



# STATE OF CONNECTICUT

## INSURANCE DEPARTMENT

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In the Matter of:

PROPOSED ACQUISITION OF CONTROL OF

TALCOTT RESOLUTION LIFE INSURANCE COMPANY ET AL. Docket No. EX 21-15

By

SUTTON HOLDINGS, GP, LLC, 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 June 29, 2021, and issue the following order, TO WIT;

1. The Application of the Applicants in which they seek approval to acquire control of the Domestic Insurers is hereby approved.
2. The Applicants and Domestic Insurers 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 June 14, 2021.

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 Insurers 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 Insurers.

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 Insurers, changes in offices of the Domestic Insurers, and notice of any statutory compliance or regulatory action taken by other state regulatory agencies against the Applicants and Domestic Insurers.

10. The Domestic Insurers 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 Insurers.

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, Connecticut, this 29<sup>th</sup> day of June, 2021.



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Andrew N. Mais  
Insurance Commissioner



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### **PROPOSED FINAL DECISION**

#### **I. INTRODUCTION**

Sutton Holdings GP, LLC, Sutton Holdings Investments, Ltd., Sutton Investments, LLC, TAO Sutton Holdings, LLC, TAO Insurance Holdings, LLC, TAO Sutton Parent, LLC, Sixth Street TAO Partners, L.P., Sixth Street TAO Partners (A), L.P., Sixth Street TAO Partners (B), L.P., Sixth Street TAO Partners (C), L.P., Sixth Street TAO Partners (D), L.P., Sixth Street TAO Partners (E), L.P., Sixth Street TAO Partners (F), L.P., Super TAO MA, L.P., Super TAO Contingent MA, L.P., Knight TAO, L.P., PSERS TAO Partners Parallel Fund, L.P., A. Michael Muscolino and Alan Waxman (“Applicants”) seek the approval of the Insurance Commissioner of the State of Connecticut for the proposed acquisition of control (“Proposed Acquisition”) of the Connecticut domestic insurers Talcott Resolution Life Insurance Company, Talcott Resolution Life and Annuity Insurance Company, American Maturity Life Insurance Company, and Talcott Resolution International Life Reassurance Corporation (“Domestic

Insurers”), pursuant to an Amended and Restated Form A Application dated May 14, 2021 (“Application”) filed with the Connecticut Insurance Department (“Department”) in accordance with General Statutes § 38a-130 and section § 38a-136-6 of the Regulations of Connecticut State Agencies.

The Proposed Acquisition will be effected pursuant to the terms of the Merger Agreement (“Agreement”) by and among the Applicants and the Domestic Insurers dated January 18, 2021.

The Insurance Commissioner (“Commissioner”), is required by General Statutes § 38a-132 and section 38a-136-6 of the Regulations of Connecticut State Agencies to hold a public hearing on the Proposed Acquisition of the Domestic Insurers within thirty (30) days after the Commissioner determines that the Application is complete in all respects. In this regard, the Department staff reviewed the original Form A dated February 3, 2021 and thereafter requested the Applicants to file supplemental information. On May 14, 2021, the Applicants filed an Amended and Restated Form A, the Application, with the Department which amends and restates portions of the original Form A text and also includes certain new and revised exhibits.

Based on a determination that the Application was substantially complete, the Commissioner issued a notice of public hearing dated May 26, 2021, in which he ordered that the public hearing be held on June 15, 2021 concerning the application for approval of the Proposed Acquisition of the Domestic Insurers. The hearing notice was subsequently published in the *Hartford Courant*, once a week for two consecutive weeks. The notice of public hearing was also uploaded

to the Connecticut State Agency Public Meeting Calendar on June 3, 2021. In accordance with section 38a-8-48 of the Regulations of Connecticut State Agencies, the Applicants and Domestic Insurers were also designated as parties to this proceeding. On June 2, 2021, the Commissioner appointed the undersigned to serve as Hearing Officer in this proceeding.

On June 15, 2021, the public hearing on the Proposed Acquisition of the Domestic Insurers was held before the undersigned. This hearing was held in a hybrid capacity with individuals physically present, as well as appearing via video and teleconference. Two conference lines were dedicated for this hearing; one for the parties and Department staff and one for the public.

Elizabeth P. Retersdorf, Esq., of Day Pitney LLP, Allison J. Tam, Esq., and Robert S. Rachofsky of Willkie Farr & Gallagher LLP, represented the Applicants. A. Michael Muscolino, Co-Founding Partner of Sixth Street, Joshua Peck, General Counsel for Sixth Street, Alan Waxman, Co-Founding Partner and Chief Executive Officer of Sixth Street, Rohan Singhal, Managing Director of Sixth Street, and Joshua Easterly, Co-President and Co-Founding Partner at Sixth Street, testified at the public hearing on behalf of the Applicants.

Lisa M. Proch, Esq., of Talcott Resolution Life, Inc., and Andrew R. Holland, Esq., of Sidley Austin LLP represented the Domestic Insurers. Peter Sannizzaro, President and Chief Executive Officer of the Domestic Insurers, and Robert Siracusa, Chief Financial Officer of the Domestic Insurers testified for the Domestic Insurers.

The following Department staff participated in the public hearing: Kathy Belfi, Director of the Financial Regulation Division, Joan Nakano, Supervising Insurance Examiner, Kenneth Cotrone, Insurance Certified Financial 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. Sutton Holdings GP, LLC (“Sutton LLC”) is a Delaware limited liability company with a business address of 4001 Kennett Pike, Suite 302, Wilmington, Delaware. This entity was formed for the purpose of the Proposed Acquisition and will become the general partner of Hopmeadow Holdings, LP (“Hopmeadow LP”).
2. Sutton Holdings Investments, Ltd. (“Sutton Holdings”) is a Bermuda exempted limited company with a business address of 1 Victoria Street, Hamilton, Bermuda. It was formed for the purpose of this Proposed Acquisition and is the sole member of Sutton Holdings, GP LLC.
3. Sutton Investments, LLC (“Sutton Investments”) is a Bermuda exempted limited liability company with a business address of 1 Victoria Street,

Hamilton, Bermuda. It is the sole stockholder of Sutton Holdings Investments, LLC

4. TAO Sutton Holdings, LLC (“TAO Sutton”) is a Cayman Islands limited liability company with a business address of P.O. Box 309, Ugland House, Grand Cayman, Cayman Islands. It is the owner of 100% of the voting membership interests of Sutton Investments.
5. TAO Insurance Holdings, LLC (“TAO Insurance”) is a Delaware limited liability company with a business address of 4001 Kennett Pike, Suite 302, Wilmington, Delaware. It is the managing member with control over voting of TAO Sutton and TAO Sutton Parent, LLC.
6. TAO Sutton Parent, LLC (“TAO Parent”) is a Cayman Islands limited liability company with a business address of P.O. Box 309, Ugland House, Grand Cayman, Cayman Islands. It is a non-voting member of TAO Sutton Holdings, LLC.
7. Sixth Street TAO Partners, L.P., Sixth Street TAO Partners (A), L.P., Sixth Street TAO Partners (B), L.P., Sixth Street TAO Partners (C), L.P., Sixth Street TAO Partners (D), L.P., Sixth Street TAO Partners (E), L.P., Sixth Street TAO Partners (F), L.P., Super TAO MA, L.P., Super TAO Contingent MA, L.P., Knight TAO, L.P., PSERS TAO Partners Parallel Fund, L.P., (collectively the “TAO Funds”), are Delaware limited partnerships. The TAO Funds have a business address of 4001 Kennett Pike, Suite 302, Wilmington, Delaware and are non-voting members of TAO Sutton Parent, LLC.



8. Each of the entities within the TAO Funds was formed between July 11, 2013 and August 20, 2018 and only conducts business operations in direct connection with the Merger Agreement and the transactions completed thereby.
9. Sutton Holdings Merger Sub, L.P. (“Sutton Merger”), is a Delaware limited partnership. Sutton LLC is the general partner of Sutton Merger.
- 10.A. Michael Muscolino is a Co-Founding Partner of Sixth Street.
11. Alan Waxman is a Co-Founding Partner and Chief Executive Officer of Sixth Street. Mr. Waxman is the ultimate controlling person of the TAO Funds.
12. The business address of the Domestic Insurers is 1 Griffin Road N, Windsor, Connecticut.
13. Talcott Resolution Life Insurance Company (“Talcott Life”), is currently authorized to conduct annuity, health, and life insurance business in 50 states, the District of Columbia and the Virgin Islands. It owns all of the issued and outstanding shares of common stock of Talcott Resolution Life and Annuity Insurance Company (“Talcott Annuity”), American Maturity Life Insurance Company (“AMLIC”) and Talcott Resolution International Life Reassurance Corporation (“Talcott International”).
14. Talcott Annuity is currently authorized to conduct accident, life, and health insurance business in 49 states, the District of Columbia, Puerto Rico and the Virgin Islands.

15. AMLIC is currently authorized to conduct annuity and life insurance business in 50 states and the District of Columbia.
16. Talcott International is currently authorized to conduct annuity and life insurance business in 19 states.
17. Talcott Resolution Life, Inc. ("Talcott"), is a Delaware corporation which owns all of the issued and outstanding shares of common stock of Talcott Life.
18. Hopmeadow LP is a Delaware limited partnership indirectly which owns all outstanding shares of common stock of Talcott.
19. The Proposed Acquisition will be effected pursuant to the terms of the Merger Agreement dated as of January 18, 2021, pursuant to which Sutton Merger will merge with Hopmeadow LP, with Hopmeadow LP continuing as the surviving entity ("Surviving Company") with Sutton LLC as the general partner of the Surviving Company. The Surviving Company will indirectly own all of the issued and outstanding shares of common stock of Talcott Life, and Talcott Life will continue to own all of the issued and outstanding shares of common stock of Talcott Annuity, AMLIC, and Talcott International. The Applicants will pay the holders of the uncertificated common limited partner interests of Hopmeadow LP in the amount of \$2.25 billion, minus certain adjustments.
20. The Applicants maintain that immediately following the closing of the Proposed Acquisition, the Domestic Insurers will continue to maintain their separate corporate existence and will continue its operations as currently

conducted. The Applicants, pursuant to a Commitment Letter executed on June 14, 2021, also represent that the Surviving Company will remain headquartered in Connecticut and that employee levels will remain consistent at 340 for the next four years; should the employee level fall below 340, the Director of the Financial Regulation Division at the Department will be notified.

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

**TAO Insurance Holdings, LLC**

Does not have any directors or officers.

**TAO Sutton Holdings, LLP**

Does not have any directors or officers.

**Sutton Investments, LLC**

Name:	Position:
Joshua Easterly	Director
A. Michael Muscolino	Director
Rohan Singhal	Director

**Sutton Holdings Investments, Ltd.**

Name:	Position:
Rohan Singhal	Director
Nils Albert	Director

**Sutton Holdings GP, LLC**

Does not have any directors or officers.

**PSERS TAO Partners Parallel Fund, L.P.**

Does not have any directors or officers.

**Knight TAO, L.P.**

Does not have any directors or officers.

**Super TAO Contingent MA, L.P.**

Does not have any directors or officers.

**Super TAO MA, L.P.**

Does not have any directors or officers.

**Sixth Street TAO Partners (A), L.P.**

Does not have any directors or officers.

**Sixth Street TAO Partners (B), L.P.**

Does not have any directors or officers.

**Sixth Street TAO Partners (C), L.P.**

Does not have any directors or officers.

**Sixth Street TAO Partners (D), L.P.**

Does not have any directors or officers.

**Sixth Street TAO Partners (E), L.P.**

Does not have any directors or officers.

**Sixth Street TAO Partners (F), L.P.**

Does not have any directors or officers.

**Sixth Street TAO Partners, L.P.**

Does not have any directors or officers.

**TAO Sutton Parent, LLC**

Does not have any directors or officers.

**TAO Insurance Holdings, LLC**

Does not have any directors or officers.

**TAO Sutton Holdings, LLC**

Does not have any directors or officers.

22. The biographical affidavits of the members of the board of directors and 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 Insurers after the Proposed Acquisition.

23. Post-Acquisition, the Applicants represent that they have no present plans or proposals to change any of the directors of Talcott Annuity, AMLIC or Talcott International, or the executive officers of any of the Domestic Insurers. The Applicants only propose changes to the directors of Talcott Life to the extent that the changes are a natural extension of the Proposed Acquisition. Following are the names and titles of the directors and executive officers of the Domestic Insurers post-Acquisition:

**Talcott Resolution Life Insurance Company**

## Directors

Name:	Position:
Peter F. Sannizzaro	Director
Matthew J. Poznar	Director
Lisa M. Proch	Director
Samir Srivastava	Director
Independent Director yet to be appointed	Director
Independent Director yet to be appointed	Director

## Officers

Name:	Position:
Jeremy Billiel	Assistant Vice President & Treasurer
John B. Brady	Vice President & Appointed Actuary
Christopher B. Cramer	Corporate Secretary & Vice President
Michael R. Hazel	Vice President & Controller
Peter F. Sannizzaro	President & Chief Executive Officer
Robert R. Siracusa	Chief Financial Officer & Vice President
Lisa Proch	General Counsel and Chief Compliance Officer, Senior Vice President

## American Maturity Life Insurance Company

## Directors

Name:	Position:
Matthew J. Poznar	Director
Peter F. Sannizzaro	Director
Robert R. Siracusa	Director

## Officers

Name:	Position:
Jeremy Billiel	Assistant Vice President & Treasurer
Christopher B. Cramer	Corporate Secretary & Vice President
Michael R. Hazel	Vice President & Controller
Peter F. Sannizzaro	President & Chief Executive Officer
Robert R. Siracusa	Chief Financial Officer & Vice President
Zengdi Zhuang	Appointed Actuary
Lisa Proch	General Counsel and Chief Compliance Officer, Senior Vice President

## Talcott Resolution International Life Reassurance Corporation

### Directors

Name:	Position:
Matthew J. Poznar	Director
Peter F. Sannizzaro	Director

Robert R. Siracusa	Director
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**Officers**

Name:	Position:
Jeremy Billiel	Assistant Vice President & Treasurer
Christopher B. Cramer	Corporate Secretary & Vice President
Michael R. Hazel	Vice President & Controller
Peter F. Sannizzaro	President & Chief Executive Officer
Robert R. Siracusa	Chief Financial Officer & Vice President
Zengdi Zhuang	Appointed Actuary
Lisa Proch	General Counsel and Chief Compliance Officer, Senior Vice President

24. Post-Acquisition Peter Sannizzaro will be also appointed as a director of Sutton Investments, LCC.

25. The biographical affidavits of the directors and officers of the Domestic Insurers post-acquisition included in the record of this proceeding and the files of the Department describe each individual's education 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 Insurers after the Proposed Acquisition. The Applicants represent that they will provide the Department with all required information, including the NAIC Biographical



Affidavits for the two directors of Talcott Life that have yet to be appointed, as soon as they are confirmed.

26. The Applicants represent that they have no present plans or proposals to cause the Domestic Insurers to declare any extraordinary dividend or make other distributions, to liquidate the Domestic Insurers, to sell the assets of the Domestic Insurers (other than in the ordinary course), to merge or consolidate the Domestic Insurers with any person or persons or to make any other material change in the Domestic Insurers' business operations, corporate structure, or management.
27. The Applicants have represented that they do not contemplate moving the Domestic Insurers' books, records, documents, accounts, vouchers, and agreements from their current location in Connecticut and shall make all such items available for inspection by the Commissioner at any time.
28. 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 Insurers 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 Insurers or any of their controlling persons.

29. Other than as disclosed in the Application, there are no contracts, arrangements or understandings with respect to any voting security of the Domestic Insurers or any of their controlling persons in which any of the Applicants, their affiliates or the individuals associated with the Applicants is involved, included 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.
30. 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 Insurers or any of their controlling persons.
31. 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 Insurers or any of their controlling persons during the twelve (12) calendar months preceding the filing of the application.
32. There are no agreements, contracts or understandings made with any broker-dealer as to solicitation of voting securities of the Domestic

Insurers or any of their controlling persons for tender with regard to the Proposed Acquisition.

### III. DISCUSSION

The Insurance Commissioner is required to approve the Proposed Acquisition unless, after a public hearing, he finds that the proposed acquisition of control of the Domestic Insurers 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 Insurers to satisfy the requirements for the issuance of licenses to write the line or lines of business for which they are presently licensed following the proposed acquisition of control. The Domestic Insurers are 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 they are licensed. The Domestic Insurers are currently licensed as life, health and annuity insurance companies. The Applicants, through testimony and submissions, indicate that no changes will be made to the Domestic Insurers such that they would not be able to satisfy the requirements for the issuance of their licenses.

In addition to the financial requirement criteria set forth in General Statutes § 38a-72, the Department considers the location of companies' books, records, and assets, and the management of the companies when evaluating insurers'

ability to operate in this state pursuant to § 38a-41. The Applicants, in testimony and submissions, have confirmed that such books and records will remain in their present location in Connecticut.

As noted in the Findings of Fact, the Applicants have no present plans or proposals to: (a) cause the Domestic Insurers to declare an extraordinary dividend; (b) liquidate the Domestic Insurers; (c) sell the Domestic Insurers' assets (other than in the ordinary course of business) or merge the Domestic Insurers with any person(s); or (d) make any other material change in the Domestic Insurers' business operations, corporate structure or management.

At the hearing Mr. Muscolino testified that “[t]he Applicants have no plans to make any changes, management, business or operations of the Domestic Insurers, and therefore believe the Domestic Insurers will be able to continue to perform their obligations under the licensure.”<sup>1</sup>

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 Insurers following the consummation of the proposed transaction, are such that the safe and expert operation of the Domestic Insurers will continue following the Proposed Acquisition.

Accordingly, the undersigned hereby finds that the evidence contained in the records supports a finding that the Domestic Insurers will be able to satisfy the requirements for the issuance of the necessary license of insurers for which it

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<sup>1</sup> Hrg. Transcr. 20:16-21 (June 15, 2021).

is presently licensed following the 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 lessen competition nor create a monopoly in Connecticut. 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 affiliates and the Domestic Insurers 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 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 Applicants do not own or control any insurance companies in Connecticut. Accordingly, the undersigned hereby finds, based on the evidence contained in the record of this proceeding, the effect of the acquisition of control of the Domestic Insurers 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 Insurers or prejudice the interests of its policyholders. In pre-filed testimony, Mr. Muscolino stated “[t]he financial condition of the Applicants is strong and will not jeopardize the financial stability of the Domestic Insurers or prejudice the interests of their policyholders. As of February 2021, the TAO Funds had approximately \$24.7 billion in committed capital. Further, the evergreen structure of the TAO Funds means they have no fixed term, and no liquidity requirement for individual investors or investments – investors cannot redeem their investments in the TAO Funds or otherwise cause the sale of underlying investments of the TAO Funds to generate liquidity.<sup>2</sup>

Based on the information entered into the record of this proceeding, including the Application and pre-filed testimony of Mr. Muscolino, the

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<sup>2</sup> A. Michael Muscolino Pre-Filed Testimony, p. 6 (exh.20).

undersigned hereby finds that there is no evidence indicating that the financial condition of the Applicants might jeopardize the financial condition of the Domestic Insurers, or prejudice the interests of their 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. Mr. Muscolino addressed this matter in his pre-filed testimony when he stated “[t]he Applicants have no plans to sell the Domestic Insurers’ assets or consolidate or merge them with any person. The Applicants intend to grow the business of the Domestic Insurers through reinsurance and acquisitions, but, except as described in Exhibits F and F-1 to the Form A Application, have no plans to make material changes to the way the Domestic Insurers are managed. The Applicants also plan for the Domestic Insurers’ headquarters to remain in the State of Connecticut. These plans would not be unfair or unreasonable to policyholders of the Domestic Insurers or against the public interest.<sup>3</sup> Mr. Muscolino affirmed this commitment at the hearing when he

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<sup>3</sup> A. Michael Muscolino Pre-Filed Testimony, p. 6 (exh.20).

testified that “There are no plans to make material changes to the businesses of the Domestic Insurers.”<sup>4</sup>

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 Insurers that are unfair and unreasonable to policyholders of the Domestic Insurers 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 Insurers 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 Insurers 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 Insurers have been convicted in a criminal proceeding

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<sup>4</sup> Hrg. Transcr. 22:9-10 (June 15, 2021).



(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 (10) years, none of the officers of the Applicants or members of the board and officers of the Domestic Insurers 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 Insurers 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.

In his pre-filed testimony Mr. Muscolino stated “[t]he Applicants have no current plans or proposals to make any changes to the directors and executive officers of the Domestic Insurers other than replacement of directors associated with the sellers and any changes to independent directors. In my view, all of these directors and executive officers of the Domestic Insurers are highly competent individuals with extensive experience and high integrity.”<sup>5</sup> Mr. Muscolino also testified to this at the hearing by stating “[h]aving reviewed the backgrounds of the management team and the executive officers, we believe they are highly competent in running the business

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<sup>5</sup> A. Michael Muscolino Pre-Filed Testimony, p. 7 (exh.20).

and have done so to date, and so the Applicants feel strongly that the competency of the existing management team around the business is strong.”<sup>6</sup>

With respect to the Applicants, Mr. Muscolino testified that “myself, Alan Waxman, and the Applicants have a long experience in investing risk management and believe will be the additive to the management of the business of the Domestic Insurers.”<sup>7</sup> These statements are also reiterated within the Application<sup>8</sup>.

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 Insurers after completion of the Proposed Acquisition are sufficient to indicate that the interest of policyholders of the Domestic Insurers and of the public will not be jeopardized by the Applicants’ acquisition of control of the Domestic Insurers.

**(6) The acquisition of control of 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.

In pre-filed testimony Mr. Muscolino stated “[t]he Applicants have no present plans or proposals to make any material changes to the Domestic Insurers’ core business operations, corporate structure or management. The Proposed Merger, therefore, will not have the effect of altering the current

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<sup>6</sup> Hrg. Transcr. 22:25-23:6 (June 15, 2021).

<sup>7</sup> *Id.* at 23:7-11.

<sup>8</sup> See Amended and Restated Form A Statement, p. 10-15 (May 14, 2021).

operations of the Domestic Insurers with respect to those buying insurance. Further, as noted previously, the individuals who manage the Domestic Insurers have extensive experience. I am aware of no evidence that the Proposed Merger is likely to be hazardous or prejudicial to those buying insurance.”<sup>9</sup>

Based on the financial strength of the Applicants, the commitments contained within the Application and Merger Agreement, the competence, experience and integrity of those persons who would control the operation of the Domestic Insurers post-acquisition, the retention of the officers of Talcott Life and officers and directors of Talcott Annuity, AMLIC, and Talcott International, the testimony of Mr. Muscolino, the Proposed Acquisition is not likely to be hazardous or prejudicial to those buying insurance.

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.

#### **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 June 15, 2021 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

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<sup>9</sup> A. Michael Muscolino Pre-Filed Testimony, p. 7 (exh.20).

undersigned recommends that the Commissioner find, pursuant to § 38a-132(a) that after the Proposed Acquisition of control (i) the Domestic Insurers will be able to satisfy the requirements for the issuance of a license for the lines of business for which they are 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 Insurers or prejudice the interests of its policyholders; (iv) the Applicants' plans or proposals for the Domestic Insurers are not unfair and unreasonable to the policyholders of the Domestic Insurers and are in the public interest; (v) the competence, experience and integrity of the management of the Applicants and Domestic Insurers are such that it would be in the interest of the policyholders of the Domestic Insurers 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 is seeks approval to acquire control of the Domestic Insurers is hereby approved.
2. The Applicants and Domestic Insurers 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 June 14, 2021.

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 Insurers 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 Insurers.

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

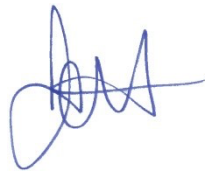
change of business of the Domestic Insurers, changes in offices of the Domestic Insurers, and notice of any statutory compliance or regulatory action taken by other state regulatory agencies against the Applicants and Domestic Insurers.

10. The Domestic Insurers 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 Insurers.

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 29<sup>th</sup> day of June, 2021.



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Joshua Hershman  
Hearing Officer