

**BEFORE THE STATE OF CONNECTICUT
INSURANCE DEPARTMENT**

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| IN THE MATTER OF: |) | DOCKET NO. |
| |) | |
| THE ACQUISITION OF |) | EX 19-100 |
| R.V.I. AMERICA INSURANCE COMPANY |) | |
| |) | |
| BY R.V.I. ACQUISITION HOLDINGS, LLC, |) | |
| R.V.I. HOLDINGS, LLC, | | |
| R.V.I. MANAGER, LLC AND | | |
| MARK R. WALTER | | |

AFFIDAVIT OF DANIEL J. TOWRISS ON BEHALF OF APPLICANTS

I, Daniel Towriss, hereby declare under penalty of perjury as follows:

I am President of both R.V.I. Acquisition Holdings, LLC and R.V.I. Holdings, LLC. I present this Affidavit on behalf of the Applicants to show the evidence supporting the approval of the above-entitled action under Conn. Gen. Stat. § 38a-132(a). I am authorized to give this Affidavit by the powers vested in me under my duties on behalf of the Applicants.

I. Witness Identification

1. Please state, for the record, your full name and business address.

A: My name is Daniel Jonathan Towriss. I am an officer of R.V.I. Acquisition Holdings, LLC and R.V.I. Holdings, LLC. My business address is 401 Pennsylvania Parkway, Suite 300, Indianapolis, Indianapolis 46280.

2. What is your position at the Applicants?

A: I am President at both R.V.I. Acquisition Holdings, LLC and R.V.I. Holdings, LLC.

3. Please identify your responsibilities as President.

A: R.V.I. Acquisition Holdings, LLC and R.V.I. Holdings, LLC are both newly formed limited liability companies. My role thus far as President has been coordinating the formation and capitalization of these companies.

4. Please describe your career and educational background.

A: I have over 22 years of experience in the insurance industry. I am a credentialed actuary as a Fellow of the Society of Actuaries and a member of the American Academy of Actuaries. I received a B.S. from Ball State University in 1994.

I have held various executive positions with long-standing insurance enterprises such as Lincoln National, ING and Aegon. I am also a founding member of Guggenheim Insurance Services, LLC and President and Chief Executive Officer of Guggenheim Life and Annuity Company. I also serve as President and Chief Executive Officer of Delaware Life Insurance Company and Group1001, which owns and operates both life and property and casualty insurance companies as well as affiliated agencies and services companies.

5. Please explain for the record your purpose for providing this testimony here today.

A: I am providing testimony in support of the proposed acquisition of control of R.V.I. America Insurance Company, a property and casualty insurance company domiciled in Connecticut (which I will refer to as the “Domestic Insurer”), by the Applicants. The Domestic Insurer engages in the business of underwriting and issuing residual value insurance policies.

The proposed acquisition of control of the Domestic Insurer (the “Proposed Transaction”) would occur through the acquisition by Purchaser (as defined below) of all of the issued and outstanding shares of capital stock of R.V.I. Guaranty Co., Ltd., a property and casualty insurance company domiciled in Bermuda (“R.V.I.G.”), pursuant to a stock purchase agreement, dated as of September 12, 2019, by and among Purchaser, Quantum Strategic Partners Ltd., a Cayman Islands exempted limited company, and the other parties thereto. Following the consummation of the Proposed Transaction, Purchaser will directly own 100% of the issued and outstanding shares of capital stock of R.V.I.G., and will thereby indirectly own 100% of the issued and outstanding shares of capital stock of the Domestic Insurer.

6. Have you been authorized by the Applicants to speak on its behalf at this hearing?

A: Yes, I am authorized to testify on behalf of the Applicants at this hearing.

7. Are you familiar with the Proposed Transaction and the Form A Statement which is the subject of this hearing?

A: Yes. I was actively involved in the Proposed Transaction through the executive oversight that I provided with respect to its structuring, due diligence, negotiation, documentation and financing. In connection with the Proposed Transaction, I have reviewed and am familiar with the Form A Statement and the exhibits attached thereto (which, as amended, restated and supplemented, I will refer to as the “Form A Statement”) filed by the Applicants with the Connecticut Insurance Department (which I will refer to as the “Department”) on October 17, 2019 and

the supplemental filings and submissions made by the Applicants to the Department in connection with such Form A Statement including the Amended and Restated Form A Statement, dated February 18, 2020 , and the Applicant's pre-acquisition notification letter, dated October 16, 2019, requesting exemption from the pre-acquisition notification filing. The Department granted such exemption on November 13, 2019.

8. Does the Form A Statement accurately describe the Proposed Transaction?

A: Yes, the Form A Statement accurately describes the Proposed Transaction.

II. Procedural Matters

9. Did the Applicants send to the Domestic Insurer a copy of the Form A Statement?

A: Yes. The Applicants sent a copy of the Form A Statement to the Domestic Insurer, through its outside counsel, on October 16, 2019 via overnight courier.

10. Did the Applicants receive notice of the public hearing?

A: Yes. The Applicants received formal notice of the hearing from the Department on March 18, 2020.

11. Did the Domestic Insurer receive at least seven days' notice of the public hearing?

A: Yes. The Applicants provided notice of the public hearing to the Domestic Insurer, through its outside counsel, on March 18, 2020.

12. Was notice of the public hearing published?

A: Yes. Purchaser caused notice of the public hearing to be published in the *Hartford Courant* on March 20, 2020 and March 27, 2020.

13. Have there been any material changes with respect to the information provided or required in the Form A Statement since the Form A Statement was filed by the Applicant?

A: Other than the supplemental information provided to the Department prior to today's date, there have not been any material changes to the Form A Statement since the time it was filed by the Applicants.

III. The Applicants

14. Please identify the Applicants on the Form A Statement.

A: The Applicants in this proceeding are R.V.I. Acquisition Holdings, LLC ("Purchaser"), R.V.I. Holdings, LLC ("Holdings") and R.V.I. Manager, LLC ("Manager"), each a Delaware limited liability company, and Mark R. Walter (collectively with Purchaser, Holdings and Manager, the "Applicants").

15. Please provide an overview of the Applicants and their business activities.

A: Purchaser is a Delaware limited liability company formed for the purpose of engaging in the Proposed Transaction. Purchaser conducts no other business. Purchaser is a sole member limited liability company that will be managed by Holdings, its sole member.

Holdings is a Delaware limited liability company formed for the purpose of engaging in the Proposed Transaction. Holdings conducts no other business. Holdings will be managed by Manager.

Manager is a Delaware limited liability company formed for the purpose of managing Holdings. Manager conducts no other business. Mark R. Walter owns 100% of the membership interests of Manager. Manager is a sole member limited liability company that will be managed by Mr. Walter, its sole member.

Mr. Walter is a businessman who co-founded, and is Chief Executive Officer of, Guggenheim Partners, a global financial services firm with more than \$275 billion in assets. Mr. Walter also has significant business holdings in the insurance space through Group1001, which owns and operates both life and property and casualty insurance companies as well as affiliated agencies and services companies. Mr. Walter also owns assets and businesses in a variety of other industries, including, among others, media and entertainment (*e.g.*, the Los Angeles Dodgers (MLB) and Los Angeles Sparks (WNBA)), commercial real estate, infrastructure and restaurants and food services.

In addition to Mr. Walter's business holdings, he is committed to many non-business educational, social justice, closing the opportunity gap for low-income youth, conservation, cultural and other philanthropic endeavors. He sits as a trustee or director of various organizations including the Solomon R. Guggenheim Foundation, Northwestern University, Creighton University and the Field Museum of Natural History. Mr. Walter and his family's sponsored programs include: Chicago Beyond, One Goal and The Academy Group. The Walters also own White Oak Conservation, a 17,000-acre animal refuge in Florida, and wildlife preserves in Africa, where they are funding global efforts to protect endangered species from poachers and habitat loss.

16. What is the Applicants' business in Connecticut?

A: Neither the Applicants nor any insurance holding company group with which the Applicants are affiliated (the "Affiliated Holding Company Group") has any insurer subsidiaries domiciled in Connecticut.

There are four insurers in the Affiliated Holding Company Group that are licensed as foreign insurers in Connecticut (which I will collectively refer to as, the "Applicant Involved Insurers"): Delaware Life Insurance Company, Delaware Life Insurance Company of New York, Clear Spring Property and Casualty Company and Clear Spring Health Insurance Company.

Neither the Applicants nor the Applicant Involved Insurers has employees in Connecticut.

17. Have biographical affidavits and background reports been submitted for Mr. Mark Walter and the executive officers of Purchaser, Holdings and Manager?

A: Yes. NAIC biographical affidavits for Mr. Walter and the executive officers of Purchaser, Holdings and Manager were provided to the Department on November 21, 2019. In addition, background verification reports in respect of these biographical affidavits were provided directly to the Department by an NAIC-approved third-party verification service via email on December 18, 2019 and via courier on December 20, 2019.

18. Has the coronavirus pandemic had a material impact on the business or operations of the Applicants or their ability to fund and consummate the Proposed Transaction?

A: No. The coronavirus pandemic has not had a material impact on the business or operations of the Applicants or their ability to fund and consummate the Proposed Transaction. The entity Applicants were recently formed for the purpose of engaging in the Proposed Transaction and conduct no other business. Mr. Walter's financial condition remains strong, as evidenced by Mr. Walter's net worth affidavits submitted to the Department on November 21, 2019 and March 25, 2020.

IV. Overview of the Proposed Transaction

19. Please briefly state the method by which the Applicants propose to acquire control of the Domestic Insurer?

A: The proposed acquisition of control of the Domestic Insurer would occur through the acquisition by Purchaser of all of the issued and outstanding shares of capital stock of R.V.I.G. pursuant to a stock purchase agreement, dated as of September 12, 2019, by and among Purchaser, Quantum Strategic Partners Ltd., a Cayman Islands exempted limited company, and the other parties thereto (this stock purchase agreement was provided to the Department along with the Form A Statement).

20. Is the completion of the Proposed Transaction subject to the satisfaction of closing conditions?

A: The completion of the Proposed Transaction is subject to the satisfaction or, to the extent permitted by applicable law, waiver of customary closing conditions, including but not limited to, receipt of the following required regulatory approvals from applicable governmental authorities: the approval of this Form A Statement and approval of the Bermuda Monetary Authority (the "BMA"). On November 28, 2019, the BMA provided its no objection in respect of the BMA filing in

satisfaction of this closing condition. The completion of the Proposed Transaction is not conditioned on receipt of financing by Purchaser.

21. What is the purchase price associated with the Proposed Transaction?

A: The purchase price for all of the issued and outstanding shares of capital stock of R.V.I.G. is \$145,000,000.

A portion of the purchase price, \$18,125,000, will be held in escrow pursuant to an escrow agreement to be mutually agreed among the parties until the two-year anniversary of the closing of the Proposed Transaction.

22. How was the purchase price determined?

A: The purchase price was determined by arm's length negotiations between unaffiliated parties and their respective financial advisors and counsel following customary due diligence.

23. Please describe the source of funds that will be used to finance the Proposed Transaction.

A: Purchaser will pay the purchase price in cash. Delaware Life Holdings Parent, LLC, a Delaware limited liability company which owns 100% of the Class B non-voting shares of Holdings ("Parent"), will provide the necessary funds for the payment of the purchase price to Holdings which will, in turn, contribute such funds to Purchaser for the payment of the purchase price.

A portion of the purchase price (not to exceed \$50,000,000) is expected to be funded with third party bank financing that will be jointly borrowed by Holdings and Purchaser and secured by a first priority perfected lien on substantially all of Holdings' and the Purchaser's assets.

Neither R.V.I.G. nor any of its subsidiaries will grant liens on its assets to secure the financing.

24. Is the Proposed Transaction conditioned upon receipt of financing by the Applicant?

A: No. The Proposed Transaction is not subject to any financing contingency and, to the extent the bank financing is not completed, the entire purchase price will be sourced from Parent's internally generated funds.

V. Future Plans for the Domestic Insurer

25. Do the Applicants have any plans to cause the Domestic Insurer to declare any extraordinary dividend, to liquidate it, sell its assets, merge it with any other person or materially change its corporate structure?

A: The Applicants 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), 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.

Immediately following the Closing, the Domestic Insurer will continue to maintain its separate corporate existence and will continue its operations as currently conducted. After the Closing, the Domestic Insurer will continue to operate in a manner consistent with laws, regulations and the reporting requirements of all applicable regulatory agencies.

26. Please describe any intended changes to the executive officers and directors of the Domestic Insurer following the closing.

The Applicants have no present plans or proposals to change the Domestic Insurer’s existing directors and executive officers except for the appointment of Michael I. Hervitz as a member of the Domestic Insurer’s board of directors. In addition, the Applicants do not have any present plans to change any “key person” roles at the Domestic Insurer.

27. What are the Applicants’ plans with respect to Corporate Governance and Enterprise Risk Management (ERM) as they relate to the Domestic Insurer? Are material cultural changes anticipated?

A: The Applicants are committed to the continuation of best-in-class governance and enterprise risk management practices at and by the Domestic Insurer. The Applicants’ due diligence has demonstrated that the Domestic Insurer’s current practices in these areas align closely with the practices of insurance companies affiliated with the Applicants. In addition, the Applicants will oversee the corporate governance and risk practices of the Domestic Insurer through their designees on the board of directors of the Domestic Insurer and R.V.I.G.

28. As to this Proposed Transaction, do the Applicants foresee any obstacles or impediments to a successful integration?

A: The Applicants do not foresee any obstacles or impediments to a successful integration of the Domestic Insurer.

29. Are employment levels in Connecticut anticipated to decrease as a result of the Proposed Transaction?

A: The Applicants have no present plans or proposals to decrease Domestic Insurer employment levels in the State of Connecticut or to move the Domestic Insurer’s main administrative office located in Stamford, Connecticut after the consummation of the Proposed Transaction.

30. What steps have the Applicants taken to retain the Domestic Insurer's management team after consummation of the Proposed Transaction?

A: Purchaser is dedicated to ensuring the ongoing success of the Domestic Insurer's business following the closing of the Proposed Transaction. To this end, Purchaser and the Domestic Insurer entered into employment or retention agreements with members of the management team in connection with, or shortly following, entering into the Stock Purchase Agreement.

Given Purchaser's focus on continuity of business and the importance of retaining those executives who are responsible for the success of the Domestic Insurer's business, these Employee Agreements were critical to Purchaser's willingness to negotiate and enter into the Stock Purchase Agreement.

VI. Statutory Criteria

31. Pursuant to the laws of the State of Connecticut, the Commissioner of the Connecticut Insurance Department shall approve any merger or other acquisition of control unless, after a public hearing, he finds that such merger or acquisition of control would result in one or more of six adverse consequences, as set forth in Conn. Gen. Stat. § 38a-132(a)(1)-(6). The following questions relate to those criteria. Will the Proposed Transaction result in any of these adverse consequences or violate any of these standards?

A: No, the Proposed Transaction will not result in any such consequences or violations, and there are no circumstances as described in those statutory provisions that would cause the Commissioner to disapprove the proposed acquisition of control of the Domestic Insurer. Therefore, I respectfully submit that the proposed acquisition of control of the Domestic Insurer should be approved by the Commissioner.

32. First, following the consummation of the Proposed Transaction, will the Domestic Insurer be able to satisfy the requirements for the issuance of a license to write the line or lines of insurance for which it is presently licensed?

A: Yes, following the consummation of the Proposed Transaction, the Domestic Insurer will be able to continue to satisfy the requirements for the issuance of a license to write the business for which it is presently licensed. The Domestic Insurer is currently licensed as a property and casualty insurance company. As demonstrated through its license, the Domestic Insurer satisfies the minimum requirements for licensure as a property and casualty insurance company under Connecticut insurance law.

Following the consummation of the Proposed Transaction, 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.

33. Second, will the Proposed Transaction substantially lessen competition in insurance in Connecticut or tend to create a monopoly in Connecticut?

A: No. As demonstrated by the Department's decision on November 13, 2019 to grant the Applicants' request for exemption from the pre-acquisition notification filing, the Proposed Transaction will not substantially lessen competition in insurance in Connecticut or tend to create a monopoly in Connecticut. *See* Conn. Gen. Stat. § 38a-131(b)(4)(B). The Domestic Insurer and the Applicant Involved Insurers' licensed in Connecticut currently write lines of business in Connecticut different from one another. Therefore, there is no overlap in any line of business of the property and casualty annual statement written by the Domestic Insurer, on the one hand, and the Applicant Involved Insurers, on the other hand.

Therefore, the immediate result of the Proposed Transaction with respect to market share in Connecticut will not result in any increase in share or concentration in any reported line of business, and in all such reported lines of business, the Proposed Transaction meets the pre-acquisition notification exemption standards set forth in Conn. Gen. Stat. § 38a-131(b)(4)(B).

34. Third, is the financial condition of the Applicants such that it might jeopardize the financial stability of the Domestic Insurer or prejudice the interests of its respective policyholders?

A: No. Mr. Walter's financial condition is strong, as evidenced by Mr. Walter's net worth affidavits submitted to the Department on November 21, 2019 and March 25, 2020. Purchaser and Holdings were recently formed for the purpose of engaging in the Proposed Transaction, and Manager was recently formed for the purpose of managing Holdings. None of Purchaser, Holdings or Manager has conducted any other business since its formation. Accordingly, the financial condition of the Applicants is not such that it might jeopardize the financial stability of the Domestic Insurer or prejudice the interests of its respective policyholders.

35. Fourth, do the Applicants have any plans or proposals to liquidate the Domestic Insurer, to sell its assets or to consolidate or merge it with any person or to make any other material change in its business or corporate structure or management that would be unfair and unreasonable to policyholders of the Domestic Insurer and not in the public interest?

A: No. The Applicants have no current plans or proposals to liquidate the Domestic Insurer, to sell its assets or to consolidate or merge it with any person or to make any other material change in its business operations, corporate structure or management.

36. Fifth, please discuss whether the competence, experience and integrity of the persons who will control the operations of the Domestic Insurer after closing will in any way not be in the interest of policyholders of the Domestic Insurer or the public.

A: The Applicants have no current plans or proposals to make any changes to the directors and executive officers of the Domestic Insurer except for the appointment of Michael I. Hervitz as a member of the Domestic Insurer's Board of Directors. The two directors of the Domestic Insurer will be (1) Douglas May and (2) Michael I. Hervitz. The eight executive officers of the Domestic Insurer are (1) Daniel Patrick Egan, (2) Michael Patrick McGroarty, (3) David Andrew Klanica, (4) John Lamar O'Bryan, (5) Elizabeth Shepard Lutes, (6) Wei Fan, (7) Roger Raymond Morin and (8) Darrel Mark Seife. I have reviewed the biographical affidavits for all of these individuals and, based on such review, I can confirm that all of these directors and executive officers of the Domestic Insurer are highly competent individuals with extensive experience and high integrity.

With respect to the Applicants, the two executive officers of the Applicants are Michael I. Hervitz and me. Following the consummation of the Proposed Transaction, Mark Walter will become the ultimate controlling person of the Domestic Insurer. Mr. Walter, Mr. Hervitz and I are very well experienced and competent based on our history with the companies we serve and our prior work experience. Further evidence is reflected in the biographical information for Mr. Walter, Mr. Hervitz and me that was submitted to the Department as part of the Form A Statement.

I know each of Mr. Walter and Mr. Hervitz personally, and I have reviewed their biographical affidavits. Based on my personal knowledge and my review, I can confirm that Mr. Walter, Mr. Hervitz and I are not only highly competent and experienced, but individuals of the highest moral integrity.

For these reasons, the competence, experience and integrity of the persons who will control the operations of the Domestic Insurer after the closing will in no way be adverse to the policyholders of the Domestic Insurer or the interest of the public.

37. Sixth, will the Proposed Transaction likely be hazardous or prejudicial to those buying insurance?

No. The Proposed Transaction will not be hazardous or prejudicial to those buying insurance. The Applicants have no present plans or proposals to make any material change in the Domestic Insurer's business operations, corporate structure or management. Accordingly, the Proposed Transaction will not have the effect of altering the current operations of the Domestic Insurer with respect to those buying insurance. Further, as discussed above, the individuals who manage the Domestic Insurer have extensive experience. In sum, there is no evidence that the Proposed Transaction is likely to be hazardous or prejudicial to those buying insurance

VII. Closing Remarks

38. Is there anything else that you would like to add at this time?

A: Yes. I would like to thank Commissioner Mais, Deputy Commissioner Hershman, Ms. Belfi, Mr. Kosky, Ms. Nakano and the other Department Staff for their prompt attention to this matter and for their diligence in reviewing the Form A Statement. Based on the record established and the filing of the Form A Statement, it is the Applicants' position that the proposed acquisition of control of the Domestic Insurer satisfies all of the applicable standards of review for approval under Conn. Gen. Stat. § 38a-132(a) and that the Commissioner has a sufficient and robust record for the issuance of an approval order with respect to the proposed acquisition of control as set forth in the Form A Statement.

I state under penalty of perjury that the foregoing is true and correct to the best of my knowledge, information, and belief.

FURTHER THE AFFIANT SAYETH NOT



Daniel J. Towriss
President, R.V.I. Acquisition Holdings, LLC
R.V.I. Holdings, LLC