

**BEFORE THE STATE OF CONNECTICUT
INSURANCE DEPARTMENT**

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 MICHAEL P. MCGROARTY ON BEHALF OF
THE DOMESTIC INSURER**

I, Michael P. McGroarty, hereby declare under penalty of perjury as follows:

I am the Co-Chief Executive Officer, Co-President, General Counsel and Assistant Secretary of R.V.I. America Insurance Company (the “Domestic Insurer”). I present this Affidavit on behalf of the Domestic Insurer 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 Domestic Insurer.

I. Witness Identification

1. Please state, for the record, your full name, business address and by whom you are employed.

A: My name is Michael Patrick McGroarty. I am an executive officer 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”). My business address is 201 Broad Street, 6th Floor, Stamford, Connecticut, 06901.

2. What is your position at the Domestic Insurer?

A: I am the Co-Chief Executive Officer, Co-President, General Counsel and Assistant Secretary of the Domestic Insurer.

3. Please identify your responsibilities as Co-Chief Executive Officer, Co-President, General Counsel and Assistant Secretary.

A: My responsibilities, which I share with the Domestic Insurer's Co-Chief Executive Officer, Co-President and Chief Risk Officer Daniel P. Egan, have included, among other things, management and oversight of employees, operations and activities of the Domestic Insurer. I am directly responsible for running our real estate and legal departments.

4. Please describe your career and educational background.

A: I have been with the Domestic Insurer since February 2007. From 2001 to 2007, I worked for Portrait Software as Senior Vice President, General Counsel and Secretary. Prior to joining Portrait Software, I worked for Information Management Associates as Chief Operating Officer, General Counsel and Secretary.

I received a Bachelor of Science in Business Administration from Georgetown University and a Juris Doctor from Villanova University.

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

A: I am here today on behalf of the Domestic Insurer to testify in support of the proposed acquisition of control of the Domestic Insurer by 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"). The proposed acquisition of control of the Domestic Insurer (the "Proposed Transaction") would occur through the acquisition by Purchaser 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 Domestic Insurer to speak on its behalf at this hearing?

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

II. Procedural Matters

7. Did the Domestic Insurer receive a copy of the Form A Statement?

A: Yes. Outside counsel to the Applicants sent a copy of the original Form A statement, dated October 17, 2019, and the amended and restated Form A statement, dated February 18, 2020 (which, as amended, restated and supplemented, I will refer to as the “Form A Statement”), to the Domestic Insurer, through our outside counsel, on October 16, 2019 and February 18, 2020, respectively.

8. Did the Domestic Insurer receive at least seven days’ notice of the public hearing?

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

9. Does the Domestic insurer support the Form A Statement and the Proposed Transaction?

A: Yes. The Proposed Transaction is consensual and the related Stock Purchase Agreement (as that term is defined in the Form A Statement) was freely entered into by the parties through arms’ length negotiations. The Domestic Insurer fully supports the Proposed Transaction.

10. Please briefly describe how the basis and terms of the Stock Purchase Agreement were determined?

A: The basis and terms of the Stock Purchase Agreement, including the nature and amount of consideration, were determined through arms’ length negotiations among the representatives of the Applicants and the representatives of R.V.I.G. and the Domestic Insurer and their respective legal and other advisors.

III. The Domestic Insurer

11. Please briefly describe the current operations of the Domestic Insurer.

A: R.V.I.G., the indirect parent of the Domestic Insurer, is a property and casualty insurance company domiciled in Bermuda. Other than the Domestic Insurer, R.V.I.G. has no U.S. insurance company subsidiaries.

The Domestic Insurer is a property and casualty insurance company domiciled in Connecticut and is licensed as a property and casualty insurance company in all 50 U.S. states and the District of Columbia. The Domestic Insurer engages in the business of underwriting and issuing residual value insurance policies. The Domestic Insurer is a direct, wholly owned subsidiary of R.V.I. America Corporation, a Delaware corporation, which is, in turn, a direct, wholly owned subsidiary of R.V.I.G.

12. What will the Domestic Insurer’s business consist of after completion of the Proposed Transaction?

A: It is our understanding that the Applicants have no present plans or proposals to make any material change the Domestic Insurer's business operations, corporate structure or management. We further understand that, immediately following the closing of the Proposed Transaction, the Domestic Insurer will continue to maintain its separate corporate existence and will continue its operations as currently conducted. R.V.I.G. and the Domestic Insurer plan to remain successful, well-capitalized and profitable participants in the insurance market.

13. Has the coronavirus pandemic had a material impact on the business or operations of the Domestic Insurer?

A: The spread of COVID-19 is worldwide, dislocating the capital markets and affecting every industry. As of the date hereof, we have effectively responded to the pandemic by both protecting our employees and maintaining business continuity. Like other companies, our employee base is currently working from home, but the Domestic Insurer has not experienced any material impact on its business or operations, and continues to perform all production, underwriting and claims activities in the same manner as before the onset of the coronavirus pandemic. We further believe that the Domestic Insurer's strong capital and liquidity position makes it well-positioned to weather current market volatilities and business disruptions related to the pandemic. However, there is considerable uncertainty around both the severity and the duration of the COVID-19 outbreak, and for that reason the future financial and other impacts of the pandemic cannot reasonably be estimated at this time.

14. Please advise of the protocol that the Domestic Insurer has in place for remote connectivity and work from home options for its employees.

A: The Domestic Insurer has strong and efficient protocols in place for remote connectivity and work from home options for its employees. The Domestic Insurer has a long history of investing in its IT infrastructure and has been able to continue its operations in an uninterrupted manner during the coronavirus pandemic. All employees have the capability to securely access any electronic file through Citrix or a Virtual Private Network and can seamlessly work offsite in a manner very similar to working in their office space. Our accounting personnel have implemented processes and controls that enable them to continue to process payments, both electronically and by check, and collect accounts receivable. We have a few employees who go to the office to collect mail and scan it to recipients, so there is no interruption in communication with the Domestic Insurer's regulators, insureds and vendors. The Domestic Insurer is committed to continue to ensure that its employees have the resources necessary to do the work required of them.

IV. Merits of the Proposed Transaction and Form A Statutory Criteria

15. Are you familiar with the transaction by which the Applicants propose to acquire control of the Domestic Insurer?

A: Yes, I am familiar with the Proposed Transaction.

16. Do you have any reason to believe that the Proposed Transaction will result in any of the six adverse consequences set forth in Conn. Gen. Stat. § 38a-132(a)(1)-(6)?

A: No, I do not have any reason to believe that any of the adverse consequences set forth in Conn. Gen. Stat. § 38a-132(a)(1)-(6) would exist as a result of the consummation of the Proposed Transaction.

17. 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. The Domestic Insurer has no plans to effect any change in its business, corporate structure, management, or general plan of operations that would inhibit the Domestic Insurer's ability to satisfy the requirements for licensure as a property and casualty insurance company under Connecticut insurance law.

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

A: I understand that the Applicants will address this statutory standard through the testimony of Daniel J. Towriss, who is President of both Purchaser and Holdings. I further understand that the Applicants filed a pre-acquisition notification letter requesting exemption from a pre-acquisition notification filing on October 16, 2019, and that the Department granted such exemption on November 13, 2019.

19. 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 policyholders?

A: No. I understand, based on the testimony of Mr. Towriss and Mr. Walter's net worth affidavits submitted to the Department on November 21, 2019 and March 25, 2020, that Mr. Walter's financial condition is strong. In addition, Purchaser, Holdings and Manager were recently formed. Accordingly, I have no reason to believe that the financial condition of the Applicants might jeopardize the financial stability of the Domestic Insurer or prejudice the interests of its policyholders.

20. 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 respective 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: I understand that 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.

21. 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 one director of the Domestic Insurer is currently Douglas Heller May. I am an executive officer of the Domestic Insurer as are the following seven individuals: (1) Daniel Patrick Egan, (2) David Andrew Klanica, (3) John Lamar O'Bryan, (4) Elizabeth Shepard Lutes, (5) Wei Fan, (6) Roger Raymond Morin and (7) Darrel Mark Seife.

I know these individuals personally and I have reviewed their biographical affidavits. Based on my personal knowledge and my review, I can confirm that all of these directors and executive officers are highly competent individuals with extensive experience and the utmost integrity.

I understand that 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.

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

A: No. The Domestic Insurer believes that the Proposed Transaction will not be hazardous or prejudicial to those buying insurance. I understand that the Applicants have no present plans or proposals to make any material change in the Domestic Insurer's business operations, corporate structure or management. 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

V. Closing Remarks

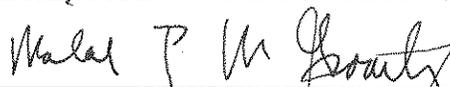
23. Is there anything else that you would like to add at this time?

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. I would also respectfully request at this time that the Commissioner

approve the proposed acquisition of the Domestic Insurer as described here today and 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

A handwritten signature in black ink, appearing to read "Michael P. McGroarty", written over a horizontal line.

Michael P. McGroarty
Co-Chief Executive Officer, Co-President, General
Counsel and Assistant Secretary of R.V.I. America
Insurance Company