Malley, the Applicant will consider potential synergies that may be achieved as a result of the Proposed Acquisition, but the Applicant has no immediate plans to make any material changes to the Domestic Insurer's business operations, corporate structure or management. Specifically, the Applicant does not anticipate making any changes to the products offered by the Domestic Insurer, its marketing plan or sales techniques, or its procedures related to the handling of premiums and other funds. In addition, the Applicant has committed to no reductions in the Connecticut employee force of Vantis for the next four (4) years and longer term. The Applicant is a party to an intercompany agreement for certain investment management functions, and it is the intent of the Applicant, post-merger, to seek regulatory approval to add the Domestic Insurer as a party to that agreement. Additionally, the Applicant intends to review the existing reinsurance contracts post-closing for potential recapture in light of the new structure and determine a future reinsurance strategy.

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 public interest.

(5) The competence, experience and integrity of those persons who would control the operation of the Domestic Insurer are such that it would not be in the interest of the policyholders of the Domestic Insurer 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 members of the board and as officers of the Applicant. The biographical affidavits disclose each individual's education background, professional credentials and their employment history. In addition, the Applicant has represented, and the biographical affidavits confirm, that during the last ten years, none of the directors or officers of the Applicant have been convicted in a criminal proceeding (excluding minor traffic violations) or have been convicted or otherwise penalized for violating any federal or state law regulating the business of insurance, securities or banking. During the last ten years, none of the directors or officers of the Applicant 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 director or officer of the Applicant has 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 reflects negatively on the integrity of these individuals.

Accordingly, 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 the Domestic Insurer and of the public will not be jeopardized by the Applicant's acquisition of control of the Domestic Insurer.

(6) The acquisition of control of the Domestic Insurer 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. Based on the financial strength of the Applicant, the commitments contained within the Agreement and Plan of Merger, the competence, experience and integrity of those persons who would control the operation of the Domestic Insurer post-acquisition, the testimony of Mr. O'Malley and Mr. Tedone and the affirmation that the current plans of the Applicant for the Domestic Insurer will not disrupt the Domestic Insurer's current policyholders and will provide a strong and stable financial environment for the Domestic Insurer, the Proposed Acquisition is not likely to be hazardous or prejudicial to those buying insurance.

Accordingly, assuming compliance with the Applicant's commitments as set forth in the record and with all 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.

IV. RECOMMENDATION

Based on the foregoing findings of fact and the discussion; the written and oral testimony and exhibits submitted to the Department; and the record of the December 14, 2016 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 Insurance 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 therein; (iii) the financial condition of the Applicant is not such as might jeopardize the financial stability of the Domestic Insurer or prejudice the interest of the policyholders; (iv) the Applicant's 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 Applicant 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 Applicant in which it seeks approval to acquire control of the Domestic Insurer is hereby approved.

2. The Applicant and Domestic Insurer shall conduct their operations consistent with the representations, disclosures and commitments as set forth in the record of this proceeding and proposed final decision.

3. The Applicant shall provide the Insurance Department with written confirmation of the consummation of the acquisition of control within five (5) days of the acquisition taking place.

4. The Applicant shall provide the Insurance Department with written details of the final purchase price after all adjustments used to complete the acquisition.

5. The Applicant shall provide the Department with the names and titles of those individuals who will be responsible for the filing and amended Insurance Holding Company System Annual Registration Statement pursuant to Conn. Agencies Regs. § 38a-138-10.

6. 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 Conn. Agencies Regs. § 38a-138-10.

7. For the period of two years, the Applicant shall file semiannually with the Insurance Department, commencing six 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 the business of the Domestic Insurer; changes in offices of the Domestic Insurer; and notice of any statutory compliance or regulatory actions taken by other state regulatory authorities against the Applicant and Domestic Insurer.

8. If the Proposed Acquisition is not Consummated within three (3) months of the date of this Order and the Applicant intends to consummate the Proposed Acquisition, the Applicant shall submit to the Commissioner a statement, which shall include (i) the reason

for the Applicant's 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 Applicant and the Domestic Insurer.

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

10. The request by the Applicants that the Commissioner waive the requirements set forth in Conn. Gen. Stat. Sec. 38a-136(i)(1) with respect to the Domestic Insurer undergoing a financial and market conduct examination within thirty days following the Proposed Acquisition is approved.

11. Any change in location of books and records of the Domestic Insurer will be required to be prior approved by the Commissioner pursuant to Conn. Gen. Stat. §38a-57.

Dated at Hartford, Connecticut, this 20th day of December, 2016.



Kristin Campanelli
Hearing Officer